

**LOWER SAVANNAH  
COUNCIL OF GOVERNMENTS**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED JUNE 30, 2022**

**LOWER SAVANNAH COUNCIL OF GOVERNMENTS  
AIKEN, SOUTH CAROLINA**

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LOWER SAVANNAH COUNCIL OF GOVERNMENTS  
AIKEN, SOUTH CAROLINA

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Lower Savannah Council of Governments  
Aiken, South Carolina

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lower Savannah 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Council, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

Members  
American Institute of Certified Public Accountants  
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The Board of Directors  
Lower Savannah Council of Governments  
November 11, 2022

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 Responsibilities 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 opinions. 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 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 generally accepted auditing standards 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.

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.

The Board of Directors  
Lower Savannah Council of Governments  
November 11, 2022

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension plan schedules, and other post employment benefit plan schedules 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***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 accompanying schedules identified in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual program schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2022, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control over financial reporting or on compliance.

The Board of Directors  
Lower Savannah Council of Governments  
November 11, 2022

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.

***McKinley, Cooper & Co., LLC***

Greenville, South Carolina  
November 11, 2022

**LOWER SAVANNAH COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

**INTRODUCTION**

As management of the Lower Savannah Council of Governments (LSCOG), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the LSCOG for the year ended June 30, 2022. Our purpose is to inform readers of the LSCOG's operations and present our financial position.

LSCOG is a 501(c)(4) organization that was formed in 1967 under the provision of Article 2, Act 487 of the South Carolina General Assembly, as amended in 1971. The LSCOG is a regional planning agency governed by a board of directors comprised of elected officials representing the counties of Aiken, Allendale, Bamberg, Barnwell, Calhoun and Orangeburg. LSCOG is the recognized regional entity for providing planning and development services for its member counties.

The mission of the LSCOG is to work with and on behalf of local governments to develop, implement, and administer plans, programs and projects in cooperation with local, state and national stakeholders, to improve the quality of life for residents in the Lower Savannah Region. Our vision is to be a nationally recognized, comprehensive resource that facilitates regional solutions through innovative and cooperative partnerships. We, at Lower Savannah Council of Governments, are committed to the highest ethical standards of professional service, leadership and integrity. We strive together in service to the region to utilize problem solving techniques and develop a creative outlook for the future. The success of this organization depends on the talents, skills and expertise of its board and staff working as a team. Lower Savannah Council of Governments understands the importance of its mission and vision and values and the trust placed in this organization by the people it serves.

LSCOG houses and operates the Lower Savannah Regional Development Corporation (LSRDC) a 501(c)(3) organization formed in 1982. The LSRDC provides, among other activities, a loan program for small and technically based entrepreneurs. The LSRDC was established to further economic development in the Lower Savannah region; to promote and assist in the growth and development of business concerns; to promote and assist in the development of residential housing and engage in those activities herein stated. The principal objective of the corporation is to benefit the region economically by fostering increased employment opportunities and by expansion of business and industry; thereby, lessening the burdens of government and combating community deterioration.

LSCOG also houses and operates the Lower Savannah Regional Information and Assistance Corporation (LSRIAC) a 501(c)(3) organization formed in 2005. The LSRIAC is able to apply for foundation and government grants in order to continue to support the programs which assist persons with human service needs. The principal objective of the corporation is to benefit the region by fostering increased knowledge of and access to services, resources, and options related to well-being and quality of life and by expansion of partnerships and networking with related organizations and entities at all levels who can help to accomplish the goals of the corporation and making the communities in the region a better place to live. Target groups which will benefit from the work of the LSRIAC include older adults, frail



and at-risk individuals needing long term support to enable independent living, people with disabilities, people in need of transportation services, the medically indigent, family caregivers and other groups as determined by the board of directors and advisory committees.

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

The financial statements presented herein include all of the activities of the Lower Savannah Council of Governments and its component units using the integrated approach as prescribed by GASB Statement 34.

This discussion and analysis is intended to serve as an introduction to LSCOG's financial statements. The basic financial statements comprise three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

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

Government-wide Financial Statements are designed to provide readers with a broad overview of the LSCOG's finances, in a manner similar to most private-sector companies.

Statement of Net Position presents information on all of the LSCOG's assets and liabilities, with the difference between the two reported as Net Position. Over time, increases and decreases in Net Position may serve as a useful indicator of whether financial position is improving or deteriorating.

Statement of Activities presents information showing how the LSCOG's Net Position changed during the most recent fiscal year. All of the current year revenue and expenses are taken into account regardless of when cash is received or paid.

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

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. LSCOG uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All the funds of LSCOG are governmental funds. LSCOG has two component units, the Lower Savannah Regional Development Corporation and the Regional Information and Assistance Corporation.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

LSCOG maintains numerous individual special revenue funds. Information is presented separately in the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund

balances for the General Fund, Sub-Grant Funds, Regional Development Corporation (RDC) Funds as well as Regional Information and Assistance Corporation (RIAC) Funds.

*Notes to the Financial Statements*

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

**FINANCIAL HIGHLIGHTS**  
**CONDENSED STATEMENT OF NET POSITION**

	<b>2022</b>	<b>2021</b>	<b>Total Percentage Change</b>
Current Assets	\$ 4,434,273	\$ 4,476,218	(0.90)%
Capital Assets	796,542	826,819	(3.60)%
Total Assets	5,230,815	5,303,037	(1.30)%
 Deferred Outflows of Resources	 693,358	 679,597	 2.00%
Current Liabilities	763,520	894,296	(14.60)%
Non-current Liabilities	4,571,413	5,382,105	(15.00)%
Total Liabilities	5,334,933	6,276,401	(15.00)%
 Deferred Inflows of Resources	 2,051,214	 1,550,021	 32.30%
Net Investment in Capital Assets	796,542	826,129	(3.50)%
Restricted	10,674	17,452	(38.80)%
Unrestricted	(2,269,190)	(2,687,369)	15.50%
Total Net Position	\$ (1,461,974)	\$ (1,843,788)	20.70%

**CONDENSED CHANGE IN NET POSITION**

	<u>2022</u>	<u>2021</u>	<b>Total Percentage Change</b>
Revenues			
Operating grants and contributions	\$ 9,298,285	\$ 10,126,176	(8.10)%
Grants not restricted	316,773	316,773	0.00%
Interest income	5,523	4,217	30.97%
Miscellaneous	238,668	373,277	(36.00)%
Total Revenues	<u>9,859,249</u>	<u>10,820,443</u>	(8.00)%
Expenses			
Salaries and benefits	1,940,885	2,210,021	(12.10)%
Contractual services	5,919,364	6,512,612	(9.10)%
Other	1,617,186	1,799,861	(10.10)%
Total Expenses	<u>9,477,435</u>	<u>10,522,494</u>	(9.90)%
Increase in Net Position	<u>\$ 381,814</u>	<u>\$ 297,949</u>	28.10%

Total revenues decreased \$961,194 or 8.00% during the year. Total expenses decreased \$1,045,059 or 9.90%. This resulted in an increase in Net Position of \$381,814 compared to an increase of \$297,949 in the prior year.

**Fund Financial Statements**

As shown in the fund financial statements, there was a change in fund balances of \$31,469 for fiscal year ended June 30, 2022. Of this change, \$24,990 was attributable to the General Fund, \$18,852 to LSRDC and \$(12,373) to the Lower Savannah Regional Information and Assistance Corporation.

**Budgetary Highlights and Other Information**

The financial statements of the LSCOG were impacted by the Coronavirus pandemic. The LSCOG continued to receive COVID-related stimulus funding directly from the CARES Act as well as receiving funding American Rescue Plan Act (ARPA) for: 1) providing Aging Services to seniors; 2) providing funds for Economic Response and Recovery related directly to the impacts of the Coronavirus from the Economic Development Administration (EDA), and 3) Operational Assistance for the Aiken County Transit program from the Federal Transportation Administration (FTA) and providing assistance with waste and storm water improvement grants from the Rural Infrastructure Authority (RIA). We anticipate that the impact of COVID-19 pandemic and the CARES Act funds will continue to affect the LSCOG region and our budgetary planning for several years.

## **Capital Assets**

At June 30, 2022, the LSCOG/LSRDC had invested \$2,322,830 in capital assets. This amount represents no net increase (including additions and deductions) from last year. This amount includes additions to capital assets of \$163,270 and deductions of \$151,590. More detailed information about the LSCOG/LSRDC's capital assets is presented in Note 4 to the financial statements.

## **Long-term Debt**

At June 30, 2022, the LSCOG/LSRDC had no notes payable outstanding and no capital leases outstanding. More detailed information about the LSCOG/LSRDC's long-term debt is presented in Notes 5, 6, and 9 to the financial statements.

## **CONTACTING THE LSCOG'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our board members, local governments, state and federal agencies and other interested entities with a general overview of the LSCOG's finances and to demonstrate the LSCOG's accountability of the money it receives. If you have any questions about this report or need additional financial information, contact Frances Owens, Finance Director at PO Box 850, Aiken, South Carolina 29802-0850.

**LOWER SAVANNAH COUNCIL OF GOVERNMENTS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash	\$ 1,543,400
Investments	1,042,553
Prepaid expenses	66,988
Restricted cash	10,380
Receivables	
Due from other governments/contractors	1,770,952
Capital assets, net	796,542
Total Assets	5,230,815
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Net deferrals related to pension liability	545,363
Net deferrals related to OPEB	147,995
Total Deferred Outflows of Resources	693,358
<b>LIABILITIES</b>	
Accounts payable	700,382
Accrued wages and benefits	63,138
Long-term liabilities	
Due in more than one year	176,102
Net OPEB liability	971,361
Net pension liability	3,423,950
Total Liabilities	5,334,933
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Net deferrals related to pension liability	584,818
Net deferrals related to OPEB	628,956
Grant Funds received in advance - Local Funds	837,440
Total Deferred Inflows of Resources	2,051,214
<b>NET ASSETS</b>	
Net investment in capital assets	796,542
Restricted	10,674
Unrestricted	(2,269,190)
Total Net Position	\$ (1,461,974)

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

**LOWER SAVANNAH COUNCIL OF GOVERNMENTS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Program Revenues</u>			<u>Net Revenue (Expenses) and Changes in Net Position</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
<b>Governmental activities</b>				<u>Governmental Activities</u>
Economic development and assistance				
Salaries and benefits	\$ 1,940,885	\$ -	\$ 2,066,164	\$ 125,279
Contractual services	5,919,364	-	6,278,963	359,599
Other	1,617,186	-	953,158	(664,028)
<b>Total governmental activities</b>	<u><u>\$ 9,477,435</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,298,285</u></u>	<u><u>(179,150)</u></u>

General revenues	
Grants not restricted to specific programs	316,773
Interest income	5,523
Miscellaneous	238,668
<b>Total general revenues</b>	<u>560,964</u>
Change in net position	381,814
<b>Net position, beginning of year</b>	<u>(1,843,788)</u>
<b>Net position, end of year</b>	<u><u>\$ (1,461,974)</u></u>

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

**LOWER SAVANNAH COUNCIL OF GOVERNMENTS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2022**

	General	Special Revenue			Total Governmental Funds
		Grant Sub-funds	Regional Development Corporation	Regional Information & Assistance Corporation	
<b>ASSETS</b>					
Cash	\$ 1,213,992	\$ -	\$ 327,904	\$ 1,504	\$ 1,543,400
Investments	1,042,553	-	-	-	1,042,553
Prepaid expenses	41,973	25,015	-	-	66,988
Due from other funds	300,686	-	-	-	300,686
Restricted cash	-	-	-	10,380	10,380
Receivables					
Due from other governments/contractors	18,192	1,752,760	-	-	1,770,952
Total assets	<u>\$ 2,617,396</u>	<u>\$ 1,777,775</u>	<u>\$ 327,904</u>	<u>\$ 11,884</u>	<u>\$ 4,734,959</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 19,955	\$ 679,954	\$ -	\$ 473	\$ 700,382
Accrued wages and benefits	63,138	-	-	-	63,138
Due to other funds	-	300,686	-	-	300,686
Total liabilities	<u>83,093</u>	<u>980,640</u>	<u>-</u>	<u>473</u>	<u>1,064,206</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Grant Funds received in advance - Local Funds	40,305	797,135	-	-	837,440
Total deferred inflows of resources	<u>40,305</u>	<u>797,135</u>	<u>-</u>	<u>-</u>	<u>837,440</u>
<b>FUND BALANCES</b>					
Non-spendable	41,973	-	-	-	41,973
Restricted	-	-	-	10,674	10,674
Committed	-	-	327,904	737	328,641
Unassigned	2,452,025	-	-	-	2,452,025
Total fund balances	<u>2,493,998</u>	<u>-</u>	<u>327,904</u>	<u>11,411</u>	<u>2,833,313</u>
Total liabilities and fund balances	<u>\$ 2,617,396</u>	<u>\$ 1,777,775</u>	<u>\$ 327,904</u>	<u>\$ 11,884</u>	<u>\$ 4,734,959</u>

**Total governmental fund balances** \$ 2,833,313

**Amounts reported for governmental activities in the statement of net position are different because of the following:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets is \$2,322,830, and the accumulated depreciation is \$1,526,288.	796,542
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(39,455)
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds.	(480,961)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Net pension liability	(3,423,950)
Net OPEB liability	(971,361)
Compensated absences	(176,102)
<b>Net position of governmental activities</b>	<u><u>\$ (1,461,974)</u></u>

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

**LOWER SAVANNAH COUNCIL OF GOVERNMENTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Special Revenue				Total Governmental
	General	Grant Sub-funds	Regional Development Corporation	Regional Information & Assistance Corporation	
<b>REVENUES</b>					
Federal and State funds	\$ -	\$ 9,020,478	\$ -	\$ -	\$ 9,020,478
Local contracts	12,000	277,807	-	-	289,807
Participating local governments	257,911	-	-	-	257,911
State aid	46,862	-	-	-	46,862
Interest income	5,455	-	64	4	5,523
Other income	21,478	163,224	18,840	35,126	238,668
<b>Total revenues</b>	<b>343,706</b>	<b>9,461,509</b>	<b>18,904</b>	<b>35,130</b>	<b>9,859,249</b>
<b>EXPENDITURES</b>					
Salaries and benefits	654,004	1,666,813	-	-	2,320,817
Contractual services	119,884	5,766,775	-	32,705	5,919,364
Other	489,225	1,083,524	52	14,798	1,587,599
<b>Total expenditures</b>	<b>1,263,113</b>	<b>8,517,112</b>	<b>52</b>	<b>47,503</b>	<b>9,827,780</b>
Excess of revenues over (under) expenditures	(919,407)	944,397	18,852	(12,373)	31,469
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	970,179	263,062	-	-	1,233,241
Transfers out	(25,782)	(1,207,459)	-	-	(1,233,241)
<b>Total other financing sources (uses)</b>	<b>944,397</b>	<b>(944,397)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	24,990	-	18,852	(12,373)	31,469
Fund balances, beginning of year	2,469,008	-	309,052	23,784	2,801,844
Fund balances, end of year	\$ 2,493,998	\$ -	\$ 327,904	\$ 11,411	\$ 2,833,313

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



**LOWER SAVANNAH COUNCIL OF GOVERNMENTS  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

**Net change in fund balances - governmental funds** \$ 31,469

*Amounts reported for governmental activities in the statement of activities are different because of the following:*

Changes in the Council's net pension liability, deferred outflows of resources, and deferred inflows of resources related to the Council's pension plan are not reported in the governmental funds but are reported in the statement of activities. 324,259

Changes in the Council's net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to the Council's Other Post Employment Benefit Plan are not reported in the governmental funds but are reported in the statement of activities. 26,636

Capital asset additions are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation of \$192,936 exceeded capital asset additions of \$163,270 in the period. (29,666)

The net effect of various miscellaneous transactions involving capital assets (i.e., disposals, sales, and donations) is to decrease net assets. (611)

Capital leases issued provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net position. 690

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds - net increase in compensated absences. 29,037

**Change in net position of governmental activities** **\$ 381,814**

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

**LOWER SAVANNAH  
COUNCIL OF GOVERNMENTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF THE COUNCIL AND REPORTING ENTITY**

**Organization**

The Lower Savannah Council of Governments (the "Council") is a quasi-governmental, not-for-profit corporation exempt from federal and state income taxes under Section 501(c)(4) of the Internal Revenue Code. The Council was organized on June 20, 1967 under the provisions of Article 2, Act 487 of the 1967 South Carolina General Assembly, as amended in 1971.

Their purpose is 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 89<sup>th</sup> Congress of the United States of America, and all subsequently enacted federal and state legislation related thereto.

The Council comprises Aiken, Allendale, Bamberg, Barnwell, Calhoun and Orangeburg counties of South Carolina. The Council is governed by 39 representatives of the various counties and municipalities in the area.

**Reporting Entity**

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure financial statements are not misleading. The primary government of the Lower Savannah Council of Governments consists of all funds, organizations, institutions, agencies, departments, boards, and offices that are not legally separate from the Council.

Component units are legally separate entities that meet any one of the following criteria: (1) the Council appoints a voting majority of the board of the entity and is able to impose its will on the entity and/or is in a relationship of financial benefit or burden with the entity, (2) the entity is fiscally dependent upon the Council, or (3) the financial statements would be misleading if data from the entity were not included. Component units may be presented by two different methods. Blended component units, although legally separate entities, are, in substance, part of the Council's operations. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the Council. The Council has no discretely presented component units. The following blended component units, which have June 30 fiscal year ends, are included in the reporting entity.

The Lower Savannah Regional Development Corporation was incorporated under the laws of the State of South Carolina on August 3, 1982, to further the economic development of the Lower Savannah region and to promote and assist in the growth and development of small business concerns in the region. This Corporation was not organized for pecuniary purposes and upon dissolution, any assets will be distributed to Lower Savannah Council of Governments under Section 501(c)(3) of the Internal Revenue Code of 1954, as amended.

The Development Corporation is reported as a blended component unit because the Corporation's board members are also members of the Council's board.

The Lower Savannah Regional Information and Assistance Corporation was incorporated under the laws of the State of South Carolina in 2005 to provide a wide range of information and assistance, and to promote and contribute to ease of access to information about resources which will contribute to improved quality of life for the citizens in the Lower Savannah region. This Corporation was not organized for pecuniary purposes and upon dissolution, any assets will be distributed to Lower Savannah Council of Governments under Section 501(c)(3) of the Internal Revenue Code of 1954, as amended.

The Information and Assistance Corporation is reported as a blended component unit because the Corporation's board members are also members of the Council's board.

## **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Council have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Council also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB. The most significant of the Council's accounting policies are described below:

### **A. Fund Accounting**

The Council uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Council functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Council only has governmental funds.

**Governmental Funds:** Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental funds assets and liabilities is reported as fund balance. The following are the Council's major governmental funds:

**General Fund:** The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of South Carolina.

**Special Revenue Funds:** The special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Council's special revenue funds include grant sub-funds, regional development funds, and regional information and assistance fund.

## **B. Basis of Presentation**

***Government-wide Financial Statements:*** The statement of net position and the statement of activities display information about the Council as a whole. These statements include the financial activities of the primary government.

The government-wide financial statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Council's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Council. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Council.

***Fund Financial Statements:*** Fund financial statements report detailed information about the Council. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources.

The Council reports the following major governmental funds:

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

The Grant Sub-funds account for all grant funds received from federal, state and local sources that are legally restricted as to expenditures for specific purposes.

The Regional Development Fund accounts for activities focused on economic development efforts in the Lower Savannah region.

The Regional Information and Assistance Fund accounts for activities which promote and contribute to ease of access to information about resources which will contribute to improved quality of life for the citizens of the Lower Savannah region.

### C. Basis of Accounting

The entity's basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

*Revenues - Exchange and Non-exchange Transactions:* Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Council, available means expected to be received within sixty days of fiscal yearend.

Non-exchange transactions, in which the Council receives value without directly giving equal value in return, includes grants, entitlements and donations. On an accrual basis, revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Council must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Council on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

*Deferred Outflows/Inflows of Resources:* In addition to assets, the statements of net position and the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The Council currently has two types of deferred outflows of resources: (1) the Council reports deferred outflows related to pensions in its statement of net position in connection with its participation in the South Carolina Retirement System and (2) the Council also reports deferred outflows related to OPEB in its statement of net position in connection with its OPEB plan provided to employees. These *deferred pension and OPEB charges* are either (a) recognized in the subsequent period as a reduction of the net pension/OPEB liabilities or (b) amortized in a systematic and rational method as expense in future periods in accordance with GAAP.

In addition to liabilities, the statements of net position and the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Council currently has one type of deferred inflows of resources: (1) the Council reports *deferred inflows related to pensions* in its statement of net position in connection with its participation in the South Carolina Retirement System. These *deferred pension inflows* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

*Expenses/Expenditures:* On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**D. Cash and Investments**

The Council’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisitions. State statutes authorize the Council to invest in obligations of the U.S. Treasury, municipal bonds, repurchase agreements and the State Treasurer’s Investment Pool. Investments are stated at fair value, except that repurchase agreements and the U.S. Government Securities that have a maturity at the time of purchase of one year or less are shown at amortized cost.

**E. Prepaid Items**

Payments that will benefit periods beyond the end of the fiscal year are recorded as prepaid expenses.

**F. Capital Assets**

General capital assets are those assets that generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Council maintains a capitalization threshold of one-thousand dollars. The Council does not possess any infrastructure. Improvements are capitalized, and the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land	10 - 20 years
Buildings and Improvements	5 - 40 years
Furniture and Equipment	5 - 10 years
Vehicles	3 - 5 years
Computer Equipment and Software	3 - 5 years

**G. Inter-fund Balances**

On fund financial statements, receivables and payables resulting from short-term inter-fund loans are classified as “due from or to other funds.” These amounts are eliminated in the governmental activities columns of the statement of net position.

## **H. Compensated Absences**

The Council reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Employees are granted annual leave in varying amounts as services are provided. They may accumulate, subject to certain limitations, unused annual leave earned and, upon retirement, termination, or death, may be compensated for the authorized unused annual leave earnings accumulated to their credit. The Council records a liability for accumulated, unused annual leave when earned for all employees. Sick leave is non-vesting; therefore, no liability has been recorded for accumulated sick leave.

## **I. Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. Other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

## **J. 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

## **K. Net Position/Fund Balance Flow Assumptions**

*Net Position Flow Assumptions:* Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

*Fund Balance Flow Assumptions:* Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Net position in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

**L. Budgets**

Budgets are adopted for the general fund and grant sub-funds on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal yearend.

**M. Indirect Cost Allocation Plan**

The Council has adopted an indirect cost allocation plan under the provisions of Office of Management and Budget whereby 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 direct salaries and fringe benefits.

The actual indirect cost rate for the year ended June 30, 2022, was computed as follows:

<u>Total Indirect Administrative Costs</u>	<u>\$1,014,865</u>		
Direct Salaries and Fringe Benefits	\$1,741,568	=	<u>58.27%</u>
Charged to Grants, Programs & Activities			

Prior approval of this allocation plan was not required by the Council’s federal cognizant agency. However, in accordance with Office of Management and Budget, this plan is subject to subsequent federal audit or review.

**N. Pensions**

The Governmental Accounting Standards Board (GASB) issued Statement No. 68 entitled *Accounting and Financial Reporting for Pension Plans* in June 2012 (GASB Statement 68 is effective for fiscal years beginning after June 30, 2014). The disclosure requirements applicable to employers participating in the South Carolina Retirement System are prescribed in paragraphs 48 through 82 of GASB 68. 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 and additions to/deductions from the South Carolina Retirement System's fiduciary net position have been determined on the same basis as they are reported by the South Carolina Retirement System. 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. The Board implemented this statement effective July 1, 2014.

**O. OPEB**

The Council implemented GASB Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions” in the year ended June 30, 2021. The primary objective of this Statement is to improve the usefulness of information about other postemployment benefits (primarily retiree medical benefits) other than pensions (“OPEB”) in external financial reports. The requirements of the Statement aim to provide citizens and other users of the financial statements with a clearer picture of the entity’s financial obligations to current and former employers for past services rendered. Previous standards required an employer to recognize a liability for unfunded required contributions to the OPEB plan (called “Net OPEB Obligation”). GASB Statement No. 75 establishes standards for recognizing deferred outflows of resources, deferred inflows of resources, and the “Net OPEB Liability,” which is the total OPEB liability less the fiduciary net position of the plan assets. More extensive note disclosures are also required.



**NOTE 3 - DEPOSITS AND INVESTMENTS**

**Deposits and Investments**

South Carolina statutes authorize the Council to invest in obligations of the United States and its agencies, general obligations (not revenue obligations) of the State of South Carolina and its subdivisions, savings and loan associations to the extent of federal insurance, certificates of deposit collaterally secured, repurchase agreements secured by the foregoing obligations, and the State Treasurer’s Investment Pool.

The State Treasurer’s investment pool is a 2a7-like pool which is not registered with the Securities and Exchange Commission (SEC), but has a policy that it will operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. The pool is included as an investment trust fund of the State of South Carolina Comprehensive Annual Financial Report and is subject to the audit procedures of the State Auditor. The investments in the State Treasurer’s investment pool are determined by the pool’s share price which is the same as the value of the pool. There were no deposits or investment transactions during the year that were in violation of the state statutes.

As of June 30, 2022, the Council had deposits and investments as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Governmental Activities</u>	<u>Credit Quality</u>
Deposits with financial institutions	Daily	\$ 1,553,780	Unrated
State Treasurer's investment pool	Daily	1,042,553	Unrated
		<u>\$ 2,596,333</u>	

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Council’s deposits may not be returned to it. The Council does not have a deposit policy for custodial credit risk. As of June 30, 2022, the carrying amount of the Council’s deposits was \$1,553,780. The bank balance was \$1,840,678 and of that, none was exposed to custodial credit risk.

**Interest Rate Risk**

The Council does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk**

The Council has no investment policy that would further limit its investment choices other than state law. As of June 30, 2022, the underlying security ratings of the Council’s investment in the South Carolina Local Government Investment Pool may be obtained from the LGIP’s complete financial statements. This investment pool does not have a credit quality rating assigned. These financial statements may be obtained by writing to the following address:

The State Treasurer’s Office  
Local Government Investment Pool  
Post Office Box 11778  
Columbia, South Carolina 29211

### Concentration of Credit Risk

The Council places no limit on the amount the Council may invest in any one issuer.

The following schedule reconciles cash and cash equivalents and investments as reported on the statement of net position to the above disclosure provided for deposits and investments.

### Statement of Net Position:

Cash and cash equivalents	\$ 1,543,400
Investments	1,042,553
Restricted cash	<u>10,380</u>
Total Statement of Net Position	<u><u>\$ 2,596,333</u></u>

### Deposits and Investments Note:

Carrying value of deposits	\$ 1,553,780
Investments	<u>1,042,553</u>
Total Deposits and Investments Note	<u><u>\$ 2,596,333</u></u>

### NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	<u>Balance</u> <u>June 30, 2021</u>	<u>Additions/</u> <u>Transfers</u>	<u>Deductions/</u> <u>Transfers</u>	<u>Balance</u> <u>June 30, 2022</u>
<b>Governmental Activities</b>				
Land	\$ 5,500	\$ -	\$ -	\$ 5,500
Construction in Progress	<u>4,500</u>	<u>32,371</u>	<u>-</u>	<u>36,871</u>
Total Capital Assets, Not Being Depreciated	<u>10,000</u>	<u>32,371</u>	<u>-</u>	<u>42,371</u>
Furniture, equipment and vehicles	1,082,094	111,514	(146,514)	1,047,094
Buildings and improvements	<u>1,219,056</u>	<u>19,385</u>	<u>(5,076)</u>	<u>1,233,365</u>
Total Capital Assets, Being Depreciated	<u>2,301,150</u>	<u>130,899</u>	<u>(151,590)</u>	<u>2,280,459</u>
Less: Accumulated Depreciation				
Furniture, equipment and vehicles	(706,563)	(22,293)	146,514	(582,342)
Buildings and improvements	<u>(777,768)</u>	<u>(170,643)</u>	<u>4,465</u>	<u>(943,946)</u>
Total Accumulated Depreciation	<u>(1,484,331)</u>	<u>(192,936)</u>	<u>150,979</u>	<u>(1,526,288)</u>
Total Capital Assets, Being Depreciated, Net	<u>816,819</u>	<u>(62,037)</u>	<u>(611)</u>	<u>754,171</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 826,819</u></u>	<u><u>\$ (29,666)</u></u>	<u><u>\$ (611)</u></u>	<u><u>\$ 796,542</u></u>

Depreciation expense of \$192,936 was charged to governmental other function category.

**NOTE 5 - LONG-TERM DEBT**

Compensated absences as of June 30, 2022 totaled \$176,102. Net decreases to compensated absences during the year were \$29,037. Accrued compensated absences are reflected in long-term liabilities due in more than one year on the statement of net position.

**Changes in Long-term Liabilities**

A summary of changes in long-term debt follows:

	<u>Compensated Absences</u>	<u>Capital Lease Obligations</u>	<u>Total</u>
Payable at July 1, 2021	\$ 205,139	\$ 690	\$ 205,829
Amounts incurred	-	-	-
Amounts retired	<u>(29,037)</u>	<u>(690)</u>	<u>(29,727)</u>
Payable at June 30, 2022	<u>\$ 176,102</u>	<u>\$ -</u>	<u>\$ 176,102</u>
Amounts due within one year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 6 - CAPITAL LEASES**

The Council has entered into lease agreements as lessee for financing one piece of equipment. This agreement qualifies as a capital lease for accounting purposes, and therefore, has been recorded at the present value of the future minimum lease payments as of the date of their inception. The cost of assets acquired under capital lease was \$7,915, with a book value at June 30, 2022 of \$0.

The Council also leases certain office equipment with an initial term of one year or more; these leases contain provisions to cancel should funding be lost.

As of June 30, 2022 there are no future lease payments to be made.

**NOTE 7 - PASS THROUGH FUNDS**

Pass through funds totaled \$5,079,872 for the year ended June 30, 2022. The Lower Savannah Council of Governments, as an Area Agency on Aging, contracted with the South Carolina Department of Aging (SCDOA) to receive federal and state funds and contracts with various subcontractors within its area as recipients for these funds. \$2,654,740 was recognized as revenue and expenditures during the fiscal year.

The Council contracted with the South Carolina Department of Commerce to receive Workforce Innovation Opportunity Act (WIOA) Grants and contracted with various subcontractors within its area as recipients for these funds. \$1,720,753 was recognized as revenue and expenditures during the fiscal year.

The Council contracted with Orangeburg County as the lead to receive South Carolina Department of Commerce CDBG-CV funds to provide Home Delivered meals through various subcontractors within its area as recipients for these funds. \$157,551 was recognized as revenue and expenditures during the fiscal year.

The Council contracted with the federal and state Departments of Transportation to receive federal and state funds. \$473,157 was recognized as revenue and expenditures of federal and state funds during the fiscal year. In addition, the Council also contracts with local agencies and receives fares to expand and match transportation services in the amount of \$73,671.

The Lower Savannah Council of Governments requires its subcontractors to have an annual audit performed in accordance with the provisions of OMB 2CFR Part 200 as appropriate, by an independent certified public accountant. These audit reports are reviewed for agreement with the Council's report as well as compliance with the appropriate federal regulations.

#### **NOTE 8 - EMPLOYEE BENEFITS**

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012 and governed by an 11-member Board, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. The Retirement Funding and Administration Act of 2017, which became effective July 1, 2017, increased the employer and employee contribution rates, established a ceiling on the SCRS and PORS employee contribution rates, lowered the assumed rate of return, required a scheduled reduction of the funding periods, and addressed various governance issues including the assignment of the PEBA Board as custodian of the retirement trust funds and assignment of the RSIC and PEBA as co-trustees of the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), consists of five elected officials, also review certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

## Plan Descriptions

- The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivision of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general elections.
- The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired employees of state agencies, institutions of higher education, public school districts and individuals first elected to the General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account administered by one of four third party service providers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.
- The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Sections 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for police officers and firemen. PORS also covers peace officers, coroners, probate judges and magistrates.

In addition to the plans described above, PEBA also administers three single employer defined benefit pension plans, which are not covered in this report. They are the Retirement System for Members of the General Assembly of the State of South Carolina (GARS), the Retirement System for Judges and Solicitors of the State of South Carolina (JSRS), and the South Carolina National Guard Supplemental Retirement Plan (SCNG).

## 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.

- SCRS – 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.
- State ORP – As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is

required from the employer to the member's account with the ORP service provider for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

- PORS – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state, to prevent and control property destruction by fire; be a coroner or in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. 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 a 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 the benefit terms for the system is presented below.

- SCRS – 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 credible service equals at least 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.

- PORS - 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 55 or with 25 years of service regardless of age. 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 at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The 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.

## **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 and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarially 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 and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS 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 and PORS 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 and PORS 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 and PORS 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.

Required employee contribution rates<sup>1</sup> for fiscal years 2021 and 2022 are as follows:

**SCRS**

Employee Class Two	9.00%
Employee Class Three	9.00%

**State ORP**

Employee	9.00%
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**PORS**

Employee Class Two	9.75%
Employee Class Three	9.75%

<sup>1</sup>Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

Required employer contribution rates<sup>1</sup> for fiscal year 2022 are as follows:

**SCRS**

Employee Class Two	16.41%
Employee Class Three	16.41%
Employer Incidental Death Benefit	0.15%

**State ORP**

Employee <sup>2</sup>	15.41%
Employer Incidental Death Benefit	0.15%

**PORS**

Employee Class Two	18.84%
Employee Class Three	18.84%
Employer Incidental Death Benefit	0.20%
Employer Accidental Death Program	0.20%

(1) Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

(2) Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP service provider to be allocated to the member’s account with the remainder of the employer contribution remitted to the SCRS.

**Actuarial Assumptions and Methods**

Actuarial valuations of the plan 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 one in each five-year period. An experience report on the Systems was most recently issued as of June 30, 2021.

The June 30, 2021, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel Roeder Smith & Company (GRS) and are based on an actuarial valuation performed as of July 1, 2020. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2021, using generally accepted actuarial principles. There was no legislation enacted during the 2021 legislative session that had a material change in the benefit provisions for any of the systems. In FY 2021 the Board adopted updated demographic assumptions. Also, the General Assembly permitted the investment return assumption at July 1, 2021 to decrease from 7.25% to 7.00%, as provided by Section 9-16-335 in South Carolina State Code.

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

	<b>SCRS</b>	<b>PORS</b>
Actuarial Cost Method	Entry age normal	Entry age normal
Investment rate of return <sup>1</sup>	7.00%	7.00%
Projected salary increases	3.0% to 11.0% (varies by service) <sup>1</sup>	3.5% to 10.5% (varies by service) <sup>1</sup>
Benefit adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually
<sup>1</sup> Includes inflation at 2.25%		

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumption, 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 Scale UMP projected from the year 2020.

Assumptions used in the determination of the June 30, 2021, TPL are as follows.

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

### Net Pension Liability

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB 67 less that System's fiduciary net position. NPL totals, as of June 30, 2021, for SCRS and PORS are presented below:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Position Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 55,131,579,363	\$ 33,490,305,970	\$ 21,641,273,393	60.7%
PORS	\$ 8,684,586,488	\$ 6,111,672,064	\$ 2,572,914,424	70.4%

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL 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 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

### 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 rates of return 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 beginning 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 adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Asset Class	Policy Target	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Public Equity <sup>1</sup>	46.0%	6.87%	3.16%
Bonds	26.0%	0.27%	0.07%
Private Equity <sup>1,2</sup>	9.0%	9.68%	0.87%
Private Debt <sup>2</sup>	7.0%	5.47%	0.39%
<b>Real Assets</b>	<b>12.0%</b>		
Real Estate <sup>2</sup>	9.0%	6.01%	0.54%
Infrastructure <sup>2</sup>	3.0%	5.08%	0.15%
Total Expected Return <sup>3</sup>	100.0%		5.18%
Inflation for Actuarial Purposes			2.25%
			<b>7.43%</b>

<sup>1</sup> The target weight to Private Equity will be equal to its actual weight, reported by the custodial bank, as of prior month end. When flows have occurred, flow adjusted weights are used to more accurately reflect the impact of the asset class weight. Private Equity and Public Equity combine for 55% of the entire portfolio.

<sup>2</sup> Staff and Consultant will notify the Commission if Private Markets assets exceed 25% of total assets.

<sup>3</sup> Portable Alpha Strategies, which are not included in the Policy Target, will be capped at 12% of total assets; hedge funds (including all hedge funds used in portable alpha implementation) are capped at 20% of total assets.

## Discount Rate

The discount rate used to measure the TPL was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the 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 TPL.

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

At June 30, 2022, the Council reported a liability of \$3,423,950 (a decrease of \$582,556 from previous year) for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Council's portion 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 members, actuarially determined.

For the year ended June 30, 2022, the Council recognized pension expense of \$46,276. At June 30, 2021, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 58,323	\$ 4,621
Changes of assumptions	187,416	-
Net difference between projected and actual investment earnings	-	497,374
Deferred amounts from changes in proportionate share and differences between Council contributions and proportionate share of total employer plan contributions	24,311	82,823
Council contributions subsequent to the measurement date	275,313	-
Total	<u>\$ 545,363</u>	<u>\$ 584,818</u>

\$(275,313) 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 ended June 30, 2023.

The following schedule reflects the amortization of the net balance of remaining deferred outflows/(inflows) of resources at the measurement date. Average remaining service lives of all employees provided with pensions through the pension plan at the measurement date was 3.910 years for SCRS.

Measurement Period	
<u>Ending June 30,</u>	
2022	\$ (75,869)
2023	(17,342)
2024	(35,447)
2025	(168,110)
Net Balance of Deferred Outflow/(Inflow) of Resources	<u>\$ (296,768)</u>

### Sensitivity Analysis

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6 percent) or 1.00 percent higher (8 percent) than the current rate:

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

System	1.00% Decrease (6%)	Current Discount Rate (7%)	1.00% Increase (8%)
SCRS	\$ 4,484,949	\$ 3,423,950	\$ 2,542,041

### *Pension Plan Fiduciary Net Position*

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for SCRS and PORS. The CAFR of the Pension Trust Funds is publicly available on PEBA's Retirement Benefits' website at [www.retirement.sc.gov](http://www.retirement.sc.gov), or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

### *Payable to the Pension Plan*

As of June 30, 2022, the Council did not have any outstanding payables due to the pension plans for its legally required contributions.

In addition, the Council employees may participate in a 403(b) and /or 401(k) deferred compensation plan and/or a Section 457 plan available to state and local governmental employees through the state public employee-retirement system. These programs are administered by a state approved non-governmental third party. There are no employer contributions made by the Council to these plans.

**NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB)**

***Plan Description, Contribution Information, and Funding Policies***

In addition to providing pension benefits, the Council provides certain post-employment health care benefits for retired employees. The Council sponsors a single-employer defined benefit health care plan (the "Plan") that provides post-employment medical, prescription drug, and dental benefits for employees. During the year ended June 30, 2009, the Council joined the South Carolina Other Retirement Benefits Employer Trust (SC ORBET), an agent multiple-employer investment plan administered by the Municipal Association of South Carolina. SC ORBET issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. A copy of the report may be obtained through the Chief Financial Officer for Risk Management Services, Municipal Association of SC, Post Office Box 12109, Columbia, SC 29211. The coverage is optional and not all retirees participate. Council's employees hired prior to April 1, 2009 may become eligible for those benefits if they attain age sixty-five (65) while working for the Council or retire with a minimum of 20 years of service.

The amount of the Council's portion of the health insurance premium is based on the length of the employee's service as follows:

<u>Years of Service</u>	<u>Council's Portion of Premium</u>
Age 65 & 20 years Retiree	100%
Retiree's spouse	60%

Council's employees hired after April 1, 2009 may become eligible for those benefits if they attain age sixty-five (65) while working for the Council and retire with a minimum of 28 years of service. The amount of the Council's portion of the health insurance premium is based on the length of the employee's service as follows:

<u>Years of Service</u>	<u>Council's Portion of Premium</u>
Age 65 & 28 years Retiree	100%
Retiree's spouse	0%

The full cost of any other elected health insurance coverage by the eligible employee, such as dependent coverage, is paid 100% by the eligible employee.

The contribution requirements of plan members and the Council are established and may be amended by the Council. Plan members are not required to contribute to the Plan. The Council is required to contribute at an actuarially determined rate. The current employer contribution rate is 5.61% of the annual covered payroll.

Assets are held separately and may be used only for the payment of benefits to the members of the plan. Employees who terminate employment are not eligible for retiree health care benefits. Survivors of employees who die while actively employed are not eligible for COG participation for retiree health benefits.

Retirees are required to enroll in Medicare once eligible. Retiree pays full Medicare premiums. The Council's coverage continues when retiree becomes eligible for Medicare. Once actively retired, the Council's insurance becomes secondary. Employees and spouses retiring with retiree health care benefits are eligible for the Council's dental benefits.

Membership of the Plan is as follows:

Retirees, Survivors and beneficiaries receiving benefits	7
Active Members	<u>34</u>
Total	<u><u>41</u></u>

*Total OPEB Liability:* In previous years, the Council has reported a net OPEB obligation (liability) consisting of the difference between the annual required contribution into the Plan and the actual contributions made by the Council. New reporting standards (GASB 75) require employers to determine the total OPEB liability using the entry age normal actuarial funding method and to report a net OPEB liability consisting of the difference between the total OPEB liability and the plan's fiduciary net position. The TOL was determined by an actuarial valuation as of December 31, 2020, using the following key actuarial assumptions and other inputs:

Inflation	2.25%
Real wage growth	
SCRS	0.75%
Wage inflation	
SCRS	3.00%
Salary increases, including wage inflation	
SCRS	3.00%-9.50%
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	4.75%
Municipal Bond Index Rate	
Prior measurement date	2.12%
Measurement date	2.06%
Year FNP is projected to be depleted	
Prior measurement date	N/A
Measurement date	N/A
Single equivalent interest rate, net of OPEB plan investment expense, including price inflation	
Prior measurement date	4.75%
Measurement date	4.75%
Health Care Cost Rates	
Pre-Medicare	7% for 2021 decreasing to an ultimate rate of 4.50% by 2031
Medicare	5.25% for 2021 decreasing to an ultimate rate of 4.50% by 2025

The discount rate used to measure the TOL was based upon the long-term expected rate of return.

Mortality rates were based on the PUB-2010 Mortality Table for Employees with a 135% multiplier to better reflect anticipated experience and provide a margin for future improvements.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the December 31, 2020 valuation were based on the result of the 2020 actuarial experience study adopted by SCRS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the December 31, 2020 valuation were based on a review of recent plan experience concurrently with the December 31, 2020 valuation.

Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges should be combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant may cover a shorter investment horizon and may not be useful in setting the long-term rate of return for funding OPEB plans which are likely to cover a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

As of the most recent adoption of the current long-term rate of return by the Plan, the target asset allocation for each major asset class, as provided by the Plan, are summarized in the following table:

Asset Class	Policy Target	Expected Arithmetic Real Rate of Return
US Government Agency	57.50%	4.50%
US Govt MBS/CMO/CMBS	40.00%	5.25%
Cash and Short Duration	2.5	2.50%
Total	100.00%	

Note: In accepting the long-term expected return for the Plan, the actuary performed a high-level review of the information provided by the Plan. Our review indicates the long-term expected rate of return assumption of 4.75% is reasonable.

*Discount Rate (SEIR):* The discount rate used to measure the TOL as of the Measurement Date was 4.75%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of December 31, 2020. In addition to the actuarial methods and assumptions of the December 31, 2020 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually using the payroll growth assumptions.
- Active employees do not explicitly contribute to the Plan.
- In all future years, the employer continues to contribute at least the average contribution or the last five years to the Trust and direct payment of benefits to plan members as the benefit comes due. The employer is assumed to have the ability and willingness to make contributions to the Trust and benefit payments from its own resources for all periods in the projection.
- Projected assets do not include employer contributions that fund the estimated service costs of future employees.
- Cash flows occur mid-year.

Based on these assumptions, the Plan's FNP was projected to not be depleted.

The FNP projections are based upon the Plan's financial status on the Valuation Date, the indicated set of methods and assumptions, and the requirements of GASB 74. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the Plan, or the Plan's ability to make benefit payments in future years.

The following exhibit presents the NOL of the Plan, calculated using current health care cost trend rates, as well as what the Plan's NOL would be if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates:

Health Care Cost Trend Rate Sensitivity

	1% Decrease	Current	1% Increase
Net OPEB Liability	\$ 568,755	\$ 971,361	\$ 1,477,488

This paragraph requires disclosure of the sensitivity of the NOL to changes in the discount rate. The following exhibits present the NOL of the Plan, calculated using the discount rate of 4.75%, as well as what the Plan's NOL would be if it were calculated using a Discount Rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

Discount Rate Sensitivity

	1% Decrease (3.75%)	Current (4.75%)	1% Increase (5.75%)
Net OPEB Liability	\$1,414,864	\$ 971,361	\$ 613,354



Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Net Position (b)	Net OPEB Liability (a) - (b)
<b>Balance as of December 31, 2020</b>	\$ 2,899,349	\$ 1,729,579	\$ 1,169,770
<b>Changes for the year:</b>			
Service cost at the end of the year*	56,678	-	56,678
Interest on TOL and cash flows	136,225	-	136,225
Difference between expected and actual experience	(363,532)	-	(363,532)
Changes of assumptions or other inputs	(12,333)	-	(12,333)
Contributions - employer	-	63,657	(63,657)
Net investment income	-	(43,659)	43,659
Benefit payments and implicit subsidy credit**	(63,657)	(63,657)	-
Plan administrative expenses***	-	(4,551)	4,551
<b>Net Changes</b>	<b>(246,619)</b>	<b>(48,210)</b>	<b>(198,409)</b>
<b>Balance as of December 31, 2021</b>	<b>\$ 2,652,730</b>	<b>\$ 1,681,369</b>	<b>\$ 971,361</b>

\* The service cost includes interest for the year

\*\* Benefit payments are net of participant contributions and include a payment of \$8,600 for the implicit subsidy. Benefit payments include \$55,057 paid outside the trust.

\*\*\* Administrative expenses are based on the fees paid from the plan's trust.

The TOL is based upon an actuarial valuation performed as of the Valuation Date, December 31, 2020. An expected TOL is determined as of December 31, 2021, the Measurement Date, using standard roll forward techniques. The roll forward calculation begins with the TOL, as of the Prior Measurement Date, December 31, 2020, subtracts the expected benefit payments for the year, applies interest at the Discount Rate for the year, and then adds the annual Normal Cost (also called the Service Cost).

Information regarding changes in benefit terms and changes to assumptions or other outputs should be noted. The following changes have been made since the prior measurement date:

**Changes to benefit terms:**

- o None

**Changes to assumptions or other inputs:**

- o The decremental and salary increase assumptions have been updated based on the most recent SCRS experience analysis.
- o Changes in medical trend

Since certain expense items are recognized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts will increase OPEB Expense they are labeled Deferred Outflows of Resources. If they serve to reduce OPEB Expense they are labeled Deferred Inflows of Resources. The recognition of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions or other inputs, if any, are recognized over the average expected remaining service lives of the active and inactive Plan members at the beginning of the measurement period.

*Deferred Inflows of Resources and Deferred Outflows of Resources:*

The following table provides a summary of the Deferred Outflows or Resources and Deferred Inflows of Resources as of June 30, 2022:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,300	\$ 618,198
Changes of assumptions or other inputs	8,560	10,758
Net difference between projected and actual earnings on plan investments	98,596	-
Benefit payments and administrative costs made subsequent to the measurement date	30,539	-
Total	<u>\$ 147,995</u>	<u>\$ 628,956</u>

\$30,539 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2023.

*Schedule of the Recognition of Deferred (Inflows)/Outflows or Resources in OPEV Expense:*

Amounts reported as Deferred Outflows of resources and deferred Inflows of resources related to OPEB benefits will be recognized in OPEB expense as follows:

Measurement Period Ended June 30,	
2022	\$ (79,363)
2023	(88,375)
2024	(87,441)
2025	(85,489)
2026	(82,749)
Thereafter	(88,083)
Total	<u>\$ (511,500)</u>

Investment Earnings (Gain) Loss

Expected asset return rate	4.75%
Beginning of year market value of assets	\$ 1,729,579
End of year market value of assets	1,681,369
Expected return on beginning assets for plan year	82,155
External cash flow (mid-year payments assumed):	
Contributions-employer	63,657
Contributions-active member	-
Refunds of contributions	-
Benefit payments	(63,657)
Administrative expenses*	(4,551)
Other	-
Total external cash flow	<u>(4,551)</u>
Expected return on external cash flow	(107)
Projected earnings for plan year	82,048
Net investment income	(43,659)
<b>Investment earnings (gain) loss</b>	<b><u>\$ 125,707</u></b>

\* Administrative expenses are based on the fees paid from the plan's trust.

The calculation of the OE for the year ended June 30, 2022 is shown in the following table:

OPEB Expense  
For Year Ending June 30, 2022

Service cost at end of year*	\$ 56,678
Interest on the Total OPEB Liability and cash flow	136,225
Current-period benefit changes	-
Expensed portion of current-period difference between expected and actual experience in the Total OPEB Liability	(46,428)
Expensed portion of current-period changes of assumptions or other inputs	(1,575)
Active member contributions	-
Projected earnings on plan investments	(82,048)
Expensed portion of current-period differences between actual and projected earnings on plan investments	25,141
Administrative costs**	4,551
Other	-
Recognition of beginning deferred outflows of resources as OPEB expense	18,634
Recognition of beginning deferred inflows of resources as OPEB	(70,197)
<b>OPEB Expense</b>	<u><u>\$ 40,981</u></u>

\* The service cost includes interest for the year.

\*\* Administrative costs are based on the actuarial fees paid from the plan's trust.

**NOTE 10 - RISK MANAGEMENT**

The Council has elected to provide a surety bond to the South Carolina Employment Security Commission in lieu of unemployment tax contributions. This bond ensures that the Council can provide for payment of the actual unemployment benefits payable to claimants under the South Carolina Employment Compensation Law. No separate liability for unemployment claims have been established due to the insignificant amounts of expenditures.

The Council continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**NOTE 11 - CONTINGENCIES**

The Council must apply for annual renewal of contracts and grants. Funding is subject to both increases and reductions at the discretion of the contractors, and some agreements also call for termination by either party contingent upon certain conditions. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Council expects such amounts, if any, to be immaterial. From time to time the Council is a party to litigation, either as a plaintiff or as a defendant, arising from normal operations. No material losses are anticipated in connection with legal matters at June 30, 2022.

**NOTE 12 - DUE TO OTHER GOVERNMENTS/CONTRACTORS**

Balances at year end relate to either drawdowns prior to or after meeting all eligibility requirements.

**NOTE 13 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The balances of inter-fund receivables and payables at June 30, 2022 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Grant Sub-funds	\$ 300,686
		<u>\$ 300,686</u>

Operating transfer activity for the year ended June 30, 2022 was as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 970,179	\$ 263,062
Grant Sub-funds	(25,782)	(1,207,459)
Total	<u>\$ 944,397</u>	<u>\$ (944,397)</u>

**NOTE 14 - FUND BALANCE**

Amounts for specific purposes by Fund and Fund Balance classifications for the year ended June 30, 2022 are as follows:

	<u>General Fund</u>	<u>Regional Development Funds</u>	<u>Regional Information &amp; Assistance Corp.</u>	<u>Total</u>
Fund Balances				
Nonspendable				
Prepaid items	\$ 41,973	\$ -	\$ -	\$ 41,973
Restricted for				
Human services	-	-	10,674	10,674
Committed to				
Economic development	-	327,904	-	327,904
Human services	-	-	737	737
Unassigned	2,452,025	-	-	2,452,025
Total Fund Balances	<u>\$ 2,493,998</u>	<u>\$ 327,904</u>	<u>\$ 11,411</u>	<u>\$ 2,833,313</u>

**NOTE 15 – SUBSEQUENT EVENTS**

The Council evaluates the effects subsequent events would have on the financial statements through the date of the Auditor’s Report, which is the date the financial statements were available for issuance.

**LOWER SAVANNAH COUNCIL OF GOVERNMENTS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND AND GRANT SUB-FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Amended &amp; Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Federal and State funds				
Workforce development	\$ 1,814,406	\$ 1,409,622	\$ 1,283,623	\$ (125,999)
SCDEW - MOU	163,000	163,000	72,065	(90,935)
State tourism	420,767	390,039	373,703	(16,336)
SC Department on Aging	1,614,504	1,726,351	1,525,905	(200,446)
CDBG Planning Grant	50,000	50,000	50,000	-
CDBG CV Funds	47,375	63,227	21,589	(41,638)
EDA Planning Assistance Grant	296,897	295,092	297,471	2,379
FEMA admin	31,284	34,585	31,324	(3,261)
Rural Infrastructure Authority (RIA)	-	-	3,515	3,515
SCDOT	226,730	165,551	167,353	1,802
Federal Transportation Administration	214,986	138,130	123,386	(14,744)
HOME - Housing & Urban Development	149,560	136,107	136,801	694
State Aid to Councils of Government	46,862	46,862	46,862	-
Total federal and state funds	<u>5,076,371</u>	<u>4,618,566</u>	<u>4,133,597</u>	<u>(484,969)</u>
Participating local governments	<u>257,912</u>	<u>257,912</u>	<u>257,911</u>	<u>(1)</u>
Other sources:				
CDBG contracts	50,069	50,069	56,057	5,988
Other local contracts	135,215	244,265	207,966	(36,299)
Other Grants	78,480	54,008	42,702	(11,306)
Interest income	4,700	3,700	5,454	1,754
Other income	-	-	21,658	21,658
Total other sources	<u>268,464</u>	<u>352,042</u>	<u>333,837</u>	<u>(18,205)</u>
Total revenues	<u>5,602,747</u>	<u>5,228,520</u>	<u>4,725,345</u>	<u>(503,175)</u>
<b>EXPENDITURES</b>				
Salaries	1,992,000	1,784,000	1,673,178	110,822
Fringe benefits	866,520	758,200	647,640	110,560
Advertising	153,200	136,812	120,714	16,098
Automobile expenses	91,250	82,060	64,361	17,699
Bank fees	1,400	1,000	680	320
Building maintenance	69,954	57,812	46,190	11,622
Caregiver/respice services	475,902	620,949	587,589	33,360
Contract staff	22,500	27,450	24,856	2,594
Contractual	982,426	905,350	806,787	98,563
Equipment lease/rental	25,313	21,750	20,716	1,034
Equipment lease interest	-	6	6	-
Insurance and bonds	58,290	45,378	43,954	1,424
Insurance - retirees	58,700	64,000	58,209	5,791
Internet/data	58,340	58,340	55,300	3,040
Meeting expenses	25,125	23,865	22,927	938
Meeting registrations - board	17,475	3,000	3,075	(75)
Meeting registrations - staff	37,870	15,909	14,308	1,601
Office rent	114,840	111,840	111,652	188
Office supplies	25,817	16,317	11,263	5,054
Other supplies	28,360	38,562	38,787	(225)
Postage and shipping	17,823	14,700	9,033	5,667

(Continued)

**LOWER SAVANNAH COUNCIL OF GOVERNMENTS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND AND GRANT SUB-FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Amended &amp; Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<b>EXPENDITURES, (continued)</b>				
Printing and photography	\$ 33,050	\$ 33,050	\$ 20,228	\$ 12,822
Professional fees	32,675	37,942	36,173	1,769
Property and equipment purchase	511,000	211,536	141,937	69,599
Repair & maintenance - equipment	27,950	21,860	21,518	342
Subscriptions, dues, & publications	62,854	43,455	40,345	3,110
Telecommunications	44,910	35,726	33,381	2,345
Travel - board	44,229	7,850	6,801	1,049
Travel - staff	78,988	16,912	10,265	6,647
Utilities	30,080	28,389	24,362	4,027
WIOA office supplies	2,000	3,000	2,838	162
Miscellaneous	1,500	1,500	1,282	218
Total operating expenditures	<u>5,992,341</u>	<u>5,228,520</u>	<u>4,700,355</u>	<u>528,165</u>
<b>Excess of operating revenues over operating expenditures</b>	<u>(389,594)</u>	<u>-</u>	<u>24,990</u>	<u>24,990</u>
<b>Revenues contract pass-through:</b>				
Workforce development	2,180,000	1,855,000	1,720,753	(134,247)
Department of Aging	2,458,616	3,145,748	2,654,740	(491,008)
CDBG-CV Funds (Meals)	-	250,000	157,551	(92,449)
SC Department of Transportation	-	10,000	-	(10,000)
Federal Transportation Administration	493,000	475,046	473,157	(1,889)
Local funds for transportation	-	35,367	25,394	(9,973)
Other grants for transportation	12,000	2,511	15,689	13,178
Fares for transportation	45,000	40,000	32,588	(7,412)
Total revenues contract pass-through	<u>5,188,616</u>	<u>5,813,672</u>	<u>5,079,872</u>	<u>(733,800)</u>
<b>Expenditures contract pass-through:</b>				
Workforce development	2,180,000	1,855,000	1,720,753	(134,247)
Department of Aging	2,458,616	3,145,748	2,654,740	(491,008)
CDBG-CV Funds (Meals)	-	250,000	157,551	(92,449)
SC Department of Transportation	-	10,000	-	(10,000)
Federal Transportation Administration	550,000	475,046	473,157	(1,889)
Local funds for transportation	-	77,878	73,671	(4,207)
Total expenditures contract pass-through	<u>5,188,616</u>	<u>5,813,672</u>	<u>5,079,872</u>	<u>(733,800)</u>
Net change in fund balances	(389,594)	-	24,990	24,990
Fund balances, beginning of year	<u>2,250,314</u>	<u>2,469,542</u>	<u>2,469,008</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u><u>\$ 1,860,720</u></u>	<u><u>\$ 2,469,542</u></u>	<u><u>\$ 2,493,998</u></u>	<u><u>\$ 24,990</u></u>



**LOWER SAVANNAH COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE COUNCIL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (SCRS)**  
**LAST 10 FISCAL YEARS**

	JUNE 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Council's Proportionate Share of the Net Pension Liability (Asset)	1.582100%	0.015680%	0.015972%	0.016532%	0.021487%	0.024349%	0.023951%	0.023882%	NA*	NA*
Council's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,423,950	\$ 4,006,506	\$ 3,647,099	\$ 3,704,400	\$ 4,837,069	\$ 5,200,910	\$ 4,542,423	\$ 4,111,689	NA*	NA*
Council's Covered-Employee Payroll	\$ 1,677,715	\$ 1,749,312	\$ 1,686,613	\$ 1,713,223	\$ 2,167,990	\$ 2,357,873	\$ 2,245,725	\$ 2,399,820	NA*	NA*
Council's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	204.08%	229.03%	216.24%	216.22%	223.11%	220.58%	202.27%	171.33%	NA*	NA*
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	60.70%	50.70%	54.40%	54.10%	53.30%	52.90%	57.00%	59.90%	NA*	NA*

NA\* - Not Available

<p>This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.</p>
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**LOWER SAVANNAH COUNCIL OF GOVERNMENTS  
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF COUNCIL'S CONTRIBUTIONS (SCRS)  
LAST 10 FISCAL YEARS**

	JUNE 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2013	2012
Contractually Required Contribution	\$ 275,313	\$ 275,616	\$ 269,569	\$ 243,041	\$ 229,743	\$ 247,368	\$ 257,008	\$ 244,784	NA*	NA*
Contributions in Relation to the Contractually Required Contribution	275,313	275,616	269,569	243,041	229,743	247,368	257,008	244,784	NA*	NA*
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Council's Covered-Employee Payroll	\$ 1,677,715	\$ 1,788,554	\$ 1,749,312	\$ 1,686,613	\$ 1,713,223	\$ 2,167,990	\$ 2,357,873	\$ 2,399,820	NA*	NA*
Contributions as a Percentage of Covered-Employee Pay	16.41%	15.41%	15.41%	14.41%	13.41%	11.41%	10.90%	11.44%	NA*	NA*

NA\* - Not Available

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.
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**LOWER SAVANNAH COUNCIL OF GOVERNMENTS  
SCHEDULE OF CHANGES IN THE  
NET OPEB LIABILITY  
FOR THE PAST 4 FISCAL YEARS**

	JUNE 30,			
	2021	2020	2019	2018
<b>Total OPEB Liability</b>				
Service cost at end of year	\$ 56,678	\$ 55,026	\$ 71,092	\$ 69,021
Interest on the Total OPEB Liability	136,225	130,545	146,200	138,738
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(363,532)	(3,267)	(496,066)	12,608
Changes of assumptions or other inputs	(12,333)	-	14,218	-
Benefit payments	(63,657)	(61,808)	(68,170)	(58,518)
<b>Net change in Total OPEB Liability</b>	<b>\$ (246,619)</b>	<b>\$ 120,496</b>	<b>\$ (332,726)</b>	<b>\$ 161,849</b>
<b>Total OPEB Liability - beginning</b>	<b>2,899,349</b>	<b>2,778,853</b>	<b>3,111,579</b>	<b>2,949,730</b>
<b>Total OPEB Liability - ending</b>	<b>2,652,730</b>	<b>2,899,349</b>	<b>2,778,853</b>	<b>3,111,579</b>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 62,687	\$ 77,792	\$ 146,736	\$ 179,766
Contributions - non-employer	-	-	-	-
Contributions - active member	-	-	-	-
Net investment income	(37,807)	92,587	76,287	20,880
Benefit payments	(62,687)	(61,808)	(68,170)	(58,518)
Administrative expense	(10,402)	(1,000)	(3,279)	-
Other	-	-	-	-
<b>Net change in plan fiduciary net</b>	<b>\$ (48,209)</b>	<b>\$ 107,571</b>	<b>\$ 151,574</b>	<b>\$ 142,128</b>
<b>Plan fiduciary net position - beginning</b>	<b>\$ 1,729,579</b>	<b>\$ 1,622,008</b>	<b>\$ 1,470,434</b>	<b>\$ 1,328,306</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 1,681,370</b>	<b>\$ 1,729,579</b>	<b>\$ 1,622,008</b>	<b>\$ 1,470,434</b>
<b>Net OPEB Liability - ending</b>	<b>\$ 971,360</b>	<b>\$ 1,169,770</b>	<b>\$ 1,156,845</b>	<b>\$ 1,641,145</b>

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

**LOWER SAVANNAH COUNCIL OF GOVERNMENTS  
SCHEDULE OF NET OPEB LIABILITY  
FOR THE PAST 4 FISCAL YEARS**

	JUNE 30,			
	2021	2020	2019	2018
Total OPEB Liability	\$ 2,652,730	\$ 2,899,349	\$ 2,778,853	\$ 3,111,579
Plan fiduciary net position	1,681,369	1,729,579	1,622,008	1,470,434
Net OPEB Liability	\$ 971,361	\$ 1,169,770	\$ 1,156,845	\$ 1,641,145
Plan fiduciary net position as a percentage of the total OPEB Liability	63.38%	59.65%	58.37%	47.26%
Covered Payroll*	\$ 1,762,261	\$ 1,599,629	\$ 1,599,629	\$ 1,823,569
Net OPEB Liability as a percentage of covered payroll	73.13%	73.13%	72.32%	90.00%

\*For years following the valuation date (when no new valuation is performed), covered payroll has been set equal to the covered payroll from the most recent valuation.

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

**LOWER SAVANNAH COUNCIL OF GOVERNMENTS  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FOR THE PAST 4 FISCAL YEARS**

	JUNE 30,			
	2021	2020	2019	2018
Actuarial Determined Employer Contribution (ADEC)	\$ 98,772	\$ 123,733	\$ 140,116	\$ 155,980
Contributions in relation to the ADEC	\$ 62,687	\$ 77,792	\$ 146,736	\$ 179,766
Annual contribution deficiency (excess)	\$ 36,085	\$ 45,941	\$ (6,620)	\$ (23,786)
Covered payroll*	\$ 1,762,261	\$ 1,599,629	\$ 1,599,629	\$ 1,823,569
Actual contributions as a percentage of covered payroll	3.56%	4.86%	9.17%	9.86%

\*For years following the valuation date (when no new valuation is performed), covered payroll has been set equal to the covered payroll from the most recent valuation.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.
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**LOWER SAVANNAH COUNCIL OF GOVERNMENTS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS OTHER  
POST EMPLOYMENT BENEFITS PLAN**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7/1/2008	\$ -	\$ 1,702,000	\$ 1,702,000	0.00%	\$ 1,783,000	95.46%
7/1/2009	30,000	1,316,300	1,286,300	2.28%	2,039,000	63.08%
7/1/2011	566,155	1,386,570	820,415	40.83%	2,653,245	30.92%
7/1/2013	864,592	1,853,094	988,502	46.66%	2,236,053	44.21%
7/1/2015	1,158,838	2,096,008	937,170	55.29%	2,301,629	40.72%
1/1/2017	1,311,514	2,786,354	1,474,840	47.07%	1,823,569	80.88%
1/1/2019	1,559,215	2,655,970	1,096,755	58.71%	1,599,629	68.56%
1/1/2021	1,737,490	2,487,053	749,563	69.86%	1,762,261	42.53%

**LOWER SAVANNAH COUNCIL OF GOVERNMENTS**  
**GRANT SUB-FUNDS**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	WIOA Adult 20A008	WIOA DW 20DW008	WIOA Youth 20Y008	WIOA Adult 21A008	WIOA DW 21DW008
<b>REVENUES</b>					
Federal and State funds	\$ 258,064	\$ 271,677	\$ 412,442	\$ 600,455	\$ 566,124
Local contracts	-	-	-	-	-
Other income	-	-	-	-	-
In-kind revenue	-	-	-	-	-
Total Revenues	<u>258,064</u>	<u>271,677</u>	<u>412,442</u>	<u>600,455</u>	<u>566,124</u>
<b>EXPENDITURES</b>					
Salaries	34,345	20,394	52,192	70,384	80,244
Fringe benefits	12,202	7,048	20,174	29,067	32,647
Advertising	404	404	4,136	1,815	1,815
Automobile expenses	600	601	1,375	3,081	3,081
Bank fees	-	-	-	-	-
Building maintenance	-	-	-	-	-
Caregiver/respite services	-	-	-	-	-
Contract Staff	-	-	-	-	-
Contractual	163,359	207,020	264,006	384,634	329,179
Equipment lease/rental	-	-	-	-	-
Equipment lease interest	-	-	-	-	-
Gain/loss on equipment	-	-	-	-	-
In-kind expenditures	-	-	-	-	-
Insurance and bonds	4,458	4,459	4,459	-	-
Internet/Data	120	120	297	267	267
Meeting expenses	265	265	306	178	178
Meeting registrations - board	-	-	-	25	25
Meeting registrations - staff	247	910	910	1,075	411
Miscellaneous	-	-	-	-	-
Office rent	-	-	-	-	-
Office supplies	-	-	-	103	103
Other supplies	-	-	-	17	17
Postage and shipping	-	-	-	-	-
Printing and photography	65	65	65	-	-
Professional fees	-	-	-	192	193
Property & equipment purchase	-	-	-	-	-
Repair & maintenance - equipment	-	-	-	-	-
Subscriptions, dues, & publications	-	-	43	100	100
Telecommunications	232	248	348	483	466
Travel - board	-	-	-	-	-
Travel - staff	137	137	299	933	932
Utilities	-	-	-	-	-
WIA office supplies	-	-	-	-	-
Total Expenditures	<u>216,434</u>	<u>241,671</u>	<u>348,610</u>	<u>492,354</u>	<u>449,658</u>
Excess of revenues over (under) expenditures	<u>41,630</u>	<u>30,006</u>	<u>63,832</u>	<u>108,101</u>	<u>116,466</u>
Transfers in	-	-	-	-	-
Transfers out	<u>(41,630)</u>	<u>(30,006)</u>	<u>(63,832)</u>	<u>(108,101)</u>	<u>(116,466)</u>
Total other financing sources (uses)	<u>(41,630)</u>	<u>(30,006)</u>	<u>(63,832)</u>	<u>(108,101)</u>	<u>(116,466)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

**LOWER SAVANNAH COUNCIL OF GOVERNMENTS**  
**GRANT SUB-FUNDS**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	WIOA Youth 21Y008	WIOA Phoenix RR 20RRIWT16	WIOA Incumbent Worker 20IWT08	WIOA Career DW 368442160A45	WIOA Youth Work Exp. 20YWEP008
<b>REVENUES</b>					
Federal and State funds	\$ 608,172	\$ 47,748	\$ 18,649	\$ 58,653	\$ 30,904
Local contracts	-	-	-	-	-
Other income	-	-	-	-	-
In-kind revenue	-	-	-	-	-
Total Revenues	<u>608,172</u>	<u>47,748</u>	<u>18,649</u>	<u>58,653</u>	<u>30,904</u>
<b>EXPENDITURES</b>					
Salaries	28,346	1,393	-	11,804	-
Fringe benefits	11,567	501	-	4,652	-
Advertising	882	-	-	-	-
Automobile expenses	2,307	-	-	-	-
Bank fees	-	-	-	-	-
Building maintenance	-	-	-	-	-
Caregiver/respite services	-	-	-	-	-
Contract Staff	-	-	-	-	-
Contractual	485,182	44,826	18,649	32,370	30,904
Equipment lease/rental	-	-	-	-	-
Equipment lease interest	-	-	-	-	-
Gain/loss on equipment	-	-	-	-	-
In-kind expenditures	-	-	-	-	-
Insurance and bonds	-	-	-	-	-
Internet/Data	507	-	-	-	-
Meeting expenses	10,125	-	-	-	-
Meeting registrations - board	25	-	-	-	-
Meeting registrations - staff	411	-	-	-	-
Miscellaneous	-	-	-	-	-
Office rent	-	-	-	-	-
Office supplies	103	-	-	-	-
Other supplies	1,075	-	-	-	-
Postage and shipping	-	-	-	-	-
Printing and photography	-	-	-	-	-
Professional fees	193	-	-	-	-
Property & equipment purchase	-	-	-	-	-
Repair & maintenance - equipment	-	-	-	-	-
Subscriptions, dues, & publications	58	-	-	-	-
Telecommunications	367	-	-	198	-
Travel - board	-	-	-	-	-
Travel - staff	773	-	-	40	-
Utilities	-	-	-	-	-
WIA office supplies	-	-	-	-	-
Total Expenditures	<u>541,921</u>	<u>46,720</u>	<u>18,649</u>	<u>49,064</u>	<u>30,904</u>
Excess of revenues over (under) expenditures	<u>66,251</u>	<u>1,028</u>	<u>-</u>	<u>9,589</u>	<u>-</u>
Transfers in	-	-	-	-	-
Transfers out	<u>(66,251)</u>	<u>(1,028)</u>	<u>-</u>	<u>(9,589)</u>	<u>-</u>
Total other financing sources (uses)	<u>(66,251)</u>	<u>(1,028)</u>	<u>-</u>	<u>(9,589)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)



**LOWER SAVANNAH COUNCIL OF GOVERNMENTS**  
**GRANT SUB-FUNDS**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	WIOA Security Grant 20SEC08	WIOA Adult 20SRA08	WIOA Resiliency 21LRA08	SC Works Center Ops Allocated	HS Aging Respite III-E CARES
<b>REVENUES</b>					
Federal and State funds	\$ 37,649	\$ 32,799	\$ 61,039	\$ -	\$ 13,065
Local contracts	-	-	-	-	-
Other income	-	-	-	72,066	-
In-kind revenue	-	-	-	-	-
Total Revenues	<u>37,649</u>	<u>32,799</u>	<u>61,039</u>	<u>72,066</u>	<u>13,065</u>
<b>EXPENDITURES</b>					
Salaries	-	-	-	-	-
Fringe benefits	-	-	-	-	-
Advertising	-	-	1,173	-	-
Automobile expenses	-	-	-	330	-
Bank fees	-	-	-	-	-
Building maintenance	-	-	-	3,579	-
Caregiver/respite services	-	-	-	-	13,065
Contract Staff	-	-	-	-	-
Contractual	37,649	32,799	57,614	111,649	-
Equipment lease/rental	-	-	-	2,870	-
Equipment lease interest	-	-	-	-	-
Gain/loss on equipment	-	-	-	-	-
In-kind expenditures	-	-	-	-	-
Insurance and bonds	-	-	-	3,602	-
Internet/Data	-	-	-	33,783	-
Meeting expenses	-	-	-	-	-
Meeting registrations - board	-	-	-	-	-
Meeting registrations - staff	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Office rent	-	-	-	92,812	-
Office supplies	-	-	-	-	-
Other supplies	-	-	2,252	1,239	-
Postage and shipping	-	-	-	-	-
Printing and photography	-	-	-	-	-
Professional fees	-	-	-	-	-
Property & equipment purchase	-	-	-	-	-
Repair & maintenance - equipment	-	-	-	-	-
Subscriptions, dues, & publications	-	-	-	-	-
Telecommunications	-	-	-	10,227	-
Travel - board	-	-	-	-	-
Travel - staff	-	-	-	-	-
Utilities	-	-	-	3,064	-
WIA office supplies	-	-	-	2,838	-
Total Expenditures	<u>37,649</u>	<u>32,799</u>	<u>61,039</u>	<u>265,993</u>	<u>13,065</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(193,927)</u>	<u>-</u>
Transfers in	-	-	-	193,927	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>193,927</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

**LOWER SAVANNAH COUNCIL OF GOVERNMENTS**  
**GRANT SUB-FUNDS**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	HS Aging Ombudsman III-B CARES	HS Aging Emergency Rent Asst. ERA CARES	HS Aging COVID HD Meals HDC5	HS Aging Internal Svcs. III-B	HS Aging Contracts III-B
<b>REVENUES</b>					
Federal and State funds	\$ 8,543	\$ 1,000	\$ 17,720	\$ 297,359	\$ 449,291
Local contracts	-	-	-	-	-
Other income	-	-	-	-	-
In-kind revenue	-	-	-	-	-
Total Revenues	8,543	1,000	17,720	297,359	449,291
<b>EXPENDITURES</b>					
Salaries	35	-	-	108,966	-
Fringe benefits	14	-	-	42,701	-
Advertising	-	-	-	-	-
Automobile expenses	2,840	-	-	4,713	-
Bank fees	-	-	-	-	-
Building maintenance	-	-	-	-	-
Caregiver/respite services	-	-	-	-	-
Contract Staff	-	-	-	-	-
Contractual	560	1,000	17,720	49,153	449,359
Equipment lease/rental	-	-	-	-	-
Equipment lease interest	-	-	-	-	-
Gain/loss on equipment	-	-	-	-	-
In-kind expenditures	-	-	-	-	-
Insurance and bonds	-	-	-	-	-
Internet/Data	-	-	-	1,584	-
Meeting expenses	-	-	-	-	-
Meeting registrations - board	-	-	-	-	-
Meeting registrations - staff	600	-	-	90	-
Miscellaneous	-	-	-	-	-
Office rent	-	-	-	-	-
Office supplies	771	-	-	-	-
Other supplies	-	-	-	-	-
Postage and shipping	-	-	-	-	-
Printing and photography	-	-	-	-	-
Professional fees	455	-	-	-	-
Property & equipment purchase	2,040	-	-	-	-
Repair & maintenance - equipment	-	-	-	-	-
Subscriptions, dues, & publications	100	-	-	550	-
Telecommunications	1,099	-	-	1,572	-
Travel - board	-	-	-	-	-
Travel - staff	-	-	-	-	-
Utilities	-	-	-	-	-
WIA office supplies	-	-	-	-	-
Total Expenditures	8,514	1,000	17,720	209,329	449,359
Excess of revenues over (under) expenditures	29	-	-	88,030	(68)
Transfers in	-	-	-	-	68
Transfers out	(29)	-	-	(88,030)	-
Total other financing sources (uses)	(29)	-	-	(88,030)	68
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

**LOWER SAVANNAH COUNCIL OF GOVERNMENTS**  
**GRANT SUB-FUNDS**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	HS Aging Cong. Meals III-C1	HS Aging HD Meals III-C2	HS Aging Ev. Based Wellness III-D	HS Aging ACE Bingo	HS Aging Homemaker Spec. St. Funds
<b>REVENUES</b>					
Federal and State funds	\$ 302,141	\$ 864,133	\$ 40,096	\$ 65,885	\$ 8,712
Local contracts	-	-	-	-	-
Other income	-	-	-	-	-
In-kind revenue	-	-	-	-	-
Total Revenues	<u>302,141</u>	<u>864,133</u>	<u>40,096</u>	<u>65,885</u>	<u>8,712</u>
<b>EXPENDITURES</b>					
Salaries	-	-	-	-	-
Fringe benefits	-	-	-	-	-
Advertising	-	-	-	-	-
Automobile expenses	-	-	-	-	-
Bank fees	-	-	-	-	-
Building maintenance	-	-	-	-	-
Caregiver/respite services	-	-	-	-	-
Contract Staff	-	-	-	-	-
Contractual	302,141	864,018	40,096	66,025	8,712
Equipment lease/rental	-	-	-	-	-
Equipment lease interest	-	-	-	-	-
Gain/loss on equipment	-	-	-	-	-
In-kind expenditures	-	-	-	-	-
Insurance and bonds	-	-	-	-	-
Internet/Data	-	-	-	-	-
Meeting expenses	-	-	-	-	-
Meeting registrations - board	-	-	-	-	-
Meeting registrations - staff	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Office rent	-	-	-	-	-
Office supplies	-	-	-	-	-
Other supplies	-	-	-	-	-
Postage and shipping	-	-	-	-	-
Printing and photography	-	-	-	-	-
Professional fees	-	-	-	-	-
Property & equipment purchase	-	-	-	-	-
Repair & maintenance - equipment	-	-	-	-	-
Subscriptions, dues, & publications	-	-	-	-	-
Telecommunications	-	-	-	-	-
Travel - board	-	-	-	-	-
Travel - staff	-	-	-	-	-
Utilities	-	-	-	-	-
WIA office supplies	-	-	-	-	-
Total Expenditures	<u>302,141</u>	<u>864,018</u>	<u>40,096</u>	<u>66,025</u>	<u>8,712</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>115</u>	<u>-</u>	<u>(140)</u>	<u>-</u>
Transfers in	-	(115)	-	140	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(115)</u>	<u>-</u>	<u>140</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

**LOWER SAVANNAH COUNCIL OF GOVERNMENTS**  
**GRANT SUB-FUNDS**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	HS Aging Insurance Counseling	HS Aging Respite III-E	HS Aging Respite Alzheimers	HS Aging Respite State	HS Aging Ombudsman III-B/VII	HS Aging P&A Title III
<b>REVENUES</b>						
Federal and State funds	\$ 104,854	\$ 523,688	\$ 105,165	\$ 391	\$ 159,374	\$ 253,582
Local contracts	-	-	-	-	-	-
Other income	-	-	-	-	-	-
In-kind revenue	-	-	-	-	-	-
Total Revenues	<u>104,854</u>	<u>523,688</u>	<u>105,165</u>	<u>391</u>	<u>159,374</u>	<u>253,582</u>
<b>EXPENDITURES</b>						
Salaries	34,242	61,408	2,678	-	67,329	112,290
Fringe benefits	13,787	24,291	963	-	28,364	42,465
Advertising	-	-	-	-	2,942	50
Automobile expenses	-	986	-	-	1,353	2,952
Bank fees	-	-	-	-	-	-
Building maintenance	-	-	-	-	-	-
Caregiver/respite services	-	384,899	99,630	391	-	-
Contract Staff	-	-	-	-	-	-
Contractual	25,000	-	-	-	-	-
Equipment lease/rental	-	-	-	-	-	-
Equipment lease interest	-	-	-	-	-	-
Gain/loss on equipment	-	-	-	-	-	-
In-kind expenditures	-	-	-	-	-	-
Insurance and bonds	-	-	-	-	-	-
Internet/Data	-	-	-	-	-	440
Meeting expenses	-	-	-	-	-	-
Meeting registrations - board	-	-	-	-	-	-
Meeting registrations - staff	-	-	-	-	-	1,032
Miscellaneous	-	-	-	-	-	-
Office rent	-	-	-	-	-	-
Office supplies	-	294	-	-	-	60
Other supplies	-	-	-	-	-	134
Postage and shipping	698	-	-	-	-	-
Printing and photography	2,696	408	-	-	906	162
Professional fees	-	-	-	-	-	1,523
Property & equipment purchase	-	-	-	-	-	-
Repair & maintenance - equipment	-	-	-	-	-	-
Subscriptions, dues, & publications	-	1,100	-	-	-	3,732
Telecommunications	-	240	-	-	-	636
Travel - board	-	-	-	-	-	-
Travel - staff	10	-	-	-	7	563
Utilities	-	-	-	-	-	-
WIA office supplies	-	-	-	-	-	-
Total Expenditures	<u>76,433</u>	<u>473,626</u>	<u>103,271</u>	<u>391</u>	<u>100,901</u>	<u>166,039</u>
Excess of revenues over (under) expenditures	<u>28,421</u>	<u>50,062</u>	<u>1,894</u>	<u>-</u>	<u>58,473</u>	<u>87,543</u>
Transfers in	-	104	-	-	-	-
Transfers out	(28,421)	(50,166)	(1,894)	-	(58,473)	(87,543)
Total other financing sources (uses)	<u>(28,421)</u>	<u>(50,062)</u>	<u>(1,894)</u>	<u>-</u>	<u>(58,473)</u>	<u>(87,543)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

**LOWER SAVANNAH COUNCIL OF GOVERNMENTS**  
**GRANT SUB-FUNDS**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	HS Aging NSIP	HS Aging American Rescue Plan (ARP)	HS Aging Home Del. Meals HCBS	HS Aging Essential Transp. HCBS	HS Aging Medication Assist. Program
<b>REVENUES</b>					
Federal and State funds	\$ 103,958	\$ 354,490	\$ 501,663	\$ 5,535	\$ -
Local contracts	-	-	-	-	12,402
Other income	-	-	-	-	-
In-kind revenue	-	-	-	-	-
Total Revenues	<u>103,958</u>	<u>354,490</u>	<u>501,663</u>	<u>5,535</u>	<u>12,402</u>
<b>EXPENDITURES</b>					
Salaries	-	9,059	-	-	4,300
Fringe benefits	-	3,569	-	-	1,695
Advertising	-	-	-	-	-
Automobile expenses	-	-	-	-	-
Bank fees	-	-	-	-	-
Building maintenance	-	-	-	-	-
Caregiver/respite services	-	89,604	-	-	-
Contract Staff	-	-	-	-	-
Contractual	103,958	244,899	501,663	5,996	2,463
Equipment lease/rental	-	-	-	-	-
Equipment lease interest	-	-	-	-	-
Gain/loss on equipment	-	-	-	-	-
In-kind expenditures	-	-	-	-	-
Insurance and bonds	-	-	-	-	-
Internet/Data	-	-	-	-	-
Meeting expenses	-	-	-	-	-
Meeting registrations - board	-	-	-	-	-
Meeting registrations - staff	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Office rent	-	-	-	-	-
Office supplies	-	-	-	-	-
Other supplies	-	-	-	-	-
Postage and shipping	-	-	-	-	-
Printing and photography	-	-	-	-	451
Professional fees	-	-	-	-	-
Property & equipment purchase	-	-	-	-	-
Repair & maintenance - equipment	-	-	-	-	-
Subscriptions, dues, & publications	-	-	-	-	-
Telecommunications	-	-	-	-	-
Travel - board	-	-	-	-	-
Travel - staff	-	-	-	-	-
Utilities	-	-	-	-	-
WIA office supplies	-	-	-	-	-
Total Expenditures	<u>103,958</u>	<u>347,131</u>	<u>501,663</u>	<u>5,996</u>	<u>8,909</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>7,359</u>	<u>-</u>	<u>(461)</u>	<u>3,493</u>
Transfers in	-	-	-	461	-
Transfers out	-	(7,359)	-	-	(3,493)
Total other financing sources (uses)	<u>-</u>	<u>(7,359)</u>	<u>-</u>	<u>461</u>	<u>(3,493)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

**LOWER SAVANNAH COUNCIL OF GOVERNMENTS**  
**GRANT SUB-FUNDS**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	HS Aging SRS Retirees Association	HS Transit FTA 5307 SC2019-022XX-00	HS Transit FTA 5307 CARES SC2020-030-00	HS Transit 5310 Urban GADHHS	HS Transit SCDOT 5310 PT-21O610-FX
<b>REVENUES</b>					
Federal and State funds	\$ -	\$ 96,380	\$ 433,563	\$ 66,208	\$ 50,182
Local contracts	6,850	522	76	25,367	-
Other income	-	-	35,768	14,867	-
In-kind revenue	-	-	-	-	-
Total Revenues	<u>6,850</u>	<u>96,902</u>	<u>469,407</u>	<u>106,442</u>	<u>50,182</u>
<b>EXPENDITURES</b>					
Salaries	-	42,202	-	8,427	24,215
Fringe benefits	-	18,852	-	3,294	7,447
Advertising	-	-	95	-	-
Automobile expenses	-	-	18	-	-
Bank fees	-	-	-	-	-
Building maintenance	-	-	-	-	-
Caregiver/respite services	-	-	-	-	-
Contract Staff	-	-	-	-	-
Contractual	6,265	-	466,049	87,915	-
Equipment lease/rental	-	-	-	-	-
Equipment lease interest	-	-	-	-	-
Gain/loss on equipment	-	-	-	-	-
In-kind expenditures	-	-	-	-	-
Insurance and bonds	-	-	-	-	-
Internet/Data	-	-	-	-	-
Meeting expenses	-	-	-	-	-
Meeting registrations - board	-	-	-	-	-
Meeting registrations - staff	-	35	-	-	-
Miscellaneous	-	-	-	-	-
Office rent	-	-	-	-	-
Office supplies	50	-	-	-	-
Other supplies	-	-	-	-	-
Postage and shipping	-	-	-	-	-
Printing and photography	-	-	1,209	-	-
Professional fees	-	87	1,339	-	-
Property & equipment purchase	-	-	-	-	-
Repair & maintenance - equipment	-	-	-	-	-
Subscriptions, dues, & publications	-	-	152	-	-
Telecommunications	535	-	545	-	-
Travel - board	-	-	-	-	-
Travel - staff	-	-	-	-	-
Utilities	-	-	-	-	-
WIA office supplies	-	-	-	-	-
Total Expenditures	<u>6,850</u>	<u>61,176</u>	<u>469,407</u>	<u>99,636</u>	<u>31,662</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>35,726</u>	<u>-</u>	<u>6,806</u>	<u>18,520</u>
Transfers in	-	24,062	-	-	12,545
Transfers out	-	(59,788)	-	(6,806)	(31,065)
Total other financing sources (uses)	<u>-</u>	<u>(35,726)</u>	<u>-</u>	<u>(6,806)</u>	<u>(18,520)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

**LOWER SAVANNAH COUNCIL OF GOVERNMENTS**  
**GRANT SUB-FUNDS**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	HS Transit SCDOT 5310 PT-21O610-39	HS Transit SCDOT SMTF PT-220669-02	HS Transit 5303 Augusta-Richmond	HS Transit Aiken County Transit Local Funds	CDBG Admin Projects
<b>REVENUES</b>					
Federal and State funds	\$ 26,997	\$ 5,174	\$ -	\$ -	\$ -
Local contracts	-	-	10,086	110,551	56,057
Other income	-	-	40,343	-	-
In-kind revenue	-	-	-	-	-
Total Revenues	<u>26,997</u>	<u>5,174</u>	<u>50,429</u>	<u>110,551</u>	<u>56,057</u>
<b>EXPENDITURES</b>					
Salaries	12,871	2,345	22,806	-	21,021
Fringe benefits	4,629	924	8,987	-	8,284
Advertising	-	-	-	-	-
Automobile expenses	-	-	-	-	-
Bank fees	-	-	-	-	-
Building maintenance	-	-	-	-	-
Caregiver/respite services	-	-	-	-	-
Contract Staff	-	-	-	-	5,575
Contractual	-	-	-	37,590	-
Equipment lease/rental	-	-	-	-	-
Equipment lease interest	-	-	-	-	-
Gain/loss on equipment	-	-	-	-	-
In-kind expenditures	-	-	-	-	-
Insurance and bonds	-	-	-	-	-
Internet/Data	-	-	-	-	-
Meeting expenses	-	-	-	-	-
Meeting registrations - board	-	-	-	-	-
Meeting registrations - staff	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Office rent	-	-	-	-	-
Office supplies	-	-	-	-	-
Other supplies	-	-	-	-	-
Postage and shipping	-	-	-	-	-
Printing and photography	-	-	-	-	-
Professional fees	-	-	-	-	394
Property & equipment purchase	-	-	-	72,961	-
Repair & maintenance - equipment	-	-	-	-	-
Subscriptions, dues, & publications	-	-	-	-	-
Telecommunications	-	-	109	-	-
Travel - board	-	-	-	-	-
Travel - staff	-	-	-	-	-
Utilities	-	-	-	-	-
WIA office supplies	-	-	-	-	-
Total Expenditures	<u>17,500</u>	<u>3,269</u>	<u>31,902</u>	<u>110,551</u>	<u>35,274</u>
Excess of revenues over (under) expenditures	<u>9,497</u>	<u>1,905</u>	<u>18,527</u>	<u>-</u>	<u>20,783</u>
Transfers in	6,749	-	-	-	(3,706)
Transfers out	(16,246)	(1,905)	(18,527)	-	(17,077)
Total other financing sources (uses)	<u>(9,497)</u>	<u>(1,905)</u>	<u>(18,527)</u>	<u>-</u>	<u>(20,783)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

**LOWER SAVANNAH COUNCIL OF GOVERNMENTS**  
**GRANT SUB-FUNDS**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	PCED HOME Consortia	PCED CDBG Planning 4-RP-20-005	PCED Planning & Tech. Assistance	PCED Rural Infrastructure Authority (RIA)	PCED Comp. Plans and Zoning
<b>REVENUES</b>					
Federal and State funds	\$ 136,801	\$ 50,000	\$ -	\$ 3,515	\$ -
Local contracts	-	-	-	-	45,466
Other income	-	-	180	-	-
In-kind revenue	-	-	-	-	-
Total Revenues	<u>136,801</u>	<u>50,000</u>	<u>180</u>	<u>3,515</u>	<u>45,466</u>
<b>EXPENDITURES</b>					
Salaries	54,040	20,942	2,497	1,593	7,772
Fringe benefits	21,295	8,495	1,182	628	3,063
Advertising	628	1,986	-	-	-
Automobile expenses	-	-	-	-	-
Bank fees	-	-	-	-	-
Building maintenance	-	-	-	-	-
Caregiver/respite services	-	-	-	-	-
Contract Staff	1,788	500	3,925	-	144
Contractual	14,346	-	-	-	-
Equipment lease/rental	-	-	-	-	-
Equipment lease interest	-	-	-	-	-
Gain/loss on equipment	-	-	-	-	-
In-kind expenditures	-	-	-	-	-
Insurance and bonds	-	-	-	-	-
Internet/Data	-	-	-	-	-
Meeting expenses	664	-	-	-	-
Meeting registrations - board	-	-	-	-	-
Meeting registrations - staff	125	225	370	-	-
Miscellaneous	-	-	-	-	-
Office rent	-	-	-	-	-
Office supplies	-	-	-	-	-
Other supplies	-	-	137	-	-
Postage and shipping	-	-	-	-	-
Printing and photography	-	-	-	-	1,278
Professional fees	-	-	-	-	-
Property & equipment purchase	-	-	-	-	-
Repair & maintenance - equipment	-	-	-	-	-
Subscriptions, dues, & publications	15	30	3,939	-	-
Telecommunications	-	-	-	-	-
Travel - board	-	-	-	-	-
Travel - staff	-	900	-	-	-
Utilities	-	-	-	-	-
WIA office supplies	-	-	-	-	-
Total Expenditures	<u>92,901</u>	<u>33,078</u>	<u>12,050</u>	<u>2,221</u>	<u>12,257</u>
Excess of revenues over (under) expenditures	<u>43,900</u>	<u>16,922</u>	<u>(11,870)</u>	<u>1,294</u>	<u>33,209</u>
Transfers in	-	-	14,897	-	(26,896)
Transfers out	(43,900)	(16,922)	(3,027)	(1,294)	(6,313)
Total other financing sources (uses)	<u>(43,900)</u>	<u>(16,922)</u>	<u>11,870</u>	<u>(1,294)</u>	<u>(33,209)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)



**LOWER SAVANNAH COUNCIL OF GOVERNMENTS  
GRANT SUB-FUNDS  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2022**

	PCED EDA Planning ED19ATL3020015	PCED EDA Planning ED22ATL3020029	PCED EDA CARES Planning ED20ATL3070042	PCED FEMA PDMC-PL-04-SC-2018-001
<b>REVENUES</b>				
Federal and State funds	\$ 45,844	\$ 32,462	\$ 219,165	\$ 31,324
Local contracts	-	-	-	10,430
Other income	-	-	-	-
In-kind revenue	-	-	-	-
Total Revenues	45,844	32,462	219,165	41,754
<b>EXPENDITURES</b>				
Salaries	26,491	11,776	49,695	16,858
Fringe benefits	9,526	7,074	17,312	6,952
Advertising	-	-	336	-
Automobile expenses	-	-	-	-
Bank fees	-	-	-	-
Building maintenance	-	-	-	-
Caregiver/respite services	-	-	-	-
Contract Staff	1,700	3,731	2,262	3,613
Contractual	-	-	110,000	-
Equipment lease/rental	-	-	-	-
Equipment lease interest	-	-	-	-
Gain/loss on equipment	-	-	-	-
In-kind expenditures	-	-	-	-
Insurance and bonds	-	-	-	-
Internet/Data	-	-	-	-
Meeting expenses	-	-	240	-
Meeting registrations - board	-	-	-	-
Meeting registrations - staff	-	1,332	-	-
Miscellaneous	-	-	-	-
Office rent	-	-	-	-
Office supplies	-	-	-	-
Other supplies	37	-	21	-
Postage and shipping	-	-	-	-
Printing and photography	-	121	-	-
Professional fees	-	-	341	-
Property & equipment purchase	-	-	2,163	-
Repair & maintenance - equipment	-	-	-	-
Subscriptions, dues, & publications	-	442	-	-
Telecommunications	-	-	1,106	-
Travel - board	-	-	-	-
Travel - staff	-	1,430	-	-
Utilities	-	-	-	-
WIA office supplies	-	-	-	-
Total Expenditures	37,754	25,906	183,476	27,423
Excess of revenues over (under) expenditures	8,090	6,556	35,689	14,331
Transfers in	11,461	8,115	-	-
Transfers out	(19,551)	(14,671)	(35,689)	(14,331)
Total other financing sources (uses)	(8,090)	(6,556)	(35,689)	(14,331)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -

(Continued)

**LOWER SAVANNAH COUNCIL OF GOVERNMENTS**  
**GRANT SUB-FUNDS**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	PCED CDBG CV CV1-006	PCED SCDOT FAST-ACT	Tourism Accomodations Tax	Tourism Regional	Totals
<b>REVENUES</b>					
Federal and State funds	\$ 179,140	\$ 85,000	\$ 48,703	\$ 325,000	9,020,478
Local contracts	-	-	-	-	277,807
Other income	-	-	-	-	163,224
In-kind revenue	-	-	-	-	-
Total Revenues	<u>179,140</u>	<u>85,000</u>	<u>48,703</u>	<u>325,000</u>	<u>9,461,509</u>
<b>EXPENDITURES</b>					
Salaries	9,308	47,706	-	113,856	1,195,830
Fringe benefits	3,668	18,799	-	44,865	470,983
Advertising	301	-	27,477	64,537	108,981
Automobile expenses	-	-	-	-	24,237
Bank fees	-	-	-	-	-
Building maintenance	-	-	-	-	3,579
Caregiver/respite services	-	-	-	-	587,589
Contract Staff	750	-	-	-	23,988
Contractual	157,551	-	4,456	-	5,766,775
Equipment lease/rental	-	-	-	-	2,870
Equipment lease interest	-	-	-	-	-
Gain/loss on equipment	-	-	-	-	-
In-kind expenditures	-	-	-	-	-
Insurance and bonds	-	-	-	-	16,978
Internet/Data	-	-	-	-	37,385
Meeting expenses	-	381	1,065	-	13,667
Meeting registrations - board	-	-	-	-	75
Meeting registrations - staff	-	250	3,714	-	11,737
Miscellaneous	-	-	-	-	-
Office rent	-	-	-	-	92,812
Office supplies	-	-	-	-	1,484
Other supplies	-	-	-	-	4,929
Postage and shipping	-	-	2,474	-	3,172
Printing and photography	-	-	-	9,250	16,676
Professional fees	-	-	-	-	4,717
Property & equipment purchase	-	-	-	-	77,164
Repair & maintenance - equipment	-	-	-	-	-
Subscriptions, dues, & publications	-	972	7,824	-	19,157
Telecommunications	-	-	546	-	18,957
Travel - board	-	160	161	-	321
Travel - staff	-	-	986	-	7,147
Utilities	-	-	-	-	3,064
WIA office supplies	-	-	-	-	2,838
Total Expenditures	<u>171,578</u>	<u>68,268</u>	<u>48,703</u>	<u>232,508</u>	<u>8,517,112</u>
Excess of revenues over (under) expenditures	<u>7,562</u>	<u>16,732</u>	<u>-</u>	<u>92,492</u>	<u>944,397</u>
Transfers in	-	21,250	-	-	263,062
Transfers out	<u>(7,562)</u>	<u>(37,982)</u>	<u>-</u>	<u>(92,492)</u>	<u>(1,207,459)</u>
Total other financing sources (uses)	<u>(7,562)</u>	<u>(16,732)</u>	<u>-</u>	<u>(92,492)</u>	<u>(944,397)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

**LOWER SAVANNAH COUNCIL OF GOVERNMENTS  
REGIONAL DEVELOPMENT CORPORATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2022**

**REVENUES**

Interest income	\$ 64
Other income	18,840
	18,840
Total Revenues	18,904

**EXPENDITURES**

Miscellaneous	52
	52
Total Expenditures	52
Net change in fund balance	18,852
Fund balance, beginning of year	309,052
	309,052
<b>Fund balance, end of year</b>	<b>\$ 327,904</b>

**LOWER SAVANNAH COUNCIL OF GOVERNMENTS  
REGIONAL INFORMATION AND ASSISTANCE CORPORATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2022**

<b>REVENUES</b>		
Interest income	\$	4
Other income		35,126
		35,130
 <b>EXPENDITURES</b>		
Contractual		32,705
Miscellaneous		14,798
Total Expenditures		47,503
Net change in fund balance		(12,373)
Fund balance, beginning of year		23,784
<b>Fund balance, end of year</b>	<b>\$</b>	<b>11,411</b>

**LOWER SAVANNAH COUNCIL OF GOVERNMENTS  
SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION GRANT FUNDS  
SCHEDULE OF EXPENDITURES**

*Budget to Actual  
SCDOT 5310 Elderly and Disabled Grant  
Grant Period: April 1, 2022 - June 30, 2023*

Contract Number: PT-22O610-FX  
South Carolina Grant Number: SC-2022-  
*Budget Period: July 1, 2021 - June 30, 2022*

	Total Budget	5310 Funds		Local Funds		Total Program Variance
		Current Period 4/22 to 6/22	Prior Period 4/22 to 6/22	Current Period 7/22 to 6/23	Prior Period 7/22 to 6/23	
Expenditures (Capital)						
Mobility Management	\$ 93,750	\$ -	\$ -	\$ -	\$ -	\$ 93,750
<b>Total Capital Expenditures</b>	<b>\$ 93,750</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 93,750</b>
Total Expenditures	\$ 93,750	\$ -	\$ -	\$ -	\$ -	\$ 93,750

Approved Budget	\$ 93,750
Total Federal Costs	-
Total SMTF Costs	-
Total Local Costs	-
Budget over Actual	<u>\$ 93,750</u>
or Actual over Budget	

**LOWER SAVANNAH COUNCIL OF GOVERNMENTS  
SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION GRANT FUNDS  
SCHEDULE OF EXPENDITURES**

*Budget to Actual  
SCDOT 5310 Elderly and Disabled Grant  
Grant Period: July 1, 2020 - June 30, 2022*

Contract Number: PT-21O610-FX  
South Carolina Grant Number: SC-2021-008-00  
*Budget Period: July 1, 2021 - June 30, 2022*

	5310 Funds			Local Funds		Total Program Variance
	Total Budget	Current Period 7/21 to 6/22	Prior Period 7/20 to 6/21	Current Period 7/21 to 6/22	Prior Period 7/20 to 6/21	
Expenditures (Capital)						
Mobility Management	\$ 93,750	\$ 50,181	\$ 24,819	\$ 12,546	\$ 6,204	\$ -
<b>Total Capital Expenditures</b>	<b>\$ 93,750</b>	<b>\$ 50,181</b>	<b>\$ 24,819</b>	<b>\$ 12,546</b>	<b>\$ 6,204</b>	<b>\$ -</b>
Total Expenditures	\$ 93,750	\$ 50,181	\$ 24,819	\$ 12,546	\$ 6,204	\$ -

Approved Budget	\$ 93,750
Total Federal Costs	75,000
Total SMTF Costs	-
Total Local Costs	18,750
Budget over Actual	\$ -
or Actual over Budget	

**LOWER SAVANNAH COUNCIL OF GOVERNMENTS  
SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION GRANT FUNDS  
SCHEDULE OF EXPENDITURES**

*Budget to Actual*  
*SCDOT 5310 Elderly and Disabled Grant*  
*Grant Period: July 1, 2020 - June 30, 2022*

Contract Number: PT-21O610-39  
South Carolina Grant Number: SC-2021-011-00  
*Budget Period: July 1, 2021 - June 30, 2022*

	Total Budget	5310 Funds	Local Funds	5310 Funds	Local Funds	Total Program Variance
		Prior Period 7/20 to 6/21	Prior Period 7/20 to 6/21	Current Period 7/21 to 6/22	Current Period 7/21 to 6/22	
<b>Expenditures (Capital)</b>						
Mobility Management	\$ 50,000	\$ 13,002	\$ 3,251	\$ 26,998	\$ 6,749	\$ -
<b>Total Capital Expenditures</b>	\$ 50,000	\$ 13,002	\$ 3,251	\$ 26,998	\$ 6,749	\$ -
Total Expenditures	\$ 50,000	\$ 13,002	\$ 3,251	\$ 26,998	\$ 6,749	\$ -

Approved Budget	\$ 50,000
Total Federal Costs	40,000
Total SMTF Costs	-
Total Local Costs	10,000
Budget over Actual	\$ -
or Actual over Budget	

**LOWER SAVANNAH COUNCIL OF GOVERNMENTS  
SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION GRANT FUNDS  
SCHEDULE OF EXPENDITURES**

*Budget to Actual*

**SCDOT SMTF**

*Grant Period: July 1, 2021 - June 30, 2022*

Contract Number: PT-220699-02

*Budget Period: July 1, 2021 - June 30, 2022*

	SMTF Funds		Total Program Variance
	Contract Budget	Current Period 7/21 to 6/22	
<b>Expenditures (Operating)</b>			
Project Administration	\$ 15,005	\$ 5,174	\$ 9,831
Operating	63,420		63,420
Non-ADA Capital	-		-
ADA Capital	-		-
Technical Assistance			-
<b>Total Expenditures</b>	<b>\$ 78,425</b>	<b>\$ 5,174</b>	<b>\$ 73,251</b>

Approved Budget	\$ 78,425
Total Federal Costs	-
Total SMTF Costs	5,174
Total Local Costs	-
Budget over Actual or Actual over Budget	<u><u>\$ 73,251</u></u>



**LOWER SAVANNAH COUNCIL OF GOVERNMENTS  
SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION GRANT FUNDS  
SCHEDULE OF EXPENDITURES**

*Budget to Actual  
SCDOT 5307 SMTF  
Grant Period: July 1, 2020 - June 30, 2023*

Contract Number: PT-210699-13  
*Budget Period: July 1, 2021 - June 30, 2022*

	5307 from FTA		SMTF Funds		Total Program Variance
	Contract Budget	Previous Period 7/20 to 6/21	Previous Period 7/20 to 6/21	Current Period 7/21 to 6/22	
Expenditures (Operating)					
Project Administration	\$ 1,350	\$ -	\$ -	\$ -	\$ 1,350
Operating	-				-
Non-ADA Capital	63,470		31,122		32,348
ADA Capital	126,000	66,858	11,799		47,343
Technical Assistance					-
Total Expenditures	\$ 190,820	\$ 66,858	\$ 42,921	\$ -	\$ 81,041

Approved Budget	\$ 190,820
Total Federal Costs	66,858
Total SMTF Costs	42,921
Total Local Costs	-
Budget over Actual	<u>\$ 81,041</u>
or Actual over Budget	

\* Contract for Multiple items since Fixed Route is 100% covered under Cares Grant

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

The Board of Directors  
Lower Savannah Council of Governments  
Aiken, 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, and each major fund of the Lower Savannah Council of Governments, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Lower Savannah Council of Governments' basic financial statements, and have issued our report thereon dated November 11, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Lower Savannah Council of Governments' 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lower Savannah Council of Governments' internal control. Accordingly, we do not express an opinion on the effectiveness of the Lower Savannah Council of Governments' internal control.

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

Members  
American Institute of Certified Public Accountants  
S.C. Association of Certified Public Accountants



The Board of Directors  
Lower Savannah Council of Governments  
November 11, 2022

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Lower Savannah Council of Governments' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council'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 Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***McKinley, Cooper & Co., LLC***

Greenville, South Carolina  
November 11, 2022

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

The Board of Directors  
Lower Savannah Council of Governments  
Aiken, South Carolina

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

*Opinion on Each Major Federal Program*

We have audited the Lower Savannah Council of Governments' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Lower Savannah Council of Governments' major federal programs for the year ended June 30, 2022. The Lower Savannah Council of Governments' 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, Lower Savannah Council of Governments complied, in all material respects, with these types of compliance requirements referred to above that could have a direct and material 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 audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations 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 Lower Savannah Council of Governments 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.

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### **Responsibility of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for 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 Lower Savannah Council of Governments' federal programs.

### **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 Lower Savannah Council of Governments 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 Lower Savannah Council of Governments' 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 Lower Savannah Council of Governments' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Lower Savannah Council of Governments' 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 Lower Savannah Council of Governments' 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 and any sufficient deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

The Board of Directors  
Lower Savannah Council of Governments  
November 11, 2022

## **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 combination of deficiencies, in internal control over 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 Responsibilities 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.

***McKinley, Cooper & Co., LLC***

Greenville, South Carolina  
November 11, 2022

LOWER SAVANNAH COUNCIL OF GOVERNMENTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b><u>U.S. Department of Commerce</u></b>				
Direct - Economic Development Administration				
EDA - Planning	11.302	ED19ATL3020015	\$ -	\$ 45,844
EDA - Planning	11.302	ED22ATL3020029	-	32,462
EDA - CARES Planning	11.302	ED20ATL3070042	-	219,165
Total U. S. Department of Commerce			<u>-</u>	<u>297,471</u>
<b><u>U.S. Department of Labor</u></b>				
Passed through the SC Department of Employment and Workforce				
WIoA Cluster				
WIOA - Adult	17.258	20A008	163,180	258,064
WIOA - Adult	17.258	21A008	310,082	600,455
WIOA - Adult	17.258	20SRA08	-	32,799
WIOA - Dislocated Worker	17.278	20DW008	183,471	271,677
WIOA - Dislocated Worker	17.278	21DW008	307,574	566,124
WIOA - Dislocated Worker	17.278	20RRIWT16	-	47,748
WIOA - Dislocated Worker	17.278	DW-368844-21-60-A-45	-	58,653
WIOA - Dislocated Worker	17.278	20IWT08	-	18,649
WIOA - Dislocated Worker	17.278	21LRA08	-	61,039
WIOA - Dislocated Worker	17.278	20SEC08	-	37,649
WIOA - Youth	17.259	20Y008	254,752	412,442
WIOA - Youth	17.259	21Y008	470,790	608,173
Total U.S. Department of Labor			<u>1,689,849</u>	<u>2,973,472</u>
<b><u>U.S. Department of Transportation</u></b>				
Direct - Federal Transit Administration				
Federal Transit Cluster				
(Section 5307) Aiken County Transit	20.507	SC-2019-022-XX-01	-	96,772
(Section 5307 CARES) Aiken County Transit	20.507	SC-2020-030-00	433,563	433,563
Total Federal Transit Cluster			<u>433,563</u>	<u>530,335</u>
Passed through the Augusta Planning and Development Department				
Transit Services Program Cluster				
Section 5310 Urban M.M.	20.513		-	16,170
Section 5310 Urban P.O.S.	20.513		50,038	50,038
Passed through the SC Department of Transportation, Office of Public Transit				
Transit Services Program Cluster				
Section 5310 Flex	20.513	PT-21O610-FX	-	50,182
Section 5310 MM	20.513	PT-21O610-39	-	26,997
Total Transit Services Program Cluster			<u>50,038</u>	<u>143,387</u>
Passed through the SC Department of Transportation, Office of Planning				
Highway Planning and Construction Cluster				
FAST ACT/ SCDOT Guidesare	20.205	N/A	-	85,000
Total Highway Planning and Construction Cluster			<u>-</u>	<u>85,000</u>
Total U.S. Department of Transportation			<u>483,601</u>	<u>758,722</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Passed through Orangeburg County, SC				
Community Development Block Grant - ARP	14.228	CV1-006	157,551	179,140
HOME Consortia	14.239	M20DC45-0216	-	136,801
Total U.S. Department of Housing and Urban Development			<u>157,551</u>	<u>315,941</u>

**LOWER SAVANNAH COUNCIL OF GOVERNMENTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

**U.S. Department of the Treasury**

Passed through the SC Rural Infrastructure Authority				
Coronavirus State and Local Fiscal Recovery Funds				
Rural Infrastructure Authority	21.027	SLFRP5410	\$ -	\$ 3,515
Total U.S. Department of the Treasury			<u>-</u>	<u>3,515</u>

**U.S. FEMA**

Passed through SC Emergency Management Division Office of the Adjutant General				
Hazard Mitigation Grant	97.047	PDMC-PL-04-SC-2018-001	-	31,324
Total U.S. Department of Housing and Urban Development			<u>-</u>	<u>31,324</u>

**U.S. Department of Health and Human Services**

Passed through the SC Department on Aging				
Aging Cluster				
Title III Part B I&RA, Legal, Svcs, Admin, Ombudsman	93.044	2101SCOASS	362,757	664,004
Title III Part B I&RA, Legal, Svcs, Admin, Ombudsman	93.044	2201SCOASS	19,140	148,697
Title III Part B American Rescue Plan (ARP)	93.044	21012101SCSS6	17,028	26,638
Title III Part C Congregate Meals/Admin	93.045	2101SCOACM	241,734	311,968
Title III Part C Congregate Meals/Admin	93.045	2201SCOACM	15,086	15,086
Title III Part C Congregate Meals American Rescue Plan (ARP)	93.045	2101SCCMC6	27,615	27,615
Title III Part C Home Delivered Meals/Admin	93.045	2001SCOAHD	-	20,438
Title III Part C Home Delivered Meals/Admin	93.045	2101SCOAHD	402,433	443,879
Title III Part C Home Delivered Meals/Admin	93.045	2201SCOAHD	332,080	332,080
Title III Part C Home Delivered Meals American Rescue Plan (ARP)	93.045	2101SCHDC6	163,892	163,892
Title III Part C COVID Home Meals	93.045	2101SCHDC5	17,720	17,720
NSIP	93.053	2101SCOANS	2,544	2,544
NSIP	93.053	2201SCOANS	101,413	101,413
Total Aging Cluster			<u>1,703,442</u>	<u>2,275,974</u>

Other programs

Title III Part D	93.043	2001SCOAPH	27,991	27,991
Title III Part D	93.043	2101 SCOAPH	12,105	12,105
Title VII Ombudsman	93.041	2101SCOAOM	-	24,347
Title VII Ombudsman	93.041	2201SCOAOM	-	11,199
Titles VII Elder Abuse	93.042	2001SCOAEA	-	8,543
Titles VII Elder Abuse - CARES	93.042	2001SCOMC3-00	-	3,848
Special Programs for the Aging - Emergency Rental Assistance	93.048	90NWC300005	-	1,000
Special Programs for the Aging - HCFAC	93.048	L0601HCFAC18	-	18,274
Title III Part E Caregiver Support	93.052	2101SCO AFC	-	239,349
Title III Part E Caregiver Support	93.052	2201SCO AFC	-	153,417
Title III Part E CARES	93.052	2001SCFCC3-00	-	13,065
Title III Part E American Rescue Plan (ARP)	93.052	2101SCFCC6	-	72,583
Affordable Care Act - Medicare Enrollment Assistance Program	93.071	L0601MADRC21	-	5,372
Affordable Care Act - Medicare Enrollment Assistance Program	93.071	L0601MIPPA21	-	22,020
Affordable Care Act - Medicare Enrollment Assistance Program	93.071	L0601MADRC22	-	1,651
State Health Insurance Assistance Program	93.324	L0601SHIAP20	25,000	57,537

Total U.S. Department of Health and Human Services			<u>1,768,538</u>	<u>2,948,276</u>
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<b>Totals</b>			<u>\$ 4,099,539</u>	<u>\$ 7,328,721</u>
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**LOWER SAVANNAH COUNCIL OF GOVERNMENTS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Lower Savannah Council of Governments under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented on the modified accrual basis of accounting and in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the Lower Savannah Council of Governments, it is not intended to and does not present the financial position or changes in net position of the Lower Savannah Council of Governments.

**NOTE 2 – COST PRINCIPLES**

Expenditures are recognized following the cost principles contained in 2 CFR Part 200, Cost Principles for States, Local Governments, and Indian Tribes, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Matching costs, i.e., the non-federal share of certain program costs, are not included in the Schedule.

**NOTE 3 – INDIRECT COST RATE**

The Lower Savannah Council of Governments has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**LOWER SAVANNAH COUNCIL OF GOVERNMENTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**I. Summary of Auditor's Results**

**Financial Statements**

Type of Auditor's Report issued on whether the financial statements audited were prepared in accordance with GAAP:

**Unmodified opinion**

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  Yes  None reported
- Noncompliance material to financial statements noted  Yes  No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  Yes  None Reported

Type of Auditor's Report issued on compliance for major federal programs: **Unmodified opinion**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) (Uniform Guidance)?  Yes  No

Identification of Major Federal Programs:

17.278, 17.259, 17.258                      U.S. Department of Health and Human Services Aging Cluster

The dollar threshold used to distinguish between Type A and B programs: \$750,000

Lower Savannah Council of Governments qualified as low-risk auditee?  Yes  No

**II. Financial Statement Findings**

None Reported.

**III. Major Federal Award Findings and Questioned Costs**

None Reported.

**LOWER SAVANNAH COUNCIL OF GOVERNMENTS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2022**

There were no federal award-related audit findings in the prior year.