

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS

**FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Waccamaw Regional Council of Governments
Georgetown, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Waccamaw Regional Council of Governments (the "Council"), as of and for the year then ended June 30, 2016, and the related notes to the financial statements which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Waccamaw Regional Council of Governments as of June 30, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Pension Information, and Budgetary Comparison information on pages 4 through 11, 33 and 34, and 35 through 36, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other 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 combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, the combining and individual nonmajor fund financial statements 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 21, 2016 on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

Thompson, Rice, Scott, Adams & Co., P.A.

Whiteville, NC

November 21, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Waccamaw Regional Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

This discussion and analysis of Waccamaw Regional Council of Governments' (hereafter referred to as Council) financial performance provides an overview of the Council's financial activities for the fiscal year ended in June 30, 2016. The intent of this discussion and analysis is to look at the Council's financial performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the Council's financial performance.

FINANCIAL HIGHLIGHTS

- The position of the Council at the close of the most recent fiscal year was a deficit balance of \$2,301,793. The net position of the Council decreased by \$476,733.
- As of the close of the fiscal year, the Council's governmental funds reported combined ending fund balances of \$802,210, a decrease of \$146,499 from the prior year. A total of \$5,652 is nonspendable or assigned, resulting in an unassigned balance of \$796,558.
- The Council's fiscal obligation for accumulated annual leave and salary-related fringe benefits was \$227,323.
- The State Budget and Control Board approves and mandates the employer contribution rate paid to the S. C. Retirement System to cover the costs of providing health and dental insurance to retirees covered by State Health and Dental plans. In effect, it is prepayment of the employer portion of retiree health and dental premiums. Effective July 1, 2015, the retiree insurance surcharge paid by the Council increased from 5.000% to 5.33% of gross salaries. The aforementioned surcharge is in addition to the mandated employer contribution rate to the S. C. Retirement System for retiree pensions.
- Effective July 1, 2015, the mandated employer contribution to the S. C. Retirement System for retiree pensions increased from 10.750% to 10.910% of gross salaries. The total mandated employer contribution to the S. C. Retirement System in FY2016 for both purposes, retiree pensions and retiree insurance, increased from 15.750% to 16.24% of gross salaries.
- Though not an expense to the Council, the mandated employee contribution to the S. C. Retirement System for the retiree pension program increased from 8.00% to 8.16% of their respective gross salary.
- The mandated minimum employer contribution rate to the State Employee Insurance Program for active employee insurance costs increased by 4.5% effective January 1, 2016. Also, the load factor derived from our experience rating remained at 1.00%.
- The Council is a member of the S. C. Municipal Insurance & Risk Financing Fund and the S.C.Municipal Insurance Trust Fund. There was minimal change in member contribution rates for for General Liability, Property Insurance, Auto Liability, Auto Physical Damage and Worker's Compensation Premiums in FY 2016.
- The Council received an annual discount on premiums from both SCMIT and SCMIRF for dual participation and credits were applied to both due to minimal exposure.

Due to GASB 68 reporting requirements involving the inclusion of our pension liability in our audited financial statements, the position of the Council at the close of the most recent fiscal year was a deficit balance of \$2,301,793. Presented in GASB 68 format, the net position of the Council decreased by \$476,733. However, without inclusion of the pension liability, the audited financial statements and net position is much more favorable and includes an \$802,210 fund balance. Given that the employer liability in connection with the State pension plan is pre-funded and administered by PEBA, management believes that the latter format is a more realistic view of our true financial position.

PASS THROUGH FUNDING THAT IS EXTERNAL TO THE COUNCIL BUDGET

The Council leverages its resources to generate additional grants for our units of local government. These grants do not pass through the Council budget nor are they part of the FY2016 audited financial statements. Even so, these grants are administered by our staff and extend over multiple fiscal years. As such, it is important to denote the additional financial, programmatic, and economic impact of such grants on the region.

**Waccamaw Regional Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

Government-Wide Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Council as a whole and present a long-term view of the Council's finances. These financial statements provide a broad overview of the Council's overall financial status, in a manner similar to a private-sector enterprise.

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

The **statement of activities** presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, for some items, revenues and expenses are reported in this statement that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave). One should consider other non-financial factors, such as changes in the support the Council received from federal, state, and local sources, and the condition of its buildings.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

In the Statement of Net Position and the Statement of Activities, the Council is divided into two kinds of activities:

Governmental activities - Most of the Council's basic services are reported here, including but not limited to, general government, transportation planning, community development, workforce development, aging services, water quality management and government services.

Business-type activities - The Council's revolving loan program charges fees and earns interest to provide loan services consistent with the revolving loan program requirements of the U.S. Economic Development Administration.

Fund Financial Statements

The remaining basic financial statements are fund financial statements that focus on individual parts of the Council, reporting its operations in more detail than the government-wide statements.

The fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established separately by the Department of Labor, Department of Health and Human Services, Economic Development Administration or Office of the Lt. Governor. Other funds are established by the Council to help it control and manage funds for particular purposes or to show that it is meeting responsibilities using certain dues, grants, and other funds. There are two kinds of fund financial statements - governmental and proprietary.

Governmental Funds – Most of the Council's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the Council's general governmental operations that it provides. Governmental fund information helps determine whether there are more or fewer financial resources than can be spent in the near future to finance the Council's programs. The relationship (or difference) between governmental activities (reported in the government-wide financial statements) and governmental statements in a reconciliation accompanying the fund financial statements.

Proprietary Funds - The Council reports its Revolving Loan fund activities in a proprietary fund. Proprietary funds are reported in the same way that all activities are reported in the government-wide financial statements. In fact, the Council's enterprise fund statements, a component of the proprietary funds are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

**Waccamaw Regional Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

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.

Other Information - The statements referred to earlier in connection with major and non-major governmental funds and individual fund statements and schedules can be found in this report.

The Council has a legally adopted budget for its General Fund and grant sub-funds. A budgetary comparison statement has been provided as a required supplementary schedule for this fund to demonstrate compliance with its budget.

Government-Wide Financial Analysis

Table 1 provides a summary of the Council's net position for 2016:

**TABLE 1
COUNCIL'S NET POSITION**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>6/30/16</u>	<u>6/30/15</u>	<u>6/30/16</u>	<u>6/30/15</u>	<u>6/30/16</u>	<u>6/30/15</u>
Current and other assets	\$ 2,163,764	\$ 2,786,094	\$ 617,288	\$ 615,848	\$ 2,781,052	\$ 3,401,942
Capital asset	82,756	106,614	-	-	82,756	106,614
Total assets	<u>\$ 2,246,520</u>	<u>\$ 2,892,708</u>	<u>\$ 617,288</u>	<u>\$ 615,848</u>	<u>\$ 2,863,808</u>	<u>\$ 3,508,556</u>
Deferred Outflows of Resources	\$ 860,853	\$ 334,979	\$ -	\$ -	\$ 860,853	\$ 334,979
Long-term liabilities	\$ 4,664,867	\$ 3,545,910	\$ -	\$ -	\$ 4,664,867	\$ 3,545,910
Other liabilities	1,075,506	1,323,892	33	18	1,075,539	1,323,910
Total liabilities	<u>\$ 5,740,373</u>	<u>\$ 4,869,802</u>	<u>\$ 33</u>	<u>\$ 18</u>	<u>\$ 5,740,406</u>	<u>\$ 1,279,209</u>
Deferred inflows of resources	\$ 286,048	\$ 798,775	\$ -	\$ -	\$ 286,048	\$ 798,775
Net position:						
Net investment in capital assets	\$ 82,756	\$ 106,614	\$ -	\$ -	\$ 82,756	\$ 106,614
Restricted	-	-	617,255	615,830	617,255	615,830
Unrestricted	(3,001,804)	(2,547,504)	-	-	(3,001,804)	(2,547,504)
Total Net Position	<u><u>\$ (2,919,048)</u></u>	<u><u>\$ (2,440,890)</u></u>	<u><u>\$ 617,255</u></u>	<u><u>\$ 615,830</u></u>	<u><u>\$ (2,301,793)</u></u>	<u><u>\$ (1,825,060)</u></u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. In the case of the Council, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$2,301,793 at the close of the fiscal year ended June 30, 2016. The net position decreased from last year by \$476,733 or 26.12%.

**Waccamaw Regional Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

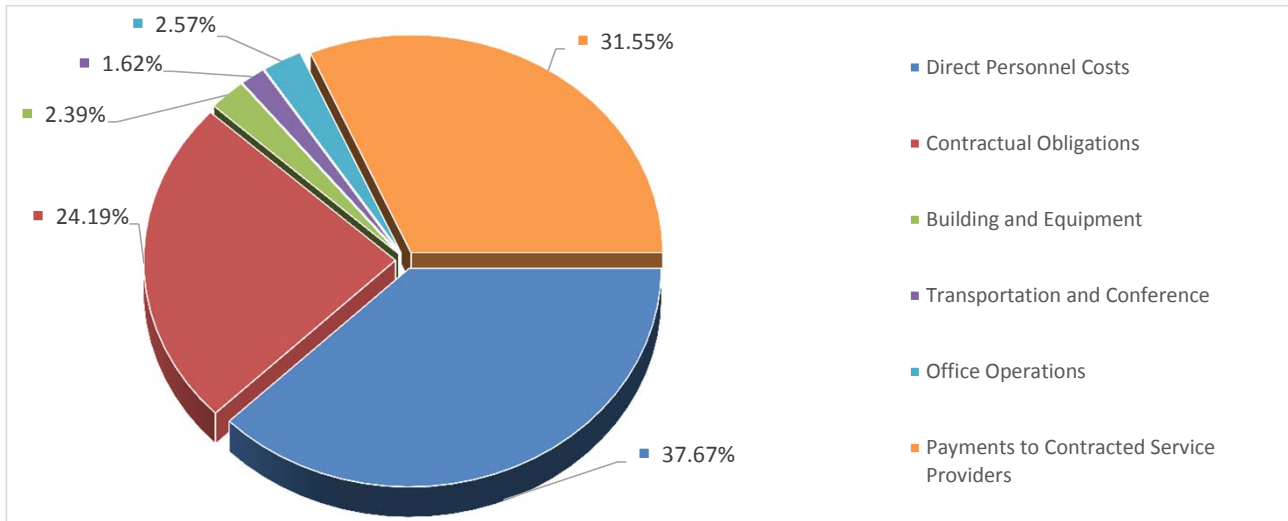
The following table presents a summary of the Council's activities for the year ended June 30, 2016.

**TABLE 2
COUNCIL'S CHANGES IN NET POSITION**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>6/30/16</u>	<u>6/30/15</u>	<u>6/30/16</u>	<u>6/30/15</u>	<u>6/30/16</u>	<u>6/30/15</u>
Revenues:						
Program revenues:						
Charges for services	\$ 384,404	\$ 286,930	\$ 6,622	\$ 8,069	\$ 391,026	\$ 294,999
Operating grants	7,718,723	7,703,044	-	-	7,718,723	7,703,044
General revenues:						
Local Aid for Governments	318,920	242,550	-	-	318,920	242,550
State Aid	49,693	49,693	-	-	49,693	49,693
Other	5,004	8,917	184	73	5,188	8,990
Total Revenues	<u>\$ 8,476,744</u>	<u>\$ 8,291,134</u>	<u>\$ 6,806</u>	<u>\$ 8,142</u>	<u>\$ 8,483,550</u>	<u>\$ 8,299,276</u>
Expenses:						
Direct Personnel Costs	\$ 3,374,827	\$ 3,043,567	\$ 1,670	\$ 5,051	\$ 3,376,497	\$ 3,048,618
Contractual Obligations	2,166,889	2,541,373	-	-	2,166,889	2,541,373
Building and Equipment	214,083	167,094	-	-	214,083	167,094
Transportation and Conference	145,225	146,393	-	-	145,225	146,393
Office Operations	230,636	268,311	529	653	231,165	268,964
Payments to Contracted Service Providers	2,826,424	2,144,493	-	-	2,826,424	2,144,493
Total Program Expenses	<u>\$ 8,958,084</u>	<u>\$ 8,311,231</u>	<u>\$ 2,199</u>	<u>\$ 5,704</u>	<u>\$ 8,960,283</u>	<u>\$ 8,316,935</u>
EXCESS / (DEFICIENCY) BEFORE TRANSFERS	<u>\$ (481,340)</u>	<u>\$ (20,097)</u>	<u>\$ 4,607</u>	<u>\$ 2,438</u>	<u>\$ (476,733)</u>	<u>\$ (17,659)</u>
Transfers In (Out)	<u>3,182</u>	<u>5,704</u>	<u>(3,182)</u>	<u>(5,704)</u>	<u>-</u>	<u>-</u>
CHANGES IN NET POSITION	<u>\$ (478,158)</u>	<u>\$ (14,393)</u>	<u>\$ 1,425</u>	<u>\$ (3,266)</u>	<u>\$ (476,733)</u>	<u>\$ (17,659)</u>
Net position, Beginning of Year	(2,440,890)	908,576	615,830	619,096	(1,825,060)	1,527,672
Restatement - GASB 68	-	(3,335,073)	-	-	-	(3,335,073)
Net position, End of Year	<u>\$ (2,919,048)</u>	<u>\$ (2,440,890)</u>	<u>\$ 617,255</u>	<u>\$ 615,830</u>	<u>\$ (2,301,793)</u>	<u>\$ (1,825,060)</u>

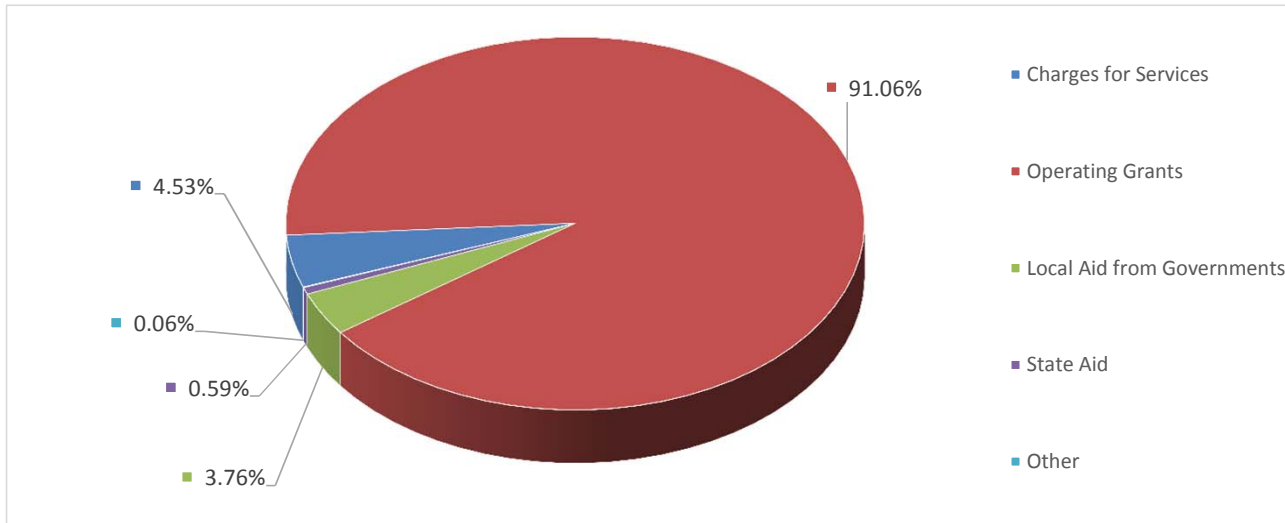
**Waccamaw Regional Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

Program Expenses by Function - Governmental Activities



As indicated above, approximately 55.74% of all expenses are for payments to contracted service providers or contracted services, while 37.67% are for direct personnel costs. Expenses for other purposes represent 6.59% of all remaining expenses.

Governmental Revenues - By Source



As indicated above, approximately 91.06% of all programmatic revenues are from operating grants, while 4.53% are from charges for services and 3.76% are from aid from sponsoring local governments. Revenues from programs increased by \$15,679 while all other revenue increased by \$169,931.

**Waccamaw Regional Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

Financial Analysis of Council's Funds

As noted earlier, the Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the Council's governmental funds is to provide information on near-term inflows, outflows and balances of usable resources. Such information is useful in assessing the Council's financing requirements. Specifically, the unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Council. At the end of the fiscal year, total fund balance of the general fund was \$802,210, of which \$1,972 is nonspendable. The remaining fund balance of \$800,238 is unassigned.

General Fund Budgetary Highlights: The Council revised the budget to adjust estimates used to prepare the original budget, to add or delete funding sources used in the original budget, and to add or delete projected expenditures based on changing funding sources.

Capital Assets

The Council's capital assets, net of accumulated depreciation, consisted of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Equipment	\$ 36,450	\$ 60,674
Software	16,777	-
Vehicles	<u>29,529</u>	<u>45,940</u>
Total Capital Assets	<u>\$ 82,756</u>	<u>\$ 106,614</u>

Major capital asset transactions included the purchase of software during the year.

Long-term Obligations

The Council's long-term obligations are made up of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Accrued compensated absences	\$ 227,323	\$ 163,176
Net pension liability	<u>4,437,544</u>	<u>3,382,734</u>
Total Long-Term Obligations	<u>\$ 4,664,867</u>	<u>\$ 3,545,910</u>

**Waccamaw Regional Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

PASS THROUGH FUNDING THAT IS EXTERNAL TO THE COUNCIL BUDGET

The Council leverages its resources to generate additional grants for our units of local government. These grants do not pass through the Council budget nor are they part of the FY 2016 audited financial statements. Even so, these grants are administered by our staff and extend over multiple fiscal years. As such, it is important to denote the economic impact of such grants on the region.

CDBG

The Council was responsible for the administration, management and oversight of approximately \$7,474,564 in Community Development Block Grants awarded to our units of local government over the past five years. During this brief period of time, the staff has secured approximately twenty seven grants for units of local government in the Waccamaw region. These grants not only enhanced our communities, but also postured the region for continued and sustained economic growth. They also improved the quality of life for many of our residents. Some projects addressed initial community infrastructure needs by providing for or enhancing existing water, sewer and drainage systems while others provided needed community facilities and/or allowed for the demolition or renovation of existing community facilities.

Summary of Regional Impact by CDBG Project Type:

Water Infrastructure	\$ 2,456,612
Sewer Infrastructure	3,017,836
Drainage Infrastructure	1,000,000
Community Enrichment Projects	318,490
Business Development (Economic)	427,526
Housing Repairs and Rehabs	4,100
Community Planning and Development	250,000
Total CDBG Impact - July 2010 to July 2015	<u>\$ 7,474,564</u>

TRANSPORTATION

The Council is responsible for providing the forum for cooperative decision making in developing both metropolitan and rural transportation plans and programs. The metropolitan plans and programs are governed by the GSATS policy committee while the rural plans and programs are governed by the COG Board of Directors. This requires preparing, maintaining, and collecting supporting data for a prioritized list of transportation improvements in the region. Project evaluation is completed in accordance with the legislative framework provided in South Carolina's Act 114, North Carolina's Strategic Transportation Investments, and the public participation participation process required by the Federal Highway Administration.

The Council's transportation planning efforts are focused on: making the transportation system more efficient through better operations and connectivity; providing viable alternatives for transportation modes and routes; and, integrating land use and transportation strategies at all levels of government. More than \$124 million dollars in federally funded transportation improvements were programmed between 2013 and 2017.

The member counties contributed a total of \$713,2001, which is a return on investment of \$174 dollars for every \$1 dollar contributed.

Summary of Regional Impact by Transportation Project Type:

Bridge	\$ 54,917,000
Corridor Improvements	10,477,000
Alternatives	3,052,000
Operations	18,890,100
Transit	6,170,000
Widening	11,620,000
Rural New Alignment	12,000,000
Rural Debt Service	3,225,000
Rural Intersections	3,720,000
Total Transportation Impact October 2013 - September 2017	<u>\$ 124,071,100</u>

**Waccamaw Regional Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

FUTURE ECONOMIC FACTORS

As always, the Council is concerned about future increases in the cost of fringe benefits such as retirement, worker's compensation, retiree health insurance and health insurance for active employees in an era of declining public resources. Due to projected increases in costs, the Council's provisional fringe rate increased from 59.375% in FY 2016 to 59.404% in FY2017. The increase is primarily attributable to a rise in employer insurance premiums due to changes in healthcare law and an increase in the mandated employer contribution to the SC Retirement System for retiree pensions.

There was an increase in the mandated employer contribution to the SCRS for retiree pensions. It increased to 11.41% in FY 2017. The insurance surcharge remained constant at 5.33% for funded SCRS contributions for retiree insurance premiums. In total, the combined contribution rate for WRCOG increased from 16.24% to 16.74% of gross salaries in FY 2017.

Employer funded state health / dental insurance premiums increased by 0.8% in FY 2017. The load factor imposed on local sub-divisions increased to 1.05% in FY 2017. Increasing health insurance costs, for both active employees and retirees, are an on-going concern. We anticipate higher premiums in the future.

The Council is a member of the S.C. Municipal Insurance Trust (SCMIT). Member contributions for Worker's Compensation Insurance are steady but still costly. In order to mitigate some of the cost, the Council is accepting a larger share of the risk through imposition of a higher deductible in order to lower the annual contribution. We also receive a discounted premium from the MASC for dual participation in both SCMIT and the S.C. Municipal Insurance and Risk Financing Fund (SCMIRF) programs. The Council enjoyed some additional relief due in part to workers compensation rate restructuring and safety (given the nature of our work). The contribution rates for both SCMIT and SCMIRF will remain relatively unchanged for FY 2017. Any increases in cost are due to elected changes in coverage or limit increases and additional staffing. The SCMIRF and SCMIT board of trustees voted to return surplus premiums from FY 2016.

FY 2017 BUDGET

Many factors were considered by the Council's administration during the process of developing the fiscal year 2016-2017 budget. Revenues are estimated to increase by approximately \$577,218 or 4.78%.

The increase is expected to be around 4.78 percent with a significant portion of the increase exclusively pass-through in nature. Management expects a moderate increase in our Transportation and CDBG grants. Conversely, we expect decreases in HOME and DHEC Grants, as well as service contracts. Through increased planning efforts we hope to gain several new technical assistance and/or service contracts with local governments.

Increased matching requirements in recent years have been partially offset by proportionate increases in local funds to the Council. However, matching requirements may present future challenges. Increased match requirement or sustained cuts in state aid to the Council will erode some of our ability to match and supplement both emerging and existing developments.

Past and continued investments in technological advancements and staff capacity building have enabled existing personnel to maintain increased workloads.

The Council is continually assessing ways to trim costs and increase efficiency.

CONTACTING THE COUNCIL'S FINANCIAL MANAGEMENT

This financial report is designed to provide those interested with a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Finance Director at Waccamaw Regional Council of Governments, 1230 Highmarket Street, Georgetown, SC 29440, or (843) 546-8502.

BASIC FINANCIAL STATEMENTS

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
June 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 646,719	\$ 493,301	\$ 1,140,020
Receivables:			
Accounts	46,086	88	46,174
Due from other governments	1,452,302	-	1,452,302
Loans	-	136,904	136,904
Internal balances	13,005	(13,005)	-
Prepaid expenses	5,652	-	5,652
Total current assets	<u>2,163,764</u>	<u>617,288</u>	<u>2,781,052</u>
Non-current assets:			
Capital assets, net of depreciation	82,756	-	82,756
Total capital assets	<u>82,756</u>	<u>-</u>	<u>82,756</u>
Total Assets	<u>2,246,520</u>	<u>617,288</u>	<u>2,863,808</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Net Pension Liability	860,853	-	860,853
Total Deferred Outflows of Resources	<u>860,853</u>	<u>-</u>	<u>860,853</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 3,107,373</u>	<u>\$ 617,288</u>	<u>\$ 3,724,661</u>
LIABILITIES			
Current liabilities:			
Accounts Payable and Accrued Expenses	\$ 1,013,032	\$ 33	\$ 1,013,065
Accrued personnel costs	54,527	-	54,527
Due to other governments and agencies	7,947	-	7,947
Total current liabilities	<u>1,075,506</u>	<u>33</u>	<u>1,075,539</u>
Long-term liabilities:			
Net pension liability	4,437,544	-	4,437,544
Due within one year	-	-	-
Due in more than one year	227,323	-	227,323
Total long-term liabilities	<u>4,664,867</u>	<u>-</u>	<u>4,664,867</u>
Total Liabilities	<u>5,740,373</u>	<u>33</u>	<u>5,740,406</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenues - Grants	286,048	-	286,048
Deferred Inflows on Net Pension Liability	-	-	-
Total Deferred Inflows of Resources	<u>286,048</u>	<u>-</u>	<u>286,048</u>
NET POSITION			
Net investment in capital assets	82,756	-	82,756
Restricted	-	617,255	617,255
Unrestricted	(3,001,804)	-	(3,001,804)
Total Net Position	<u>(2,919,048)</u>	<u>617,255</u>	<u>(2,301,793)</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 3,107,373</u>	<u>\$ 617,288</u>	<u>\$ 3,724,661</u>

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Functions/Programs				
	Governmental Activities				
	General Administration	Program Administration	Local Planning Assistance	Total Expenses	Business-type Activities
Governmental Activities Expense:					
Direct personnel costs	\$ 528,648	\$ 2,013,289	\$ 833,421	\$ 3,375,358	\$ -
Indirect cost allocations	(764,979)	418,357	346,091	(531)	-
Support services:				-	
Contractual obligations	62,433	1,855,895	248,561	2,166,889	-
Building and equipment	214,083	-	-	214,083	-
Transportation and conference	44,809	82,092	18,324	145,225	-
Office operations	133,715	88,867	8,054	230,636	-
Payments to contracted service providers		2,826,424	-	2,826,424	-
Total governmental activities expense	\$ 218,709	\$ 7,284,924	\$ 1,454,451	\$ 8,958,084	\$ -
Governmental Activities Revenue:					
Operating grants and contributions	\$ -	\$ 6,946,030	\$ 772,693	\$ 7,718,723	\$ -
Charges for services	-	-	384,404	384,404	-
Total Governmental Activities	\$ (218,709)	\$ (338,894)	\$ (297,354)	\$ (854,957)	\$ -
Business-type Expense:					
Direct personnel costs	\$ -	\$ -	\$ -	\$ -	\$ 1,139
Indirect cost allocations	-	-	-	-	531
Support services:					
Office operations	-	-	-	-	529
Total Business-type Activities expense	\$ -	\$ -	\$ -	\$ -	\$ 2,199
Business-type Activities Revenue:					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 6,622
Total Business-type Activities	\$ -	\$ -	\$ -	\$ -	\$ 4,423
General revenues:					
Local aid from participating governments				\$ 318,920	\$ -
State aid				49,693	-
Unrestricted investment earnings				144	184
Gain on sales of capital assets				(13,290)	-
Other local sources				18,150	-
Transfers				3,182	(3,182)
Total general revenues				\$ 376,799	\$ (2,998)
Changes in net position				\$ (478,158)	\$ 1,425
Net position - beginning of year				(2,440,890)	615,830
Net position - end of year				\$ (2,919,048)	\$ 617,255

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
BALANCE SHEET AND RECONCILIATION TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2016

	MAJOR FUNDS				TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	AREA AGING AGENCY	WORKFORCE INVESTMENT	SPECIAL REVENUE FUNDS NONMAJOR GOVERNMENTAL FUNDS	
ASSETS					
Cash and investments	\$ 319,720	\$ 321,569	\$ 3,920	\$ 1,510	\$ 646,719
Receivables:					
Accounts	46,086	-	-	-	46,086
Due from other governments	23,714	417,534	452,702	558,352	1,452,302
Due from other funds	623,830	-	47,905	-	671,735
Prepaid expenses	1,972	-	3,680	-	5,652
Total assets	<u>\$ 1,015,322</u>	<u>\$ 739,103</u>	<u>\$ 508,207</u>	<u>\$ 559,862</u>	<u>\$ 2,822,494</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Accounts payable and accrued liabilities	\$ 22,239	\$ 266,497	\$ 488,168	\$ 236,128	\$ 1,013,032
Accrued personnel costs	54,527	-	-	-	54,527
Due to other governments and agencies	7,947	-	-	-	7,947
Due to other funds	-	432,318	-	226,412	658,730
Total liabilities	<u>84,713</u>	<u>698,815</u>	<u>488,168</u>	<u>462,540</u>	<u>1,734,236</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue	128,399	40,288	20,039	97,322	286,048
Total deferred inflows of resources	<u>128,399</u>	<u>40,288</u>	<u>20,039</u>	<u>97,322</u>	<u>286,048</u>
FUND BALANCES					
Non Spendable	1,972	-	3,680	-	5,652
Unassigned	800,238	-	(3,680)	-	796,558
Total fund balances	<u>802,210</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>802,210</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,015,322</u>	<u>\$ 739,103</u>	<u>\$ 508,207</u>	<u>\$ 559,862</u>	<u>\$ 2,822,494</u>

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position:

Total fund balance, governmental funds	802,210
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	82,756
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	860,853
Deferred inflows of resources related to pensions	-
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Net pension liability	(4,437,544)
Compensated absences	(227,323)
Net position of governmental activities	<u>\$ (2,919,048)</u>

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
 DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS				TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	AREA AGING AGENCY	WORKFORCE INVESTMENT	NONMAJOR GOVERNMENTAL FUNDS	
REVENUES					
Intergovernmental					
Federal revenue	\$ -	\$ 1,876,903	\$ 3,292,799	\$ 1,545,733	\$ 6,715,435
State revenue	49,693	1,002,288	-	1,000	1,052,981
Local governments	184,765	-	-	134,155	318,920
Total intergovernmental revenue	234,458	2,879,191	3,292,799	1,680,888	8,087,336
Service and special contracts	-	-	-	384,404	384,404
Interest income	109	35	-	-	144
Other income	678	115	-	17,357	18,150
TOTAL REVENUES	\$ 235,245	\$ 2,879,341	\$ 3,292,799	\$ 2,082,649	\$ 8,490,034
EXPENDITURES					
Direct Personnel costs	\$ 463,993	\$ 443,163	\$ 1,363,794	\$ 796,607	\$ 3,067,557
Indirect cost allocations	(764,979)	154,805	233,559	376,084	(531)
Support services:					
Contractual obligations	62,433	346,834	1,473,591	284,031	2,166,889
Building and equipment	97,670	5,100	75,166	-	177,936
Transportation and conference	44,809	23,343	57,139	19,934	145,225
Office operations	133,715	6,951	77,982	11,988	230,636
Payments to contracted service providers	-	1,982,469	69,915	774,040	2,826,424
Capital outlay	23,775	-	1,232	572	25,579
TOTAL EXPENDITURES	\$ 61,416	\$ 2,962,665	\$ 3,352,378	\$ 2,263,256	\$ 8,639,715
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	\$ 173,829	\$ (83,324)	\$ (59,579)	\$ (180,607)	\$ (149,681)
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 23,585	\$ 83,324	\$ 59,579	\$ 180,607	\$ 347,095
Transfers out	(343,913)	-	-	-	(343,913)
TOTAL OTHER FINANCING SOURCES (USES)	\$ (320,328)	\$ 83,324	\$ 59,579	\$ 180,607	\$ 3,182
NET CHANGE IN FUND BALANCES	\$ (146,499)	\$ -	\$ -	\$ -	\$ (146,499)
FUND BALANCES, JULY 1, 2015	948,709	-	-	-	948,709
FUND BALANCES, JUNE 30, 2016	\$ 802,210	\$ -	\$ -	\$ -	\$ 802,210

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Total net change in fund balances - governmental funds \$ (146,499)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$31,539) exceed capital outlays (\$20,971) in the current period. (10,568)

Loss on disposal of capital outlay during the year (13,290)

In the statement of activities, compensated absences (vacation) are measured by the amounts earned during the year. In governmental funds, however, expenditures are measured by the amount of financial resources used. (64,147)

Governmental Funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:

Contributions to the Plan	242,390
Pension Expense	<u>(486,044)</u>

Total changes in net position of governmental activities \$ (478,158)

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION - PROPRIETARY FUND
REVOLVING LOAN FUND
June 30, 2016**

ASSETS	
Cash and investments	\$ 493,301
Receivables (other)	88
Receivables (loans)	<u>136,904</u>
TOTAL ASSETS	<u>\$ 630,293</u>
 LIABILITIES	
Accounts Payable	\$ 33
Due to other Funds	<u>13,005</u>
TOTAL LIABILITIES	<u>\$ 13,038</u>
 NET POSITION	
Restricted	<u>\$ 617,255</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 630,293</u>

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUND
REVOLVING LOAN FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

REVENUES	
Interest earned on loans	\$ 6,622
Late fees collected	-
Total Revenues	<u>\$ 6,622</u>
EXPENSES	
Bank charges and fees	\$ 420
Disburse interest to EDA	109
Salaries and fringe benefits	1,139
Building and equipment	-
Indirect Expense	531
Total Expenses	<u>\$ 2,199</u>
OPERATING INCOME (LOSS)	\$ 4,423
NON-OPERATING REVENUE	
Investment Income	<u>\$ 184</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>\$ 4,607</u>
OPERATING TRANSFERS IN (OUT)	
Transfer to other funds	<u>(3,182)</u>
CHANGE IN NET POSITION	\$ 1,425
NET POSITION, JULY 1, 2015	<u>\$ 615,830</u>
NET POSITION, JUNE 30, 2016	<u><u>\$ 617,255</u></u>

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
REVOLVING LOAN FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from borrowers	\$ (14,592)
Cash paid to vendors	(2,184)
Cash lending to borrowers	-
Net cash received from (used by) operating activities	<u>\$ (16,776)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Due to (from) other funds	\$ 2,162
Transfers in (out), net	<u>(3,182)</u>
Net cash received from (used by) operating activities	\$ (1,020)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income received	<u>\$ 184</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (17,612)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>510,913</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 493,301</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH RECEIVED FROM (USED BY) OPERATING ACTIVITIES	
Operating income (loss)	\$ 4,423
Adjustments to reconcile operating income (loss) to net cash received from (used by) operating activities:	
Change in assets and liabilities	
(Increase) decrease in loans receivable	(21,126)
(Increase) decrease in other receivable	(88)
Increase (decrease) in accounts payable	<u>15</u>
Net Cash Received From (Used By) Operating Activities	<u><u>\$ (16,688)</u></u>

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Waccamaw Regional Council of Governments ("WRCOG" or the "Council") have been prepared in conformity with accounting principles generally accepted in the United States of America 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 more significant of the Council's accounting policies are described below.

A. Reporting Entity

The Council is a regional planning and intergovernmental coordination agency in Waccamaw region of South Carolina created pursuant to legislation of the General Assembly of the State of South Carolina. It is governed by a 25 member Board which consists of appointed members from participating local governments, private sector, and legislative delegates. Local participating counties in the region are Horry County, Georgetown County, and Williamsburg County.

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

Component units are legally separated 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. Based upon the criteria, above the following have been included in this report.

Waccamaw Revolving Loan Fund
Waccamaw Workforce Investment Board
Waccamaw HOME Consortium

B. Basis of Presentation

Government-wide Statements : The statement of net position and the statement of activities display information about the Council as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through regional appropriations, intergovernmental revenues, and other nonexchange transactions, Business-type activities are financed in whole or in part by fees and finance charges charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Council's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operation requirements of a particular program. Revenues that are not classified as program revenues, including unrestricted local county contributions, are presented as general revenues.

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

Fund Financial Statements : The fund financial statements provide information about the Council's funds. Separate statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Proprietary fund operating revenues, such as finance charges, result from nonexchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives a gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from nonexchange activities or ancillary activities.

The Council reports the following major governmental funds:

General Fund – This is the Council's primary operating fund. It accounts for all financial resources of the general government, except those that are required to be accounted for in another fund. Primary sources of revenues are regional appropriations and state aid.

Area Agency on Aging Fund - This fund accounts for all resources received for federal and state awards within the Aging services (AAA) element of the Council's work program. Financing is provided by federal awards from the U.S. Department of Health and Human Services via the SC Office of the Lieutenant Government and operating transfers from the Council's general fund.

Workforce Development Fund - This fund accounts for all resources received for federal awards within the Workforce Innovation and Opportunity Act (WIOA) element of the Council's work program. Financing is provided by the U.S. Department of Labor through the South Carolina Department of Employment and Workforce.

The Council reports the following major enterprise fund:

Revolving Loan Fund - This fund is used to account for the operations within the economic development loan element of the Council's work program. The revolving loan fund is used to account for transactions of the operations of the U.S. Economic Development Administration (EDA) funded revolving loan fund.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide and Proprietary Fund Financial Statements . The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Council gives (or receives) value without directly receiving (or giving) equal value in exchange, include regional appropriations, grants, entitlements, and donations. On an accrual basis, revenue from regional appropriations is recognized in the fiscal year for which it is due. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements . Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual of accounting, revenues are recorded when susceptible to accrual; i.e., when both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Council considers all revenue available within sixty days of the close of the fiscal year to be available. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which has not matured, are recorded as fund liabilities when due. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary financial statements: Proprietary financial statements are reported using the economic measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

The proprietary fund distinguishes operating revenues and expenses from non-operating items. Operating revenue and expenses generally result from the Council's economic development loans. The principal operating revenue is finance charges on the loans.

All governmental and business-type activities and enterprise funds of the Council follow FASB Statements and Interpretations issued on or before November 30, 1989. Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

D. Budgetary Information and Budgetary Accounting

A budget is adopted for the General Fund and grant sub-funds on a basis consistent with generally accepted accounting principles. A proposed budget for the ensuing fiscal year is submitted by management to the Council's Board during July of each year. The budget is prepared by cost centers within each fund and is organized into a combined total budget. The budget must be balanced. The Board votes to adopt the budget for the ensuing fiscal year, subject to amendment or modification, during subsequent meetings. The Council's policies allow funds to be transferred between functions and objects. However, the total budget cannot be increased beyond that level without the approval of the Board in a supplementary action. The legal level of control is at the fund level. During the year, the Board did not significantly revise the budget.

E. Indirect Cost Allocation

Cost allocations made by the Council are in accordance with the guidelines of the OMB's Uniform Guidance contained at 2 CFR 200; Subpart E; 2 CFR 200, Appendix V; 2 CFR 200 Appendix VII. These guidelines provide that allowable indirect costs are identified and accumulated in an indirect cost pool and distributed to applicable federal, state and local grant activities and programs based upon an appropriate actual indirect cost allocation methodology. Certain employee benefits are accumulated in a fringe benefit cost pool and allocated to grant projects as a percentage of labor costs, referred to as release time. In accordance with Uniform Guidance, the cost allocations are subject to subsequent federal audit or review.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an initial maturity of three months or less.

Receivables and Payables

All accounts and intergovernmental receivables are shown net of an allowance for uncollectible. During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other fund" on the balance sheet. Short-term interfund liabilities are classified as "interfund receivables/payables."

Prepaid Items

Certain payments to vendors reflecting costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

Statement of Cash Flows

For the purpose of the statement of cash flows, the Council considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

Capital Assets and Depreciation

The Council accounts for capital asset purchases by recording acquisitions at cost or estimated historical cost. Donated assets are recorded at their estimated fair value at the date of donation. The Council capitalizes moveable personal property with a unit value in excess of \$5,000 and a useful life in excess of one year. Routine repairs and maintenance are charged to expenses in the year in which the expenses are incurred. Depreciation of capital assets is computed and recorded by the straight-line method. Useful lives of the Council's capital assets generally range from 3 to 7 years.

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Council reports deferred outflows related to its net pension liability in the statement of net position. In addition to liabilities, the statement of net position 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 and so will not be recognized as an inflow of resources until then. The Council has two items that meets the criterion for this category - Unearned revenue (for grants received but not yet expended) and amounts related to its net pension liability in the statement of net position.

Compensated Absences

The Council's policy allows an employee to accumulate up to 45 days of vacation pay and up to 120 days of sick leave at June 30. Sick leave days are accumulated at 1 day per month and annual leave days are accumulated at a varied rate of 10-25 days per year, depending on the years of service. There is no liability for unpaid accumulated sick leave since the Council does not have a policy to pay any amounts for accumulated sick leave when employees separate from service with the Council. All vacation pay is accrued when incurred in the government-wide financial statements. At June 30, 2016, the Council had recorded a liability for accrued vacation of \$227,323.

Accrued Liabilities and Long-Term Obligations

In the government-wide financial statements, long-term debt and long-term obligations are reported as liabilities in the governmental activities' statement of net position.

Fund Balance Classifications

Fund balances are classified in five categories: Nonspendable, Restricted, Committed, Assigned, and Unassigned. Nonspendable fund balances include amounts that are not in spendable form or are legally required to remain intact. Restricted fund balances include amounts that have external restrictions by either grantors, debt covenants, laws, or other governments. Committed fund balances include amounts that are committed to a specific purpose by the Board of Directors. Assigned fund balances include amounts that are constrained by limitations resulting from intended uses as established by the Board of Directors. Unassigned fund balances include amounts that have not been assigned to any purpose. Unless specifically designated otherwise, fund expenditures are from restricted fund balance to the extent of restricted fund balance revenue, followed by committed fund balance, assigned fund balance, and unassigned fund balance, respectively.

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

Below are the fund balance classifications for the governmental funds at June 30, 2016:

Fund Balances	General Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:			
Prepaid expenses	\$ 1,972	\$ 3,680	\$ 5,652
Unassigned	800,238	(3,680)	796,558
Total Fund Balances	\$ 802,210	\$ -	\$ 802,210

Interfund Activity

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures / expenses in the reimbursing fund and as reductions of expenditures / expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Use of Resources

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America as applicable to governmental units requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Council's deposits might not be recovered. The Council does not have a deposit policy for custodial credit risk but it is the practice of the Council that deposits at financial institutions shall not exceed the limits of the Federal Deposit Insurance Corporation (FDIC) unless collateralized. As of June 30, 2016, none of the Council's bank balances of \$1,501,194 (book balance of \$1,140,020) were exposed to custodial credit risk.

Interest Rate Risk: The Council does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates. However, the Council primarily uses the bank money market account for investing purposes. The balances invested are subject to withdrawals on a daily basis.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Council does not maintain deposits that are denominated in a currency other than the United States dollar; therefore, the Council is not exposed to this risk.

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

NOTE 3 - DUE TO OTHER GOVERNMENTAL UNITS

The Council administers the Workforce Investment Act and Area Aging funds for the state of South Carolina for the Waccamaw region (Horry, Georgetown, and Williamsburg Counties). "Due to other governmental units" represents the amount due to the subrecipients as of June 30, 2016 under these programs.

NOTE 4 - DEFERRED REVENUE

Revenues receivable by the Council, but not recognized are as follows:

General Fund	
Local Funds Deferred	\$ 128,399
Special Revenue Funds	
Area Agency on Aging	40,288
Workforce Investment Fund	20,039
Planning/Transportation	27,363
Community & Economic Development	69,959
Totals	<u>\$ 286,048</u>

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2016, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets being depreciated:				
Equipment	\$ 312,725	\$ -	\$ (181,082)	\$ 131,643
Software	-	20,971	-	20,971
Vehicles	82,056	-	-	82,056
Total Capital assets being depreciated	<u>394,781</u>	<u>20,971</u>	<u>(181,082)</u>	<u>234,670</u>
Less accumulated depreciation for:				
Equipment	252,051	10,934	(167,792)	95,193
Software	-	4,194	-	4,194
Vehicles	36,116	16,411	-	52,527
Total accumulated depreciation	<u>288,167</u>	<u>\$ 31,539</u>	<u>\$ (167,792)</u>	<u>151,914</u>
Governmental activity capital assets, net	<u>\$ 106,614</u>			<u>\$ 82,756</u>

Depreciation of \$31,539 was allocated to building and equipment in the general fund.

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

NOTE 6 - INTERFUND BALANCES AND ACTIVITY

Interfund Balances: The Council's general fund and special revenue funds have advanced money between the funds to finance operations and supplement other fund sources. The repayment terms are indefinite and are dependent upon future receipts. The advance is between governmental funds and is, therefore, not reflected in the Statement of Net Position.

Due to / Due from:	Receivable	Payable
General Fund	\$ 623,830	\$ -
Area Agency on Aging Fund	-	432,318
Workforce Investment Act Fund	47,905	-
Other Nonmajor Governmental Funds	-	226,412
Revolving Loan Fund	-	13,005
Total	<u>\$ 671,735</u>	<u>\$ 671,735</u>

Interfund Transfers: The following summarizes interfund transfers for the fiscal year ending June 30, 2016:

	Transfers In	Transfers Out
Transfers for administrative costs:		
General fund	\$ 23,585	\$ -
Revolving Loan fund	-	3,182
Transfers to meet match requirements and/or fund programs:		
General fund	-	343,913
Area Agency on Aging fund	83,324	-
Workforce Investment Act Fund	59,579	-
Other Nonmajor Governmental funds	180,607	-
Total	<u>\$ 347,095</u>	<u>\$ 347,095</u>

NOTE 7 - LONG-TERM LIABILITIES

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Net Pension Liability	\$ 3,382,734	\$ 1,054,810	\$ -	\$ 4,437,544	\$ -
Accrued Annual Leave	163,176	64,147	-	227,323	-
Total	<u>\$ 3,545,910</u>	<u>\$ 1,118,957</u>	<u>\$ -</u>	<u>\$ 4,664,867</u>	<u>\$ -</u>

For the governmental activities, compensated absences are generally liquidated by the general fund.

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

NOTE 8 - PENSION PLAN

Plan Description: The Council participates in retirement plans under authorization of Title 9 of the SC Code of Laws, State of South Carolina which covers a majority of the Council's full-time employees. The South Carolina Retirement System ("SCRS"), is a cost-sharing multiple-employer defined benefit pension plan that is administered by the South Carolina Retirement System; a division of the State of South Carolina State Budget and Control Board. Effective July 1, 2012, the South Carolina General Assembly transferred administration of the SCRS to the newly created South Carolina Employee Benefit Authority ("PEBA"). The PEBA has the authority to establish and amend benefits and funding policy. A Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the South Carolina Retirement System is issued and publicly available and can be obtained at www.peba.sc.gov or by writing the South Carolina Employee Benefit Authority, P.O. Box 11960, Columbia, SC 29211-1960.

Benefits provided: SCRS provides service retirement and disability benefits, cost of living adjustments on an ad-hoc basis, group life ("GL") insurance benefits and survivor 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.

For Class II members, benefits vest after five years of service, and vested members who retire at age sixty-five or with twenty eight years of service at any age, receive an annual benefit, payable monthly for life. The benefit is based on the length of service and on average final compensation, an annualized average of the employee's highest twelve consecutive quarters' compensation. Reduced benefits are payable as early as age sixty.

For Class III members, benefits vest after eight years of service, and vested members who retire must be age sixty-five or meet the rule of 90 requirement (this means that the member's age plus the years of service must add up to a total of at least 90), receive an annual benefit, payable monthly for life. The benefit is based on the length of service and on average final compensation, an annualized average of the employee's highest twelve consecutive quarters' compensation. Reduced benefits are payable as early as age sixty.

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI pension, they do not earn service credit, and are ineligible to receive group life insurance benefits or disability retirement benefits. Effective July 1, 2006, TERI participants who entered the TERI program after July 1, 2005, are required to pay the same pre-tax contribution to SCRS during the TERI period, but do not earn service credit. The TERI program will end effective June 30, 2018.

Contributions: Both employers and employees are required to contribute to the Plan under the authority of Title 9 of the S.C. Code of Laws. Council employees are required to contribute 8.16% of their annual covered earnings.

The Council's contractually required contribution rate for the year ended June 30, 2016, \$242,390, was 10.91% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In addition, participating employers also contribute 5.33% of annual covered payroll for insurance benefits for their participants. Contributions to SCRS from the Council were \$360,807 for the year ended June 30, 2016 measurement date.

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

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

At June 30, 2016, the Council reported a liability of \$4,437,544 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The Council's proportion of the net pension liability was based on a projection of the Council's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Council's proportion was 0.0234% percent based on the June 30, 2015 measurement date.

For the year ended June 30, 2016, the Council recognized pension expense of \$486,044. At June 30, 2016, 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	\$ 70,904	\$ -
Net difference between projected and actual earnings on pension plan investments	29,703	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	517,856	-
Council contributions subsequent to the measurement date	242,390	-
	\$ 860,853	\$ -

Council contributions subsequent to the measurement date of \$242,390 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ (182,699)
2018	(182,699)
2019	(155,618)
2020	(97,447)
Thereafter	-
Total	\$ (618,463)

Actuarial assumptions: The total pension liability as of June 30, 2015, was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.5% to 12.5% (varies by service)
Investment rate of return	7.50 percent, including inflation
Benefit adjustments	lesser of 1% or \$500

Mortality rates were based on the RP-2000 Mortality Table for Males and Females and is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000.

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

The actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study performed on data through June 30, 2010.

The long-term expected rate of return on pension plan investments was determined using the 30 year capital market outlook at the end of the fourth quarter 2013. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class. These ranges are 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 by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Short Term	5%	0.10%
Domestic Fixed Income	13%	0.42%
Global Fixed Income	9%	0.39%
Global Public Equity	31%	2.20%
Global Tactical Asset Allocation	10%	0.49%
Alternatives	32%	2.40%
Total	<u>100%</u>	

*Rates shown are net of the 2.75% assumed rate of inflation.

Discount rate: The discount rate used to measure the total pension liability was 7.50 %. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Council's proportionate share of the net pension liability to changes in the discount rate: The following presents the Council's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the Council's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 %) or 1-percentage-point higher (8.50 %) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Council's proportionate share of the net pension liability	\$ 5,594,474	\$ 4,437,544	\$3,467,888

Pension plan fiduciary net position: Detailed information about the SCRS pension plan's fiduciary net position administered by PEBA is available in the separately issued CAFR.

Deferred Compensation Plans. Several optional deferred compensation plans are available to the Council's employees. The multiple-employer plans, created under Internal Revenue Code Sections 457 and 401(k), are accounted for by the State of South Carolina. Employees may withdraw the current value of their contributions when they terminate employment. With approval from the State's Deferred Compensation Commission, employees may also withdraw the current value of their contributions prior to termination of employment if they meet certain requirements. These requirements differ among the plans. Compensation deferred under the Sections 457 and 401(k) plans are placed in trust for the contributing employees. Neither the state nor the Council has any liability for losses under the plans.

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

NOTE 9 - POST-RETIREMENT BENEFITS

Plan Description. As a member of the South Carolina Retirement System (SCRS), the Council offers a post-retirement benefit plan that is administered and managed by the Public Employee Benefit Authority (PEBA). As such, the Council has deferred all future liability with respect to retiree pensions to PEBA. Council's participation in the SCRS is as a funded employer. As a funded employer, the Council pays an additional surcharge to the SCRS to prepay the employer portion of post retiree insurance premiums. As such, the Council has deferred all future liability with respect to employer funded post-employment health and dental insurance for eligible retirees to PEBA. The Council is a member of the Employee Insurance Program (EIP). It is a self-insured plan for state agencies, school districts, and a variety of local sub-divisions. It is also administered and managed by PEBA.

Eligible or qualifying retirees may elect post-retirement health, dental, dental plus and vision coverages at a discounted rate which is defined by PEBA for all funded employers. At present, PEBA maintains three tiers of eligibility requirement for qualified retirees of funded employers. In general, eligibility and required premiums are determined by date of employment and years of service. The tiers of eligibility requirements vary for qualifying retirees who were employed by a covered employer (1) before May 8, 2008; (2) May 8, 2008 through June 30, 2012; and (3) July 1, 2012 or later.

In general, qualifying retirees are eligible for 100% of the employer funding if they have established twenty-five or more years of service, 50% employer funding if they have established fifteen years or more, but 0% if they establish less than fifteen years of service. These general requirements apply to eligible Tier 1 retirees due to grand-fathering. Service must be with a participating employers and/or credited with the SCRS.

Though related, eligibility determination for retiree pension benefits and employer funded post-retirement insurance benefits are separate and distinct processes. In some cases, an eligible or qualified retiree who worked for several employers may opt to retire from different participating employers for each purpose.

Funding Policy. Participating employers are required to contribute to the Plan under authority of Title 9 of the SC Code of Laws. In addition, funded employers are required to contribute a surcharge to prepay the employer portion of retiree insurance premiums. At present, the retiree insurance surcharge is 5.33% of gross salaries. Upon joining, the Council opted out of the SCRS death benefit and does not contribute 0.15% of gross salaries for this benefit. Required employer SCRS contributions were equal to the required contribution each year.

NOTE 10 - RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Council along with other governments and agencies within the state are insured under the South Carolina Municipal Insurance and Risk Fund (SCMIRF), a public entity risk pool currently operating as a common risk management and insurance fund. The Council pays annual premiums to SCMIRF for its general insurance coverage. SCMIRF is self-sustaining through member premiums and by purchases of commercial insurance coverage on a portion of its liabilities. There have been no significant reductions in insurance coverage for each of the past three years.

The Council continues to carry insurance for other risks of loss including employee health, dental, group life, and accident insurance under the State of South Carolina. The state accumulates assets to cover risks that its members incur in their normal operations. Specifically, the state assumes substantially all of the risk for the above.

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

NOTE 11 - REVOLVING LOAN FUND

The Council receives funds under Title IX from the Economic Development Administration (EDA) in order to promote economic development in Horry, Georgetown, and Williamsburg Counties. The funds are loaned to private businesses within the three county area under strict EDA requirements. Repayment of principal and interest of these funds are restricted by EDA for future loans and costs of administering these loans under Title IX provisions.

Due to loan requirements, interest has been accrued on all performing loans through June 30, 2016. No interest was accrued on non-performing loans. Loans granted through the Revolving Loan Program, which is funded through the Economic Development Administration (EDA) and local governments under Title IX, consist of the following:

Performing Loans:	
Turtle Market, LLC	\$ 89,827
Townhouse Restaurant	\$ 47,077
Total - Loans Receivable	<u>\$ 136,904</u>

NOTE 12 - CONTINGENT LIABILITIES

The Council receives a substantial amount of its support from federal, state, and local governments. A major reduction in the level of this support, if this were to occur, would have a major effect on the Council's programs and activities.

NOTE 13 - LEASING

The Council has entered into an agreement with Georgetown County to lease an office building. Monthly rental payments began in November 1991 and continued through February 2014. The Council had an option to extend the lease. Upon renewal of the lease, the agreement was amended in February 2014 to state that the lease shall be extended 20 years from the date of the amendment. The rate will be \$3,275 per month, and will increase by 2% of the previous year rental rate for each successive year of the term. The Council also leases additional space for additional staff at various rates. The leases are short-term leases with an expiration date of June 30, 2017.

The future minimal lease obligation is as follows:

Year Ended	
2017	\$ 41,160
2018	41,984
2019	42,823
2020	43,680
2021	44,553
Total	<u>\$ 294,115</u>

NOTE 14 - GRANTS

Expenditures in the WIA programs and AAA programs are contracted with other agencies to perform specific services set forth in the grant agreement. The Council is periodically audited by the state for compliance with the grant agreement. If such an audit or compliance review discloses expenditures not in accordance with terms of the grant, the grantor agency could disallow the costs and require reimbursement of the disallowed costs. The Council generally has the right of recovery from the subcontractors. Based upon prior experience, management believes that the Council will not incur significant losses from possible grant disallowances.

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

NOTE 15 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 21, 2016, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE COUNCIL'S PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY

SOUTH CAROLINA RETIREMENT SYSTEM PLAN

Last 10 - Fiscal Years (only 2 years shown)

	<u>2016</u>	<u>2015</u>
Council's proportion of the net pension liability	0.023398%	0.019648%
Council's proportionate share of the net pension liability	\$ 4,437,544	\$ 3,382,734
Council's covered-employee payroll	\$ 2,224,436	\$ 1,809,346
Council's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	199.49%	186.96%
Plan fiduciary net position as a percentage of the total pension liability	57.00%	59.90%

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

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

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE COUNCIL'S PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY

SOUTH CAROLINA RETIREMENT SYSTEM PLAN

Last 10 - Fiscal Years (only 3 years shown)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 242,390	\$ 239,127	\$ 189,077
Contributions in relation to the contractually required contribution	\$ (242,390)	\$ (239,127)	\$ (189,077)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Council's covered-employee payroll	\$ 2,221,720	\$ 2,224,436	\$ 1,809,346
Contributions as a percentage of covered-employee payroll	10.91%	10.75%	10.45%

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

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

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
 BUDGETARY COMPARISON SCHEDULE
 ALL GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>BUDGETED AMOUNTS</u>		ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Federal revenue	\$ 9,393,839	\$ 10,157,678	\$ 6,715,435	\$ (3,442,243)
State revenue	1,516,866	1,007,681	1,052,981	45,300
Participating local governments	270,532	266,032	318,920	52,888
Service and special contracts	371,564	380,018	384,404	4,386
Interest income	-	-	144	144
Other income	20,750	20,750	18,150	(2,600)
TOTAL REVENUE	<u>\$ 11,573,551</u>	<u>\$ 11,832,159</u>	<u>\$ 8,490,034</u>	<u>\$ (3,342,125)</u>
EXPENDITURES				
DIRECT PERSONNEL COSTS				
Salaries	\$ 2,098,688	\$ 2,011,838	\$ 1,894,446	\$ 117,392
Wage expense	183,671	159,488	54,583	104,905
Fringe benefits and release time	1,246,099	1,199,697	1,118,528	81,169
TOTAL - DIRECT PERSONNEL COSTS	<u>\$ 3,528,458</u>	<u>\$ 3,371,023</u>	<u>\$ 3,067,557</u>	<u>\$ 303,466</u>
INDIRECT COST ALLOCATIONS	<u>\$ 11,413</u>	<u>\$ 46,624</u>	<u>\$ (531)</u>	<u>\$ 47,155</u>
CONTRACTUAL OBLIGATIONS				
Other sub-tier expenses	\$ 2,527,144	\$ 2,539,324	\$ 1,894,709	\$ 644,615
Economic Outlook conference expense	4,500	4,500	-	4,500
Waccamaw sports conference	-	-	5,519	(5,519)
Waccamaw WIA symposium	-	-	-	-
GSATS Coast RTA Bus Stop Expense	-	-	-	-
Accounting, legal and consulting	40,452	37,497	55,693	(18,196)
Other professional services	448,429	420,432	193,081	227,351
Agency insurance	9,500	9,500	17,887	(8,387)
TOTAL - CONTRACTUAL OBLIGATIONS	<u>\$ 3,030,025</u>	<u>\$ 3,011,253</u>	<u>\$ 2,166,889</u>	<u>\$ 844,364</u>
BUILDING AND EQUIPMENT				
Office rent	\$ 69,900	\$ 113,100	\$ 104,250	\$ 8,850
Maintenance and repairs expense	7,500	10,700	4,219	6,481
Furniture and equipment rental	22,000	23,800	16,858	6,942
Utilities	12,000	31,200	30,570	630
Landscaping and lawn maintenance	8,200	15,400	10,716	4,684
Office cleaning expense	4,500	10,500	11,323	(823)
Non-expendable equipment	18,039	24,300	25,579	(1,279)
TOTAL - BUILDING AND EQUIPMENT	<u>\$ 142,139</u>	<u>\$ 229,000</u>	<u>\$ 203,515</u>	<u>\$ 25,485</u>
TRANSPORTATION & CONFERENCES				
Staff travel	\$ 54,773	\$ 70,506	\$ 43,720	\$ 26,786
Staff conferences	23,246	25,218	44,478	(19,260)
Board of directors	30,000	30,000	27,869	2,131
Workforce Investment board	19,500	31,711	14,977	16,734
SCARC expense	4,700	4,700	2,845	1,855
Meeting expense	1,437	2,559	2,414	145
Automotive expense	27,115	22,423	8,922	13,501
TOTAL - TRANSPORTATION & CONFERENCES	<u>\$ 160,771</u>	<u>\$ 187,117</u>	<u>\$ 145,225</u>	<u>\$ 41,892</u>

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
 BUDGETARY COMPARISON SCHEDULE
 ALL GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>BUDGETED AMOUNTS</u>		ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	<u>ORIGINAL</u>	<u>FINAL</u>		
EXPENDITURES (CONTINUED)				
OFFICE OPERATIONS				
Staff training and incentives	\$ 19,846	\$ 12,779	\$ 9,317	\$ 3,462
Office supplies	73,867	65,731	34,076	31,655
Kitchen and bathroom supplies	-	-	-	-
Security services	-	10,233	4,153	6,080
IT services	-	60,440	59,422	1,018
Printing	27,550	27,550	30,181	(2,631)
Advertisements	26,312	22,966	33,237	(10,271)
Membership and subscriptions	19,372	15,475	16,659	(1,184)
Postage and shipping	10,500	10,800	10,210	590
Telephone and communications	67,209	125,069	29,008	96,061
Non-project activity expense	-	-	2,049	(2,049)
Bank fees and charges	-	-	376	(376)
Expendable equipment	2,890	4,767	1,942	2,825
Other miscellaneous expense	7,262	7,687	6	7,681
TOTAL - OFFICE OPERATIONS	<u>\$ 254,808</u>	<u>\$ 363,497</u>	<u>\$ 230,636</u>	<u>\$ 132,861</u>
CONTRACTED SERVICE PROVIDERS	<u>\$ 4,445,937</u>	<u>\$ 4,623,645</u>	<u>\$ 2,826,424</u>	<u>\$ 1,797,221</u>
TOTAL EXPENDITURES	<u>\$ 11,573,551</u>	<u>\$ 11,832,159</u>	<u>\$ 8,639,715</u>	<u>\$ 3,192,444</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (149,681)</u>	<u>\$ (149,681)</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers - in	\$ -	\$ -	\$ 347,095	\$ 347,095
Interfund transfers - match	-	-	-	-
Interfund transfers - out	-	-	(343,913)	(343,913)
TOTAL - OTHER FINANCING SOURCES (USES)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,182</u>	<u>\$ 3,182</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (146,499)</u>	<u>\$ (146,499)</u>
FUND BALANCES, BEGINNING			<u>948,709</u>	
FUND BALANCES, ENDING			<u>\$ 802,210</u>	

Footnote: The Council budgets all governmental funds in a comprehensive budget format. The budgetary basis of accounting is the same as accounting principles generally accepted in the United States.

SUPPLEMENTARY INFORMATION

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
 DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS				TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	AREA AGING AGENCY	WORKFORCE INVESTMENT	NONMAJOR GOVERNMENTAL FUNDS	
REVENUES					
Federal revenue	\$ -	\$ 1,876,903	\$ 3,292,799	\$ 1,545,733	\$ 6,715,435
State revenue	49,693	1,002,288	-	1,000	1,052,981
Participating local governments	184,765	-	-	134,155	318,920
Service and special contracts	-	-	-	384,404	384,404
Interest income	109	35	-	-	144
Other income	678	115	-	17,357	18,150
TOTAL REVENUE	\$ 235,245	\$ 2,879,341	\$ 3,292,799	\$ 2,082,649	\$ 8,490,034
EXPENDITURES					
DIRECT PERSONNEL COSTS					
Salaries	\$ 326,512	\$ 260,619	\$ 814,245	\$ 493,070	\$ 1,894,446
Wage expense	22,672	20,699	1,196	10,016	54,583
Fringe benefits and release time	114,809	161,845	548,353	293,521	1,118,528
TOTAL - DIRECT PERSONNEL COSTS	\$ 463,993	\$ 443,163	\$ 1,363,794	\$ 796,607	\$ 3,067,557
INDIRECT COST ALLOCATIONS	\$ (764,979)	\$ 154,805	\$ 233,559	\$ 376,084	\$ (531)
CONTRACTUAL OBLIGATIONS					
Other sub-tier expenses	\$ -	\$ 295,054	\$ 1,429,191	\$ 170,464	\$ 1,894,709
Economic Outlook conference expense	-	-	-	-	-
Waccamaw sports conference	-	-	-	5,519	5,519
Waccamaw WIA symposium	-	-	-	-	-
GSATS Coast RTA Bus Stop Expense	-	-	-	-	-
Accounting, legal and consulting	41,270	14,423	-	-	55,693
Other professional services	3,276	37,357	44,400	108,048	193,081
Agency insurance	17,887	-	-	-	17,887
TOTAL - CONTRACTUAL OBLIGATIONS	\$ 62,433	\$ 346,834	\$ 1,473,591	\$ 284,031	\$ 2,166,889
BUILDING AND EQUIPMENT					
Office rent	\$ 58,673	\$ 5,100	\$ 40,477	\$ -	\$ 104,250
Maintenance and repairs expense	3,783	-	436	-	4,219
Furniture and equipment rental	16,858	-	-	-	16,858
Utilities	8,917	-	21,653	-	30,570
Landscaping and lawn maintenance	4,116	-	6,600	-	10,716
Office cleaning expense	5,323	-	6,000	-	11,323
Non-expendable equipment	23,775	-	1,232	572	25,579
TOTAL - BUILDING AND EQUIPMENT	\$ 121,445	\$ 5,100	\$ 76,398	\$ 572	\$ 203,515
TRANSPORTATION & CONFERENCES					
Staff travel	\$ 2,606	\$ 11,441	\$ 24,354	\$ 5,319	\$ 43,720
Staff conferences	8,981	8,360	15,682	11,455	44,478
Board of directors	27,869	-	-	-	27,869
Workforce Investment board	-	-	14,977	-	14,977
SCARC expense	2,845	-	-	-	2,845
Meeting expense	1,183	486	270	475	2,414
Automotive expense	1,325	3,056	1,856	2,685	8,922
TOTAL - TRANSPORTATION & CONFERENCES	\$ 44,809	\$ 23,343	\$ 57,139	\$ 19,934	\$ 145,225

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
 DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS				TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	AREA AGING AGENCY	WORKFORCE INVESTMENT	NONMAJOR GOVERNMENTAL FUNDS	
EXPENDITURES (CONTINUED)					
OFFICE OPERATIONS					
Staff training and incentives	\$ 4,337	\$ 138	\$ 2,934	\$ 1,908	\$ 9,317
Office supplies	24,606	365	9,105	-	34,076
Kitchen and bathroom supplies	-	-	-	-	-
Security services	189	-	3,964	-	4,153
IT services	15,693	1,182	42,547	-	59,422
Printing	29,703	442	-	36	30,181
Advertisements	463	2,638	23,300	6,836	33,237
Membership and subscriptions	9,984	1,130	2,950	2,595	16,659
Postage and shipping	10,144	-	66	-	10,210
Telephone and communications	34,836	1,056	(6,884)	-	29,008
Non-project activity expense	1,443	-	-	606	2,049
Bank fees and charges	376	-	-	-	376
Expendable equipment	1,935	-	-	7	1,942
Other miscellaneous expense	6	-	-	-	6
TOTAL - OFFICE OPERATIONS	<u>\$ 133,715</u>	<u>\$ 6,951</u>	<u>\$ 77,982</u>	<u>\$ 11,988</u>	<u>\$ 230,636</u>
CONTRACTED SERVICE PROVIDERS	<u>\$ -</u>	<u>\$ 1,982,469</u>	<u>\$ 69,915</u>	<u>\$ 774,040</u>	<u>\$ 2,826,424</u>
TOTAL EXPENDITURES	<u>\$ 61,416</u>	<u>\$ 2,962,665</u>	<u>\$ 3,352,378</u>	<u>\$ 2,263,256</u>	<u>\$ 8,639,715</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 173,829</u>	<u>\$ (83,324)</u>	<u>\$ (59,579)</u>	<u>\$ (180,607)</u>	<u>\$ (149,681)</u>
OTHER FINANCING SOURCES (USES)					
Interfund transfers - in	\$ 23,585	\$ 83,324	\$ 59,579	\$ 180,607	\$ 347,095
Interfund transfers - match	-	-	-	-	-
Interfund transfers - out	(343,913)	-	-	-	(343,913)
TOTAL - OTHER FINANCING SOURCES (USES)	<u>\$ (320,328)</u>	<u>\$ 83,324</u>	<u>\$ 59,579</u>	<u>\$ 180,607</u>	<u>\$ 3,182</u>
NET CHANGE IN FUND BALANCES	<u>\$ (146,499)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (146,499)</u>
FUND BALANCES, BEGINNING	<u>948,709</u>				
FUND BALANCES, ENDING	<u>\$ 802,210</u>				

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
 GEORGETOWN, SOUTH CAROLINA
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2016**

	SPECIAL REVENUE FUNDS		
	NONMAJOR GOVERNMENTAL FUNDS		
	PLANNING & TRANSPORTATION	COMMUNITY & ECONOMIC DEVELOPMENT	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS			
Cash and investments	\$ -	\$ 1,510	\$ 1,510
Receivables:			
Accounts	-	-	-
Due from other governments	324,185	234,167	558,352
Due from other funds	-	-	-
Prepaid expenses	-	-	-
Total assets	\$ 324,185	\$ 235,677	\$ 559,862
LIABILITIES AND FUND BALANCES			
Accounts payable and accrued liabilities	\$ 146,176	\$ 89,952	\$ 236,128
Accrued personnel costs	-	-	-
Due to other governments and agencies	-	-	-
Due to other funds	150,646	75,766	226,412
Total liabilities	296,822	165,718	462,540
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue	27,363	69,959	97,322
Total deferred inflows of resources	27,363	69,959	97,322
FUND BALANCES			
Non Spendable	-	-	-
Unassigned	-	-	-
Total fund balances	-	-	-
Total liabilities, deferred inflows of resources and fund balances	\$ 324,185	\$ 235,677	\$ 559,862

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS		
	NONMAJOR GOVERNMENTAL FUNDS		
	PLANNING & TRANSPORTATION	COMMUNITY & ECONOMIC DEVELOPMENT	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES			
Federal revenue	\$ 697,346	\$ 848,387	\$ 1,545,733
State revenue	1,000	-	1,000
Participating local governments	-	134,155	134,155
Service and special contracts	237,878	146,526	384,404
Interest income	-	-	-
Other income	17,357	-	17,357
TOTAL REVENUE	\$ 953,581	\$ 1,129,068	\$ 2,082,649
EXPENDITURES			
DIRECT PERSONNEL COSTS			
Salaries	\$ 344,437	\$ 148,633	\$ 493,070
Wage expense	10,016	-	10,016
Fringe benefits and release time	205,065	88,456	293,521
TOTAL - DIRECT PERSONNEL COSTS	\$ 559,518	\$ 237,089	\$ 796,607
INDIRECT COST ALLOCATIONS	\$ 263,771	\$ 112,313	\$ 376,084
CONTRACTUAL OBLIGATIONS			
Other sub-tier expenses	\$ 170,464	\$ -	\$ 170,464
Waccamaw sports conference	5,519	-	5,519
Waccamaw WIA symposium	-	-	-
GSATS Coast RTA Bus Stop Expense	-	-	-
Accounting, legal and consulting	-	-	-
Other professional services	72,578	35,470	108,048
TOTAL - CONTRACTUAL OBLIGATIONS	\$ 248,561	\$ 35,470	\$ 284,031
BUILDING AND EQUIPMENT			
Office rent	\$ -	\$ -	\$ -
Maintenance and repairs expense	-	-	-
Furniture and equipment rental	-	-	-
Utilities	-	-	-
Landscaping and lawn maintenance	-	-	-
Office cleaning expense	-	-	-
Non-expendable equipment	-	572	572
TOTAL - BUILDING AND EQUIPMENT	\$ -	\$ 572	\$ 572
TRANSPORTATION & CONFERENCES			
Staff travel	\$ 3,504	\$ 1,815	\$ 5,319
Staff conferences	10,106	1,349	11,455
Board of directors	-	-	-
Workforce Investment board	-	-	-
SCARC expense	-	-	-
Meeting expense	475	-	475
Automotive expense	1,954	731	2,685
TOTAL - TRANSPORTATION & CONFERENCES	\$ 16,039	\$ 3,895	\$ 19,934

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS		
	NONMAJOR GOVERNMENTAL FUNDS		
	PLANNING & TRANSPORTATION	COMMUNITY & ECONOMIC DEVELOPMENT	TOTAL NONMAJOR GOVERNMENTAL FUNDS
EXPENDITURES (CONTINUED)			
OFFICE OPERATIONS			
Staff training and incentives	\$ -	\$ 1,908	\$ 1,908
Office supplies	-	-	-
Kitchen and bathroom supplies	-	-	-
Printing	36	-	36
Advertisements	2,901	3,935	6,836
Membership and subscriptions	2,021	574	2,595
Postage and shipping	-	-	-
Telephone and communications	-	-	-
Non-project activity expense	606	-	606
Bank fees and charges	-	-	-
Expendable equipment	7	-	7
Other miscellaneous expense	-	-	-
TOTAL - OFFICE OPERATIONS	<u>\$ 5,571</u>	<u>\$ 6,417</u>	<u>\$ 11,988</u>
CONTRACTED SERVICE PROVIDERS	<u>\$ -</u>	<u>\$ 774,040</u>	<u>\$ 774,040</u>
TOTAL EXPENDITURES	<u>\$ 1,093,460</u>	<u>\$ 1,169,796</u>	<u>\$ 2,263,256</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (139,879)</u>	<u>\$ (40,728)</u>	<u>\$ (180,607)</u>
OTHER FINANCING SOURCES (USES)			
Interfund transfers - in	\$ 139,879	\$ 40,728	\$ 180,607
Interfund transfers - match	-	-	-
Interfund transfers - out	-	-	-
TOTAL - OTHER FINANCING SOURCES (USES)	<u>\$ 139,879</u>	<u>\$ 40,728</u>	<u>\$ 180,607</u>
NET CHANGE IN FUND BALANCES	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS			
	NONMAJOR GOVERNMENTAL FUNDS			
	PLANNING & TRANSPORTATION			
	WATER QUALITY	TRANSPORTATION	SPECIAL & SERVICE CONTRACTS	TOTAL PLANNING & TRANSPORTATION
REVENUES				
Federal revenue	\$ 47,983	\$ 649,363	\$ -	\$ 697,346
State revenue	-	1,000	-	1,000
Participating local governments	-	-	-	-
Service and special contracts	105,701	-	132,177	237,878
Interest income	-	-	-	-
Other income	-	-	17,357	17,357
TOTAL REVENUE	\$ 153,684	\$ 650,363	\$ 149,534	\$ 953,581
EXPENDITURES				
DIRECT PERSONNEL COSTS				
Salaries	\$ 39,092	\$ 247,623	\$ 57,722	\$ 344,437
Wage expense	-	10,016	-	10,016
Fringe benefits and release time	23,276	147,452	34,337	205,065
TOTAL - DIRECT PERSONNEL COSTS	\$ 62,368	\$ 405,091	\$ 92,059	\$ 559,518
INDIRECT COST ALLOCATIONS	\$ 30,020	\$ 190,799	\$ 42,952	\$ 263,771
CONTRACTUAL OBLIGATIONS				
Other sub-tier expenses	\$ -	\$ 153,941	\$ 16,523	\$ 170,464
Waccamaw sports conference	-	-	5,519	5,519
Waccamaw WIA symposium	-	-	-	-
GSATS Coast RTA Bus Stop Expense	-	-	-	-
Accounting, legal and consulting	-	-	-	-
Other professional services	69,581	2,604	393	72,578
Agency insurance	-	-	-	-
TOTAL - CONTRACTUAL OBLIGATIONS	\$ 69,581	\$ 156,545	\$ 22,435	\$ 248,561
BUILDING AND EQUIPMENT				
Office rent	\$ -	\$ -	\$ -	\$ -
Maintenance and repairs expense	-	-	-	-
Furniture and equipment rental	-	-	-	-
Utilities	-	-	-	-
Landscaping and lawn maintenance	-	-	-	-
Office cleaning expense	-	-	-	-
Non-expendable equipment	-	-	-	-
TOTAL - BUILDING AND EQUIPMENT	\$ -	\$ -	\$ -	\$ -
TRANSPORTATION & CONFERENCES				
Staff travel	\$ 444	\$ 2,864	\$ 196	\$ 3,504
Staff conferences	2,392	7,712	2	10,106
Board of directors	-	-	-	-
Workforce Investment board	-	-	-	-
SCARC expense	-	-	-	-
Meeting expense	-	261	214	475
Automotive expense	217	1,532	205	1,954
TOTAL - TRANSPORTATION & CONFERENCES	\$ 3,053	\$ 12,369	\$ 617	\$ 16,039

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS			
	NONMAJOR GOVERNMENTAL FUNDS			
	PLANNING & TRANSPORTATION			
	WATER QUALITY	TRANSPORTATION	SPECIAL & SERVICE CONTRACTS	TOTAL PLANNING & TRANSPORTATION
EXPENDITURES (CONTINUED)				
OFFICE OPERATIONS				
Staff training and incentives	\$ -	\$ -	\$ -	\$ -
Office supplies	-	-	-	-
Kitchen and bathroom supplies	-	-	-	-
Printing	-	-	36	36
Advertisements	209	2,492	200	2,901
Membership and subscriptions	390	1,631	-	2,021
Postage and shipping	-	-	-	-
Telephone and communications	-	-	-	-
Non-project activity expense	-	-	606	606
Bank fees and charges	-	-	-	-
Expendable equipment	-	7	-	7
Other miscellaneous expense	-	-	-	-
TOTAL - OFFICE OPERATIONS	<u>\$ 599</u>	<u>\$ 4,130</u>	<u>\$ 842</u>	<u>\$ 5,571</u>
CONTRACTED SERVICE PROVIDERS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL EXPENDITURES	<u>\$ 165,621</u>	<u>\$ 768,934</u>	<u>\$ 158,905</u>	<u>\$ 1,093,460</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (11,937)</u>	<u>\$ (118,571)</u>	<u>\$ (9,371)</u>	<u>\$ (139,879)</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers - in	\$ 11,937	\$ 118,571	\$ 9,371	\$ 139,879
Interfund transfers - match	-	-	-	-
Interfund transfers - out	-	-	-	-
TOTAL - OTHER FINANCING SOURCES (USES)	<u>\$ 11,937</u>	<u>\$ 118,571</u>	<u>\$ 9,371</u>	<u>\$ 139,879</u>
NET CHANGE IN FUND BALANCES	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS			
	NONMAJOR GOVERNMENTAL FUNDS			
	COMMUNITY & ECONOMIC DEVELOPMENT			
	HOME CONSORTIUM	COMMUNITY DEVELOPMENT	EDA PLANNING	TOTAL COMMUNITY & ECONOMIC DEVELOPMENT
REVENUES				
Federal revenue	\$ 774,040	\$ -	\$ 74,347	\$ 848,387
State revenue	-	-	-	-
Participating local governments	134,155	-	-	134,155
Service and special contracts	-	146,526	-	146,526
Interest income	-	-	-	-
Other income	-	-	-	-
TOTAL REVENUE	\$ 908,195	\$ 146,526	\$ 74,347	\$ 1,129,068
EXPENDITURES				
DIRECT PERSONNEL COSTS				
Salaries	\$ 39,493	\$ 67,788	\$ 41,352	\$ 148,633
Wage expense	-	-	-	-
Fringe benefits and release time	23,507	40,335	24,614	88,456
TOTAL - DIRECT PERSONNEL COSTS	\$ 63,000	\$ 108,123	\$ 65,966	\$ 237,089
INDIRECT COST ALLOCATIONS	\$ 29,993	\$ 50,914	\$ 31,406	\$ 112,313
CONTRACTUAL OBLIGATIONS				
Other sub-tier expenses	\$ -	\$ -	\$ -	\$ -
Waccamaw sports conference	-	-	-	-
Waccamaw WIA symposium	-	-	-	-
Accounting, legal and consulting	-	-	-	-
Other professional services	35,470	-	-	35,470
Agency insurance	-	-	-	-
TOTAL - CONTRACTUAL OBLIGATIONS	\$ 35,470	\$ -	\$ -	\$ 35,470
BUILDING AND EQUIPMENT				
Office rent	\$ -	\$ -	\$ -	\$ -
Maintenance and repairs expense	-	-	-	-
Furniture and equipment rental	-	-	-	-
Utilities	-	-	-	-
Landscaping and lawn maintenance	-	-	-	-
Office cleaning expense	-	-	-	-
Non-expendable equipment	572	-	-	572
TOTAL - BUILDING AND EQUIPMENT	\$ 572	\$ -	\$ -	\$ 572
TRANSPORTATION & CONFERENCES				
Staff travel	\$ 1,490	\$ 285	\$ 40	\$ 1,815
Staff conferences	-	1,333	16	1,349
Board of directors	-	-	-	-
Workforce Investment board	-	-	-	-
SCARC expense	-	-	-	-
Meeting expense	-	-	-	-
Automotive expense	120	446	165	731
TOTAL - TRANSPORTATION & CONFERENCES	\$ 1,610	\$ 2,064	\$ 221	\$ 3,895

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS			
	NONMAJOR GOVERNMENTAL FUNDS			
	COMMUNITY & ECONOMIC DEVELOPMENT			
	HOME CONSORTIUM	COMMUNITY DEVELOPMENT	EDA PLANNING	TOTAL COMMUNITY & ECONOMIC DEVELOPMENT
EXPENDITURES (CONTINUED)				
OFFICE OPERATIONS				
Staff training and incentives	\$ 1,908	\$ -	\$ -	\$ 1,908
Office supplies	-	-	-	-
Kitchen and bathroom supplies	-	-	-	-
Printing	-	-	-	-
Advertisements	1,677	2,258	-	3,935
Membership and subscriptions	349	225	-	574
Postage and shipping	-	-	-	-
Telephone and communications	-	-	-	-
Non-project activity expense	-	-	-	-
Bank fees and charges	-	-	-	-
Expendable equipment	-	-	-	-
Other miscellaneous expense	-	-	-	-
TOTAL - OFFICE OPERATIONS	<u>\$ 3,934</u>	<u>\$ 2,483</u>	<u>\$ -</u>	<u>\$ 6,417</u>
CONTRACTED SERVICE PROVIDERS	<u>\$ 774,040</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 774,040</u>
TOTAL EXPENDITURES	<u>\$ 908,619</u>	<u>\$ 163,584</u>	<u>\$ 97,593</u>	<u>\$ 1,169,796</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (424)</u>	<u>\$ (17,058)</u>	<u>\$ (23,246)</u>	<u>\$ (40,728)</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers - in	\$ 424	\$ 17,058	\$ 23,246	\$ 40,728
Interfund transfers - match	-	-	-	-
Interfund transfers - out	-	-	-	-
TOTAL - OTHER FINANCING SOURCES (USES)	<u>\$ 424</u>	<u>\$ 17,058</u>	<u>\$ 23,246</u>	<u>\$ 40,728</u>
NET CHANGE IN FUND BALANCES	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
 SCDOT, OFFICE OF PUBLIC TRANSIT
 JOB ACCESS, REVERSE COMMUTE PROGRAM
 SCHEDULE OF BUDGET TO ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCDOT CONTRACT NUMBER: PT-5F116-06
 SCDOT GRANT NUMBER: SC-57-X019
 FY: 2015-2016
 CFDA NUMBER: 20.516
 CONTRACT PERIOD: JULY 1, 2014 TO JUNE 30, 2016
 PERFORMANCE PERIOD: JULY 1, 2014 TO JUNE 30, 2016

<u>Codes</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
REVENUES			
Federal	\$ 25,000	\$ 25,000	\$ -
Local Match	6,250	6,250	-
TOTAL REVENUES	<u>\$ 31,250</u>	<u>\$ 31,250</u>	<u>\$ -</u>
EXPENDITURES			
TECHNICAL ASSISTANCE			
11.7L.00 Mobility Management	\$ 31,250	\$ 31,250	\$ -
TOTAL EXPENDITURES	<u>\$ 31,250</u>	<u>\$ 31,250</u>	<u>\$ -</u>

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
 SCDOT, OFFICE OF PUBLIC TRANSIT
 NEW FREEDOM PROGRAM
 SCHEDULE OF BUDGET TO ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCDOT CONTRACT NUMBER: PT-5F117-12
 SCDOT GRANT NUMBER: SC-57-X019
 FY: 2015-2016
 CFDA NUMBER: 20.521
 CONTRACT PERIOD: JULY 1, 2014 TO JUNE 30, 2016
 PERFORMANCE PERIOD: JULY 1, 2014 TO JUNE 30, 2016

<u>Codes</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
REVENUES			
Federal	\$ 35,000	\$ 35,000	\$ -
Local Match	8,750	8,750	-
TOTAL REVENUES	<u>\$ 43,750</u>	<u>\$ 43,750</u>	<u>\$ -</u>
EXPENDITURES			
TECHNICAL ASSISTANCE			
11.7L.00 Mobility Management	\$ 43,750	\$ 43,750	\$ -
TOTAL EXPENDITURES	<u>\$ 43,750</u>	<u>\$ 43,750</u>	<u>\$ -</u>

SINGLE AUDIT SECTION



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Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance and
Other Matters Based On An Audit Of Financial Statements Performed In Accordance With
Government Auditing Standards

To the Board of Directors
Waccamaw Regional Council of Governments
Georgetown, 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 accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Waccamaw Regional Council of Governments (the "Council") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprises the Council's basic financial statements, and have issued our report thereon dated November 21, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of the 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 weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider 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 Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Thompson, Rice, Scott, Adams & Co., P.A.

Whiteville, NC
November 21, 2016



Thompson, Price, Scott, Adams & Co, P.A.

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Independent Auditors' Report On Compliance With Requirements Applicable to Each Major Federal Program
and Internal Control Over Compliance in Accordance With OMB Uniform Guidance

To the Board of Directors
Waccamaw Regional Council of Governments
Georgetown, South Carolina

Report on Compliance for Each Major Federal Program

We have audited the Waccamaw Regional Council of Governments' (the "Council")'s compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Council's major federal programs for the year ended June 30, 2016. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Waccamaw Regional Council of Governments' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Council's compliance.

Opinion on Each Major Federal Program

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Council's internal control over compliance with the types of requirements that could have direct and material effect on major federal program to determine the auditing procedures that are appropriate in the circumstance for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

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

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

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

Thompson, Rice, Scott, Adams & Co., P.A.

Whiteville, NC
November 21, 2016

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

1. SUMMARY OF AUDITORS' RESULTS

Financial Statements

a. Type of report issued on the financial statements:	Unmodified opinion
b. Significant deficiencies not considered to be material weaknesses in internal control over financial reporting:	No
c. Material weaknesses in internal control over major programs:	No
d. Noncompliance material to the financial statements:	No
e. Material weaknesses in internal control over major programs:	No
f. Significant deficiencies not considered to be material weaknesses in internal control over major programs:	No
g. Type of report issued on compliance for major programs:	Unmodified Opinion
h. Audit findings required to be reported under Section 510(a) of Uniform Guidance	No
i. The programs tested as major programs include:	
Aging Cluster	93.044, 93.045, 93.053
HOME Investment Partnerships Program	14.239
j. Dollar threshold used to distinguish between Type A and Type B Programs	\$ 750,000
k. Auditee qualified as low-risk auditee under Section 530 of Uniform Guidance?	No

2. FINDINGS - FINANCIAL STATEMENT AUDIT

None

3. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDITED

None

4. PRIOR YEAR FINDINGS

None

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor Pass-through Grantor <u>Program Title</u>	Federal CFDA <u>Number</u>	Federal Award / Grantor <u>Number</u>	Pass-Through Grantor's <u>Number</u>	Total <u>Expenditures</u>	Passed through to <u>Subrecipients</u>
<u>U.S. DEPARTMENT OF COMMERCE</u>					
Direct Programs:					
Economic Development Administration					
Title IX RLF - Long-Term Economic Implem. Grant	11.307	04-19-03142		\$ 474,303	\$ -
Aid to Planning Organization	11.302	04-83-06746		35,875	-
Aid to Planning Organization	11.302	ED16ATL3020009		31,163	-
Aid to Planning Organization	11.302	04-83-06746-01		6,001	-
Technical Assistance Grant	11.303	04-09-07080		1,308	-
Total - U.S. Department of Commerce				\$ 548,650	\$ -
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
Passed through the S.C. Lieutenant Governor's Office on Aging:					
Aging Cluster					
Title III, Part B - Grants for Supportive Services	93.044		Supportive Serv	\$ 469,996	\$ 469,996
	93.044		Ombudsmen	58,650	58,650
	93.044		IIIB - P&A	40,329	40,329
	93.044		Legal	13,619	13,619
Title III, Part C - Nutrition Services	93.045		IIIC-1 Dining	236,923	236,923
	93.045		IIIC-1 P&A	91,395	91,395
	93.045		IIIC-2 Meals	398,208	398,208
Nutrition Services Incentive Program	93.053		NSIP	134,904	134,904
Total - Aging Cluster				\$ 1,444,024	\$ 1,444,024
Title III, Part D - Preventive Health	93.043			16,886	16,886
Senior Medicare Patrol	93.048			8,281	8,281
SMP Expansion	93.048			8,431	8,431
Disaster Assistance Grant	93.048			2,070	2,070
Title III, Part E - Family Caregiver Staff	93.052			60,960	60,960
Title III, Part E - Family Caregiver Support	93.052			170,899	170,899
Title III, Part E - P&A	93.052			18,982	18,982
Title VII, Chapter 2, Ombudsmen	93.042			12,487	12,487
Title VII, Chapter 3, Elder Abuse	93.041			4,123	4,123
I-Care	93.324			43,839	43,839
Medicare Enrollment Assistance Program	93.071			27,892	27,892
Medicare Enrollment Assistance Program	93.071			22,540	22,540
Medicare Enrollment Assistance Program	93.071			14,008	14,008
Total - U.S. Department of Health and Human Services				\$ 1,855,422	\$ 1,855,422

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor Pass-through Grantor Program Title	Federal CFDA Number	Federal Award / Grantor Number	Pass-Through Grantor's Number	Total Expenditures	Passed through to Subrecipients
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>					
Passed through the SC Department of Transportation, Office of Public Transit:					
Job Access & Reverse Commute Program	20.516		PT-5F116-06	\$ 21,223	\$ -
New Freedom Program	20.521		PT-5F117-12	17,829	-
Enhanced Mobility of Seniors	20.513		SC-16X018-00	171,085	153,941
Passed through the SC Lieutenant Governor's Office on Aging:					
New Freedom Program	20.521		R-NFRG-8-16	15,035	-
New Freedom Program	20.521		R-NFRG-8-16	6,444	-
				\$ 231,616	\$ 153,941
Passed through the SC Department of Transportation, Federal Highway:					
Highway Planning and Construction Cluster					
Highway Planning and Construction	20.205		MPO PL Funds	\$ 271,227	\$ -
Highway Planning and Construction	20.205		Rural / Regional	85,000	-
Passed through the NC Department of Transportation:					
Highway Planning and Construction	20.205		M-0433	75,000	-
				\$ 431,227	\$ -
Passed through the NC Department of Transportation, Office of Public Transit:					
NCDOT FTA5303	20.505		16-08-118	\$ 8,000	\$ -
				\$ 8,000	\$ -
				\$ 670,843	\$ 153,941
<u>U.S. DEPARTMENT OF LABOR</u>					
Passed through SC Department of Employment and Workforce:					
Workforce Investment Act					
WIOA Cluster					
WIOA Adult Program	17.258		14A011	\$ 185,379	\$ -
	17.258		15A011	698,569	-
WIOA Youth Program	17.259		14Y011	414,650	-
	17.259		15Y011	673,435	-
WIOA Dislocated Workers	17.278		14DW011	463,744	-
	17.278		15INC011	9,211	-
	17.278		15DW011	764,327	-
WIOA - National Dislocated Worker Grants	17.277		15JWT11	44,983	44,983
	17.277		15DWG11	38,502	38,502
				\$ 3,292,800	\$ 83,485
				\$ 3,292,800	\$ 83,485

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor Pass-through Grantor Program Title	Federal CFDA Number	Federal Award / Grantor Number	Pass-Through Grantor's Number	Total Expenditures	Passed through to Subrecipients
<u>ENVIRONMENTAL PROTECTION AGENCY</u>					
Passed through SC Department of Health & Environmental Control, State of South Carolina:					
Water Quality Mgmt Planning	66.454		EQ-6-410	\$ 5,325	\$ -
Nonpoint Source Implementation	66.46		EQ-5-378	21,649	14,709
Nonpoint Source Implementation	66.460		EQ-6-278	21,009	-
Total - Environmental Protection Agency				<u>\$ 47,983</u>	<u>\$ 14,709</u>
<u>US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>					
Passed through Georgetown County:					
HOME Investment Partnerships Program	14.239	DC450214		\$ 774,040	\$ 623,570
Total - U.S. Department of Housing and Urban Development				<u>\$ 774,040</u>	<u>\$ 623,570</u>
Total Federal Assistance Expended				<u><u>\$ 7,189,738</u></u>	<u><u>\$ 2,731,127</u></u>

Notes to the Schedule of Expenditures of Federal Awards:

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Waccamaw Regional Council of Governments and is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - REVOLVING LOAN GRANT FUNDS

The Council administers a Revolving Loan Grant Program (CFDA No. 11.307) funded by the U.S. Department of Commerce. Total program expenditures under the program for the year June 30, 2016 are as follows:

Loans Receivable Outstanding	\$ 136,904
Cash and Investments	493,301
Administrative Costs	2,199
	<u>\$ 632,404</u>
Federal Percentage	75%
RLF Federal Expenditures	<u><u>\$ 474,303</u></u>

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor Pass-through Grantor <u>Program Title</u>	Federal CFDA <u>Number</u>	Federal Award / Grantor <u>Number</u>	Pass-Through Grantor's <u>Number</u>	Total <u>Expenditures</u>	Passed through to <u>Subrecipients</u>
-----------------------------------------------------------------	----------------------------------	------------------------------------------------	--------------------------------------------	------------------------------	----------------------------------------------

NOTE C - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS AND FEDERAL FINANCIAL REPORTS

Federal award expenditures are reported in the Council's basic financial statements as expenditures in the General and Special Revenue Funds. Amounts reported in the accompanying schedule of federal awards agree with the amounts reported in the related financial reports as reconciled below:

Per Basic Financial Statements	
Governmental fund activities	\$ 6,715,435
Program expenditures - Revolving Loan Grant Program	474,303
Total Federal Assistance Expended	\$ 7,189,738