

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
GEORGETOWN, SOUTH CAROLINA

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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FINANCIAL SECTION



Robert D. Harper, Jr. CPA
Stacey C. Moree CPA
P. O. Box 1550
106 Wall Street, Litchfield
Pawleys Island, SC 29585
Tel (843) 237-9125
Fax (843) 237-1621
E-mail: HPM@sc.rr.com

Robin B. Poston CPA
P. O. Box 576
307 Church Street
Georgetown, SC 29442
Tel (843) 527-3413
Fax (843) 546-7277
E-mail: HPM2@sc.rr.com

INDEPENDENT AUDITOR'S 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 Waccamaw Regional Council of Governments, Georgetown, South Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Waccamaw Regional Council of Governments, Georgetown, South Carolina, as of

June 30, 2019, 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 management's discussion and analysis, budgetary comparison information, and supplementary pension and other postemployment benefit information on pages 3 through 12 and 47 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

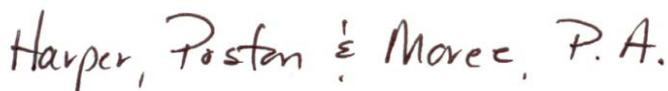
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The combining and individual fund financial statements and supplemental schedules 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 fund financial statements, supplemental schedules, 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, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2019 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.



Harper, Poston & Moree, P.A.
Certified Public Accountants

Pawleys Island, South Carolina
November 13, 2019

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 June 30, 2019. 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

- Due to GASB 68 and GASB 75 reporting requirements involving the inclusion of the Council's net pension liability and net OPEB liability in the audited financial statements, the position of the Council at the close of the most recent fiscal year was a deficit fund balance of \$7,095,269. Presented in this format, the net position of the Council decreased by \$243,630. However, without inclusion of the net pension liability and the net OPEB liability, the audited financial statements and net position is much more favorable and includes a \$1,070,838 fund balance. Given that the employer liability in connection with the State pension plan and OPEB plans are pre-funded and administered by PEBA, management believes that the latter format is a more realistic view of our true financial position.
- As of the close of the fiscal year, the Council's governmental funds reported combined ending fund balances of \$1,070,838, an increase of \$160,762 from the prior year. A total of \$22,125 is non-spendable, resulting in an unassigned fund balance of \$1,048,713.
- The Council's fiscal obligation for accumulated annual leave and salary-related fringe benefits was \$242,366.
- The State 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 the State Health and Dental plans. In effect, it is prepayment of the employer portion of retiree health and dental premiums. The retiree insurance surcharge increased from 5.50% of gross salaries in FY2018 to 6.05% in FY2019. The aforementioned surcharge is in addition to the mandated employer contribution rate to the S.C. Retirement System for retiree pensions.
- Effective July 1, 2018, the mandated employer contribution to the S.C. Retirement System for retiree pensions increased from 13.41% to 14.41% of gross salaries. The total mandated employer contribution to the S.C. Retirement System in FY2019 for both purposes, retiree pensions and retiree insurance, increased from 18.91% to 20.46% of gross salaries.
- Though not an expense to the Council, the mandated employee contribution to the S.C. Retirement System for the retiree program remained constant at 9.00% of their respective salary.
- The mandated minimum employer contribution rate to the State Employee Insurance Program for active employee insurance costs increased by 7.4% effective January 1, 2019. The load factor derived from the Council's experience rating remained constant 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 General Liability, Property Insurance, Auto Liability, Auto Physical Damage, and Worker's Compensation premiums in FY2019.
- The Council received an annual discount on premiums from SCMIT and SMIRF for dual participation and credits were applied to both due to minimal exposure.

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

PASS THROUGH FUNDING THAT IS EXTERNAL TO THE 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 FY2019 audited financial statements. Even so, these grants are administered by the Council's 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.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. The Council's basic financial statements comprise of three components: government-wide financial statements, fund financial statements, and the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. A description of these statements and some related definitions follows:

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 the 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 statements that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave and pension expense). 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 included on pages 13 and 14 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 fund financial statements 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 the Department on Aging. 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.

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 after year-end that are available for spending. These funds are reported using an accounting method called modified accrual basis of 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 the governmental activities (reported in the government-wide financial statements) and governmental statements is reported 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.

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 is presented as a required supplementary schedule for this fund and major funds with a legally adopted budget to demonstrate compliance with its budget.

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**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

GOVERNMENT WIDE FINANCIAL ANALYSIS

The following table provides a comparison of the Council's net position for the past two fiscal years. An adjustment to the FY2018 net position was made during the year ended June 30, 2019 and is fully described in Note 13 of the financial statements.

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 2,499,620	\$ 2,200,804	\$ 85,526	\$ 176,018	\$ 2,585,146	\$ 2,376,822
Capital Assets, Net	122,062	158,715	-	-	122,062	158,715
Total Assets	<u>\$ 2,621,682</u>	<u>\$ 2,359,519</u>	<u>\$ 85,526</u>	<u>\$ 176,018</u>	<u>\$ 2,707,208</u>	<u>\$ 2,535,537</u>
Deferred Outflows of Resources	\$ 1,045,368	\$ 1,047,109	\$ -	\$ -	\$ 1,045,368	\$ 1,047,109
Long-Term Liabilities	\$ 8,921,962	\$ 8,555,456	\$ -	\$ -	\$ 8,921,962	\$ 8,555,456
Other Liabilities	1,428,782	1,297,608	-	-	1,428,782	1,297,608
Total Liabilities	<u>\$ 10,350,744</u>	<u>\$ 9,853,064</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,350,744</u>	<u>\$ 9,853,064</u>
Deferred Inflows of Resources	\$ 497,101	\$ 588,101	\$ -	\$ -	\$ 497,101	\$ 588,101
Net Position:						
Net Investment in Capital Assets	\$ 122,062	\$ 158,715	\$ -	\$ -	\$ 122,062	\$ 158,715
Restricted	-	-	85,526	176,018	85,526	176,018
Unrestricted	(7,302,857)	(7,193,252)	-	-	(7,302,857)	(7,193,252)
Total Net Position	<u>\$ (7,180,795)</u>	<u>\$ (7,034,537)</u>	<u>\$ 85,526</u>	<u>\$ 176,018</u>	<u>\$ (7,095,269)</u>	<u>\$ (6,858,519)</u>

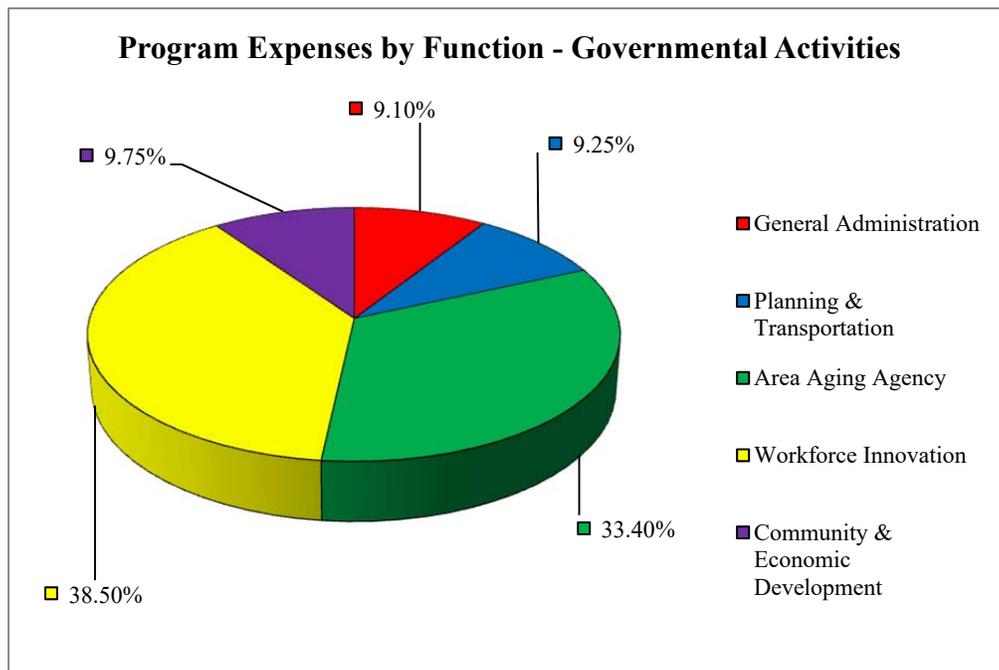
As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. In the case of the Council, liabilities and deferred inflows of resources exceeded assets and deferred outflows by \$7,095,269 at the close of the fiscal year ended June 30, 2019. This is largely due to the inclusion of the Council's net pension liability and net OPEB liability. The net position decreased by \$243,630.

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**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

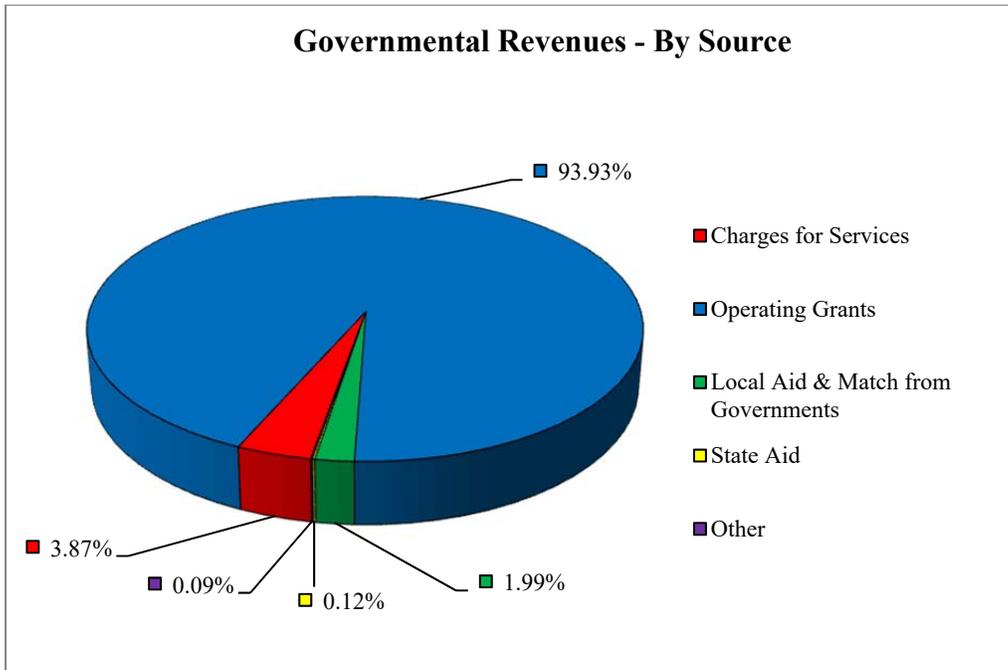
The following table presents a summary of the changes in net position for the year ended June 30, 2019.

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for Services	\$ 399,954	\$ 384,298	\$ -	\$ -	\$ 399,954	\$ 384,298
Operating Grants	9,714,186	9,017,749	-	-	9,714,186	9,017,749
General Revenues:						
Local Aid from Governments	205,459	232,056	-	-	205,459	232,056
State Aid	12,593	53,084	-	-	12,593	53,084
Other	8,988	1,635	-	186	8,988	1,821
Total Revenues	<u>\$ 10,341,180</u>	<u>\$ 9,688,822</u>	<u>\$ -</u>	<u>\$ 186</u>	<u>\$ 10,341,180</u>	<u>\$ 9,689,008</u>
Expenses:						
General Administration	\$ 955,419	\$ 970,491	\$ -	\$ -	\$ 955,419	\$ 970,491
Planning & Transportation	970,647	1,139,499	-	-	970,647	1,139,499
Area Aging Agency	3,505,767	3,360,875	-	-	3,505,767	3,360,875
Workforce Innovation	4,041,608	3,736,382	-	-	4,041,608	3,736,382
Community & Economic Development	1,023,277	645,483	-	-	1,023,277	645,483
Revolving Loan Program	-	-	88,092	37,743	88,092	37,743
Total Expenses	<u>\$ 10,496,718</u>	<u>\$ 9,852,730</u>	<u>\$ 88,092</u>	<u>\$ 37,743</u>	<u>\$ 10,584,810</u>	<u>\$ 9,890,473</u>
Excess/Deficiency Before Transfers & Special Items	\$ (155,538)	\$ (163,908)	\$ (88,092)	\$ (37,557)	\$ (243,630)	\$ (201,465)
Transfers	2,400	-	(2,400)	-	-	-
Special Item-RLF Divestiture to Catawba COG	-	-	-	(407,446)	-	(407,446)
Changes in Net Position	\$ (153,138)	\$ (163,908)	\$ (90,492)	\$ (445,003)	\$ (243,630)	\$ (608,911)
Net Position, Beginning	(7,034,537)	(3,224,875)	176,018	621,021	(6,858,519)	(2,603,854)
Prior Period Adjustment	6,880	(3,645,754)	-	-	6,880	(3,645,754)
Net Position, Ending	<u>\$ (7,180,795)</u>	<u>\$ (7,034,537)</u>	<u>\$ 85,526</u>	<u>\$ 176,018</u>	<u>\$ (7,095,269)</u>	<u>\$ (6,858,519)</u>



**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

As indicated in the prior chart, approximately 38.50% of all expenses are for the Workforce Innovation program and approximately 33.40% are for the Area Agency Aging program. Expenses for the other programs represent approximately 28.10% of all remaining expenses.



As indicated above, approximately 93.93% of all programmatic revenues are from operating grants, while 3.87% are from charges for services and 1.99% are from aid from sponsoring local governments. Revenues from programs increased by \$712,093 while all other general revenues decreased by \$59,735.

FINANCIAL ANALYSIS OF COUNCIL'S FUNDS

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

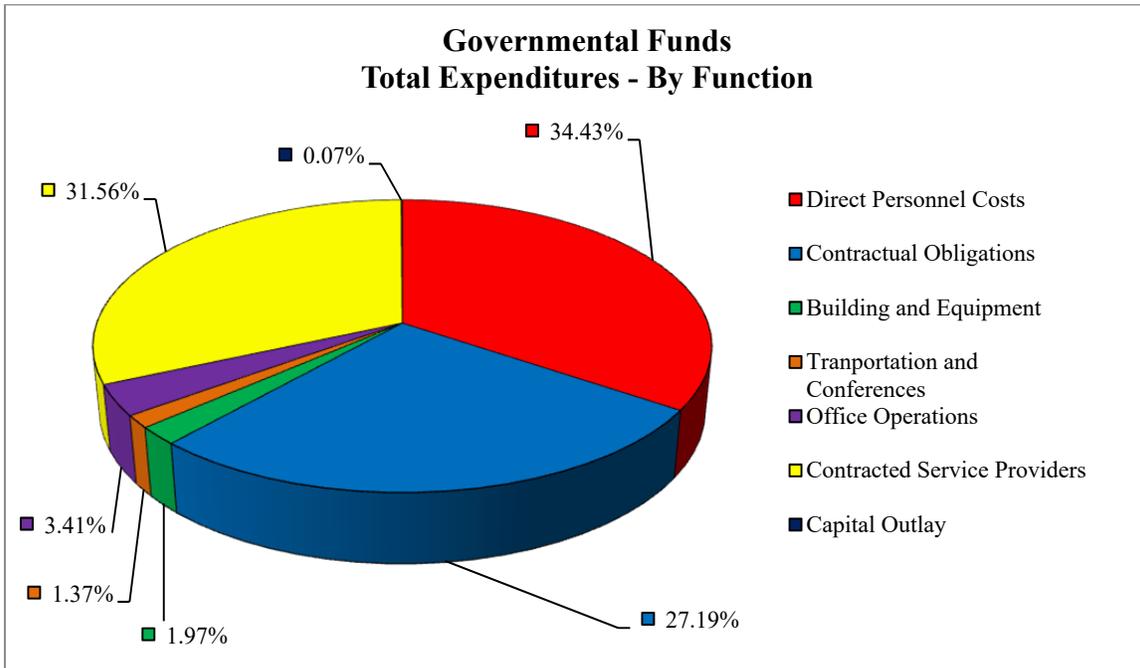
Governmental Funds: The focus of the Council's governmental funds is to provide information on near-term inflows, outflows and balances of usable resources. Such information is useful in assessing the Council's financing requirements. Specifically, the unassigned fund balance can be a useful measure 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 \$1,070,838, of which \$20,014 is non-spendable. The remaining fund balance of \$1,050,824 is unassigned.

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

The table below presents a comparison of the Council's governmental expenditures for the past two fiscal years:

	Total Governmental Funds	
	2019	2018
Direct Personnel Costs	\$ 3,489,840	\$ 3,179,276
Support Services		
Contractual Obligations	2,756,065	2,568,022
Building and Equipment	199,348	203,327
Transportation and Conferences	139,276	142,324
Office Operations	345,458	395,751
Contracted Service Providers	3,198,361	2,975,518
Capital Outlay	6,919	89,145
Total Expenditures	\$ 10,135,267	\$ 9,553,363



As indicated above, approximately 34.43% of all governmental fund expenditures are for direct personnel costs, 31.56% are for contracted service providers, and 27.19% are for contractual obligations.

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.

A schedule showing the original and final budget amounts compared to the Council's actual financial activity for the general fund, as well as each major fund, is provided in the required supplementary information.

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

2019 Revised Budget Summary

The revised FY2019 budget, as of June 30, 2019, included an estimated decrease in overall revenue of \$407,534. The decrease was due in large part to less than expected carryover funds from Workforce funding.

Future increases in major funding sources that require additional local match is an on-going concern. In order for the region to continue to reap the benefits associated with increased formula funding, it will necessitate increased contributions from our member counties and/or an increase in our State aide. Failure to acquire the match funds may result in a reduction or loss of funding for the region or have an adverse effect on the Council's fund balance.

The revenue across programs within the Council was fairly balanced and each major program area is self-sustaining. Past and continued investment in human resources, technological advancements and staff capacity building allowed personnel to maintain increased workloads. Technology investments (e.g. new Fund Accounting System, cloud computing system, VOIP telephone systems, and website enhancements) have increased productivity and improved system efficiency & reliability.

The revised budget included 48 full time equivalent staff positions. Over the past several fiscal years, the Council has cross-trained existing staff and utilized them to fill inter-departmental vacancies, as necessary and applicable, in order to reduce staffing levels and minimize personnel costs. It also included sufficient funds for some contract work, interns and/or a few additional part-time, temporary positions.

CAPITAL ASSETS

The Council's capital assets, net of accumulated depreciation, consisted of the following for the past two fiscal years:

	2019	2018
Equipment	\$ 22,644	\$ 27,471
Software	4,195	8,389
Vehicles	65,821	90,081
Leasehold Improvements	29,402	32,774
Total Capital Assets	\$ 122,062	\$ 158,715

Major capital asset transactions included the sale of two vehicles.

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**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

LONG-TERM OBLIGATIONS

The Council's long-term obligations are made up of the following for the past two fiscal years:

	2019	2018
Accrued Compensated Absences	\$ 242,366	\$ 222,715
Net Pension Liability	4,912,277	4,818,160
Net OPEB Liability	3,767,319	3,514,581
Total Liabilities	\$ 8,921,962	\$ 8,555,456

FY2020 BUDGET

Many factors were considered by the Council's administration during the process of developing the fiscal year 2019-2020 budget, which was adopted in June of 2019. After receiving final grant awards, the FY2020 budget was revised on September 9, 2019. The amended budget reflects an increase in revenues of approximately \$1,057,116 compared to the FY2019 final budget.

A significant portion of the overall increase is related to an increase in available Aging Funds for FY2020. The Department on Aging has made available two years of Pass-Thru Aging Funds, which increased available revenues in the Aging Program.

FUTURE ECONOMIC FACTORS

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 especially in an era of declining public resources. Due to projected increases in costs, the Council's provisional fringe rate increased slightly from 64.980% in FY2019 to 67.526% in FY2020. The increase is primarily attributable to a rise in employer insurance premiums and an increase in the mandated employer contribution to the S.C. Retirement System for retiree pensions.

The mandated employer contribution to the SCRS for retiree pensions increased to 15.41% in FY2020. The insurance surcharge increased to 6.25% for retiree insurance premiums. In total, the combined contribution rate for retirement increased from 20.46% to 21.66% of gross salaries in FY2020.

Employer funded state health/dental insurance premiums will remain stable in 2020. The load factor imposed on local sub-divisions will remain at 1.00% in 2020. Increasing health insurance costs, for both active employees and retirees, are an on-going concern. The Council anticipates 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. The Council also receives 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 worker's compensation rate restructuring and safety (given the nature of our work). The contribution rates for both SCMIT and SCMIRF will remain relatively unchanged for FY2020. Any increases in cost are due to elected changes in coverage or limit increases and additional staffing. The SCMIT board of trustees voted to return surplus premiums from FY2019.

Future increases in major funding sources that require additional local match are an on-going concern. Increased contributions from our member counties and/or an increase in our State aid will be required in order for the region to continue to reap the benefits associated with increased formula funding. Failure to acquire the match funds may result in a reduction or loss of funding for the region or have an adverse effect on the Council's fund balance.

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 information, please contact the Finance Director at Waccamaw Regional Council of Governments, 1230 Highmarket Street, Georgetown, SC 29440, or at (843)546-8502.

BASIC FINANCIAL STATEMENTS

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and Investments	\$ 561,316	\$ -	\$ 561,316
Accounts Receivable	26,476	-	26,476
Loans Receivable	-	97,600	97,600
Due From Other Governments	1,877,629	-	1,877,629
Internal Balances	12,074	(12,074)	-
Prepaid Expenses	22,125	-	22,125
Capital Assets (Net of Accumulated Depreciation):			
Leasehold Improvements	29,402	-	29,402
Vehicles, Machinery, and Equipment	92,660	-	92,660
TOTAL ASSETS	\$ 2,621,682	\$ 85,526	\$ 2,707,208
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources Related to Pension	\$ 742,838	\$ -	\$ 742,838
Deferred Outflows of Resources Related to OPEB	302,530	-	302,530
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 1,045,368	\$ -	\$ 1,045,368
LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ 1,029,464	\$ -	\$ 1,029,464
Accrued Personnel Costs	175,441	-	175,441
Unearned Grant Revenues	223,877	-	223,877
Noncurrent Liabilities:			
Due Within One Year	100,401	-	100,401
Due In More Than One Year	8,821,561	-	8,821,561
TOTAL LIABILITIES	\$ 10,350,744	\$ -	\$ 10,350,744
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources Related to Pension	\$ 188,902	\$ -	\$ 188,902
Deferred Inflows of Resources Related to OPEB	308,199	-	308,199
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 497,101	\$ -	\$ 497,101
NET POSITION			
Net Investment In Capital Assets	\$ 122,062	\$ -	\$ 122,062
Restricted For:			
Revolving Loan Program	-	85,526	85,526
Unrestricted	(7,302,857)	-	(7,302,857)
TOTAL NET POSITION	\$ (7,180,795)	\$ 85,526	\$ (7,095,269)

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

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
General Administration	\$ 955,419	\$ -	\$ 32,717	\$ -	\$ (922,702)	\$ -	\$ (922,702)
Planning & Transportation	970,647	151,737	865,621	-	46,711	-	46,711
Area Aging Agency	3,505,767	-	3,671,990	-	166,223	-	166,223
Workforce Innovation	4,041,608	70,859	4,226,369	-	255,620	-	255,620
Community & Economic Development	1,023,277	177,358	917,489	-	71,570	-	71,570
Total Governmental Activities	<u>\$ 10,496,718</u>	<u>\$ 399,954</u>	<u>\$ 9,714,186</u>	<u>\$ -</u>	<u>\$ (382,578)</u>	<u>\$ -</u>	<u>\$ (382,578)</u>
Business-Type Activities:							
Revolving Loan Program	\$ 88,092	\$ -	\$ -	\$ -	\$ -	\$ (88,092)	\$ (88,092)
Total Business-Type Activities	<u>\$ 88,092</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (88,092)</u>	<u>\$ (88,092)</u>
TOTALS	<u>\$ 10,584,810</u>	<u>\$ 399,954</u>	<u>\$ 9,714,186</u>	<u>\$ -</u>	<u>\$ (382,578)</u>	<u>\$ (88,092)</u>	<u>\$ (470,670)</u>
General Revenues							
Local Aid from Participating Governments					\$ 205,459	\$ -	\$ 205,459
State Aid					12,593	-	12,593
Unrestricted Investment Earnings					360	-	360
Gain on Sale of Capital Assets					8,628	-	8,628
Transfers					2,400	(2,400)	-
TOTAL GENERAL REVENUES AND TRANSFERS					<u>\$ 229,440</u>	<u>\$ (2,400)</u>	<u>\$ 227,040</u>
CHANGE IN NET POSITION					\$ (153,138)	\$ (90,492)	\$ (243,630)
NET POSITION BEGINNING OF YEAR (AS RESTATED NOTE 13)					<u>(7,027,657)</u>	<u>176,018</u>	<u>(6,851,639)</u>
NET POSITION END OF YEAR					<u>\$ (7,180,795)</u>	<u>\$ 85,526</u>	<u>\$ (7,095,269)</u>

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

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

	<u>GENERAL</u>	<u>PLANNING & TRANSPORTATION</u>
ASSETS		
Cash and Investments	\$ 540,279	\$ -
Accounts Receivable	18,688	-
Due From Other Governments	-	275,196
Due From Other Funds	900,135	-
Prepaid Expenses	20,014	-
	<u>1,479,116</u>	<u>275,196</u>
TOTAL ASSETS	\$ 1,479,116	\$ 275,196
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 151,967	\$ 81,509
Accrued Personnel Costs	66,865	16,670
Due To Other Funds	-	177,017
Unearned Grant Revenues	189,446	-
	<u>408,278</u>	<u>275,196</u>
Total Liabilities	\$ 408,278	\$ 275,196
Fund Balances		
Non-Spendable:		
Prepaid Expenses	\$ 20,014	\$ -
Unassigned	1,050,824	-
	<u>1,070,838</u>	<u>-</u>
Total Fund Balances	\$ 1,070,838	\$ -
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,479,116	\$ 275,196

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

COMMUNITY & ECONOMIC DEVELOPMENT	AREA AGING AGENCY	WORKFORCE INNOVATION	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 21,037	\$ -	\$ -	\$ -	\$ 561,316
-	-	-	7,788	26,476
133,771	608,934	859,728	-	1,877,629
-	-	-	-	900,135
-	552	1,559	-	22,125
<u>\$ 154,808</u>	<u>\$ 609,486</u>	<u>\$ 861,287</u>	<u>\$ 7,788</u>	<u>\$ 3,387,681</u>
\$ 37,703	\$ 407,670	\$ 350,586	\$ 29	\$ 1,029,464
7,477	16,680	67,749	-	175,441
109,628	150,705	442,952	7,759	888,061
-	34,431	-	-	223,877
<u>\$ 154,808</u>	<u>\$ 609,486</u>	<u>\$ 861,287</u>	<u>\$ 7,788</u>	<u>\$ 2,316,843</u>
\$ -	\$ 552	\$ 1,559	\$ -	\$ 22,125
-	(552)	(1,559)	-	1,048,713
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,070,838</u>
<u>\$ 154,808</u>	<u>\$ 609,486</u>	<u>\$ 861,287</u>	<u>\$ 7,788</u>	<u>\$ 3,387,681</u>

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
JUNE 30, 2019**

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

Ending fund balances - governmental funds balance sheet	\$	1,070,838
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Capital Assets		292,860
Accumulated Depreciation		(170,798)
Long-term liabilities, including compensated absences, net pension liability, and net OPEB liabilities, are not due and payable in the current period and, therefore, are not reported in the funds:		
Compensated Absences		(242,366)
Net Pension Liability		(4,912,277)
Deferred Inflows Related to Pensions		(188,902)
Deferred Outflows Related to Pensions		742,838
Net OPEB Liability		(3,767,319)
Deferred Inflows Related to OPEB		(308,199)
Deferred Outflows Related to OPEB		302,530
Net position of governmental activities	\$	<u><u>(7,180,795)</u></u>

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

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	GENERAL	PLANNING & TRANSPORTATION
REVENUES		
Federal Revenues	\$ -	\$ 856,066
State Revenues	12,593	1,000
Local Revenues	-	-
Participating Local Governments	205,459	-
Service and Special Contracts	-	151,737
Interest Income	-	-
Other Income	-	-
	<u>218,052</u>	<u>1,008,803</u>
TOTAL REVENUES	\$ 218,052	\$ 1,008,803
EXPENDITURES		
Direct Personnel Costs	\$ 501,816	\$ 642,538
Support Services:		
Contractual Obligations	103,105	207,685
Building and Equipment	123,997	-
Transportation and Conferences	39,923	31,368
Office Operations	109,797	11,634
Contracted Service Providers	-	-
Capital Outlay	-	-
	<u>878,638</u>	<u>893,225</u>
TOTAL EXPENDITURES	\$ 878,638	\$ 893,225
Excess (Deficiency) of Revenues Over Expenditures	\$ (660,586)	\$ 115,578
OTHER FINANCING SOURCES (USES)		
Indirect Cost Allocations	\$ 1,070,665	\$ (315,936)
Interfund Transfers In From Other Funds	2,400	200,358
Interfund Transfers Out To Other Funds	(251,717)	-
	<u>821,348</u>	<u>(115,578)</u>
TOTAL OTHER FINANCING SOURCES (USES)	\$ 821,348	\$ (115,578)
Net Change in Fund Balances	\$ 160,762	\$ -
FUND BALANCE BEGINNING OF YEAR	903,196	-
Adjustment to Beginning Fund Balance (Note 13)	6,880	-
	<u>6,880</u>	<u>-</u>
FUND BALANCE END OF YEAR	\$ 1,070,838	\$ -
	<u>1,070,838</u>	<u>-</u>

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

<u>COMMUNITY & ECONOMIC DEVELOPMENT</u>	<u>AREA AGING AGENCY</u>	<u>WORKFORCE INNOVATION</u>	<u>NONMAJOR GOVERNMENTAL FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
\$ 914,376	\$ 2,696,231	\$ 4,206,195	\$ -	\$ 8,672,868
-	951,924	-	-	965,517
-	12,900	-	-	12,900
-	-	-	-	205,459
177,356	-	70,859	-	399,952
-	-	-	360	360
<u>2</u>	<u>1,703</u>	<u>300</u>	<u>34,568</u>	<u>36,573</u>
\$ <u>1,091,734</u>	\$ <u>3,662,758</u>	\$ <u>4,277,354</u>	\$ <u>34,928</u>	\$ <u>10,293,629</u>
\$ 228,156	\$ 714,418	\$ 1,402,912	\$ -	\$ 3,489,840
20,245	250,816	2,147,694	26,520	2,756,065
-	21,860	53,491	-	199,348
2,964	28,301	34,010	2,710	139,276
4,065	20,848	192,247	6,867	345,458
721,516	2,388,037	88,808	-	3,198,361
<u>-</u>	<u>6,919</u>	<u>-</u>	<u>-</u>	<u>6,919</u>
\$ <u>976,946</u>	\$ <u>3,431,199</u>	\$ <u>3,919,162</u>	\$ <u>36,097</u>	\$ <u>10,135,267</u>
\$ <u>114,788</u>	\$ <u>231,559</u>	\$ <u>358,192</u>	\$ <u>(1,169)</u>	\$ <u>158,362</u>
\$ (112,183)	\$ (229,230)	\$ (413,316)	\$ -	\$ -
-	-	55,124	1,169	259,051
<u>(2,605)</u>	<u>(2,329)</u>	<u>-</u>	<u>-</u>	<u>(256,651)</u>
\$ <u>(114,788)</u>	\$ <u>(231,559)</u>	\$ <u>(358,192)</u>	\$ <u>1,169</u>	\$ <u>2,400</u>
\$ -	\$ -	\$ -	\$ -	\$ 160,762
-	-	-	-	903,196
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,880</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,070,838</u>

**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, 2019**

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

Net change in fund balances - total governmental funds	\$	160,762
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount is the difference between depreciation expense and capital outlays in the current period:

Capital Outlays		6,919
Depreciation Expense		(43,572)

Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated Absences		(19,651)
Pension Expense		(197,673)
OPEB Expense		(59,923)

Change in net position of governmental activities	\$	<u><u>(153,138)</u></u>
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The accompanying notes are an integral part of these financial statements.

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2019**

	REVOLVING LOAN FUND
	<u> </u>
ASSETS	
Current Assets	
Loans Receivable	\$ <u> 97,600</u>
Total Current Assets	\$ <u> 97,600</u>
TOTAL ASSETS	\$ <u> 97,600</u>
LIABILITIES	
Current Liabilities	
Due To Other Funds	\$ <u> 12,074</u>
Total Current Liabilities	\$ <u> 12,074</u>
TOTAL LIABILITIES	\$ <u> 12,074</u>
NET POSITION	
Restricted for Economic Development	\$ <u> 85,526</u>
TOTAL NET POSITION	\$ <u><u> 85,526</u></u>

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

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	REVOLVING LOAN FUND
OPERATING EXPENSES	
Bad Debts	\$ <u>88,092</u>
TOTAL OPERATING EXPENSES	\$ <u>88,092</u>
Income (Loss) Before Transfers	\$ (88,092)
TRANSFERS IN (OUT)	\$ <u>(2,400)</u>
Change in Net Position	\$ (90,492)
NET POSITION BEGINNING OF YEAR	<u>176,018</u>
NET POSITION END OF YEAR	\$ <u><u>85,526</u></u>

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

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	REVOLVING LOAN FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Payments to Vendors	\$ (2,361)
Net Cash Provided (Used) By Operating Activities	\$ (2,361)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (2,361)
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	2,361
CASH AND CASH EQUIVALENTS END OF YEAR	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (88,092)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:	
Bad Debt Expense	88,092
Changes in Assets and Liabilities	
Increase (Decrease) in Due to Other Funds	(2,361)
Net Cash Provided (Used) By Operating Activities	\$ (2,361)

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

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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.

Reporting Entity

The Council is a regional planning and intergovernmental coordination agency in the 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 of South Carolina are Horry County, Georgetown County, and Williamsburg County. Brunswick County, North Carolina also participates in the regional transportation planning portion of Council activities.

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 blended component units have been included in this report:

Waccamaw Revolving Loan Fund
Waccamaw Workforce Innovative Opportunities Act
Waccamaw HOME Consortium
Grand Strand Area Transportation Study (GSATS)

Basis of Presentation

Government-wide Statements: The statement of net position and the statements 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. Indirect expense allocations that have been made in the funds have been eliminated in the statement of activities. 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 operational 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
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 and 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.

Planning and Transportation Fund – Special Revenue Fund: This fund accounts for all resources received from federal, state, and local sources to provide local planning assistance, transportation assistance, and air and water quality planning and initiatives to boards, commissions, councils, and governments of the Council’s region. Financing is provided by the Environmental Protection Agency and the U.S. Department of Transportation.

Community & Economic Development Fund – Special Revenue Fund: This fund accounts for all resources received from federal and local sources to assist local governments and businesses develop Economic Development Administration proposals, obtain funds geared towards attracting new businesses and industry, and helping existing businesses grow and prosper and to administer the HOME Investment Partnerships Program by offering low interest loans and grants to non-profit and for-profit developers for the creation of affordable housing. Financing is provided by the Economic Development Administration and the U.S. Department of Housing and Urban Development.

Area Agency on Aging Fund – Special Revenue Fund: This fund accounts for all resources for federal and state awards with 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 Department on Aging and operating transfers from the Council’s general fund.

Workforce Innovation Fund – Special Revenue 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 S.C. 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.

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 and 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, grants, entitlements, and donations is recognized in the fiscal year in which it is due and all eligibility requirements have been satisfied.

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 basis 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 collectible 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. 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.

Budgetary Information and Budgetary Accounting

A budget is adopted for the General Fund and grant sub-funds on a basis consistent with general 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.

Indirect Cost Allocation

Cost allocations made by 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.

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 allowance for uncollectible. During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payable are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund liabilities are classified as "interfund receivables/payables". Interfund receivables and payables are eliminated in the government-wide financial statements. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Capital Asset and Depreciation

The Council accounts for capital asset purchases by recording acquisitions at cost or estimated historical cost. Donated assets are recorded at their acquisition 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. 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.

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. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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.

Pensions

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

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF) and additions to/deductions from the plans' fiduciary net positions have been determined on the same basis as they are reported by the plans. For this purpose, the SCRHITF and the SCLTDITF plans recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position and Fund Balance Classifications

Net Position in the government-wide statements and the proprietary fund statements are classified as follows:

Net Investment in Capital Assets: This represents the Council's total investment in capital assets, net of accumulated outstanding debt obligations related to those capital assets.

Restricted Net Position: This represents resources in which the Council is legally or contractually obligated to spend in accordance with restrictions externally imposed by third parties.

Unrestricted Net Position: Any remaining balance of net position is reported as unrestricted, including management designations.

Fund Balances are classified in the governmental fund financial statements as follows and describe the relative strength of spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balances: Includes amounts that are not in spendable form or are legally required to remain intact.

Restricted Fund Balances: Includes amounts that have external restrictions by grantors, debt covenants, laws, or other governments.

Committed Fund Balances: Includes amounts that are committed to a specific purpose by formal vote of the Board of Directors.

Assigned Fund Balances: Includes amounts that are constrained by limitations resulting from intended uses as established by the Board of Directors or management.

Unassigned Fund Balances: Includes 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.

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 a reduction 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.

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

Fair Value

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Council can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The value methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The Council believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

NOTE 2 – DEPOSITS AND INVESTMENTS

At year end, the Council's carrying amount of deposits and investments were \$561,316 and the corresponding bank balances were \$889,993.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of bank failure, the Council's deposits might not be recovered. The Council does not have a policy for custodial credit risk, but it is the practice of Council that deposits at financial institutions shall not exceed the limits of the Federal Deposit Insurance Corporation (FDIC) unless collateralized.

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

As of June 30, 2019, the Council's bank balances were insured and collateralized as follows:

Amount insured by FDIC	\$	271,137
Amount insured and collateralized by pledging bank's third party agent held in the name of the Council		618,856
Total	\$	889,993

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Being Depreciated:				
Equipment	\$ 146,384	\$ 6,919	\$ (54,669)	\$ 98,634
Software	20,971	-	-	20,971
Vehicles	179,749	-	(40,224)	139,525
Leasehold Improvements	33,730	-	-	33,730
Total Capital Assets Being Depreciated	\$ 380,834	\$ 6,919	\$ (94,893)	\$ 292,860
Less Accumulated Depreciation for:				
Equipment	\$ (118,913)	\$ (11,746)	\$ 54,669	\$ (75,990)
Software	(12,582)	(4,194)	-	(16,776)
Vehicles	(89,668)	(24,260)	40,224	(73,704)
Leasehold Improvements	(956)	(3,372)	-	(4,328)
Total Accumulated Depreciation	\$ (222,119)	\$ (43,572)	\$ 94,893	\$ (170,798)
Total Capital Assets, Being Depreciated, Net	\$ 158,715	\$ (36,653)	\$ -	\$ 122,062
Governmental Activities Capital Assets, Net	\$ 158,715	\$ (36,653)	\$ -	\$ 122,062

Depreciation expense of \$43,572 was charged to the general administration function in the amount of \$21,337, to the Workforce Innovation program function in the amount of \$21,197 and to the Area Agency on Aging program function in the amount of \$1,038.

NOTE 4 – INTERFUND BALANCES AND ACTIVITY

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. At June 30, 2019, interfund receivables and payables resulting from various interfund transactions were as follows:

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 – INTERFUND BALANCES AND ACTIVITY (continued)

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 900,135	\$ -
Planning and Transportation Fund	-	177,017
Community and Economic Development	-	109,628
Area Agency on Aging Fund	-	150,705
Workforce Innovation Fund	-	442,952
Other Nonmajor Governmental Fund	-	7,759
Revolving Loan Fund	-	12,074
	<u> </u>	<u> </u>
Total	<u>\$ 900,135</u>	<u>\$ 900,135</u>

Transfers are used to move certain revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations. A schedule of operating transfers is as follows:

	<u>Transfers From Other Funds</u>	<u>Transfers To Other Funds</u>
General Fund	\$ 2,400	\$ 251,717
Planning and Transportation Fund	200,358	-
Community and Economic Development	-	2,605
Area Agency on Aging Fund	-	2,329
Workforce Innovation Fund	55,124	-
Other Nonmajor Governmental Fund	1,169	-
Revolving Loan Fund	-	2,400
	<u> </u>	<u> </u>
Total	<u>\$ 259,051</u>	<u>\$ 259,051</u>

NOTE 5 – LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for June 30, 2019.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Net Pension Liability	\$ 4,818,160	\$ 1,218,986	\$ (1,124,869)	\$ 4,912,277	\$ -
Net OPEB Liability	3,514,581	719,630	(466,892)	3,767,319	-
Compensated Absences	222,715	106,878	(87,227)	242,366	100,401
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 8,555,456</u>	<u>\$ 2,045,494</u>	<u>\$ (1,678,988)</u>	<u>\$ 8,921,962</u>	<u>\$ 100,401</u>

For governmental activities, compensated absences are generally liquidated by the general and special revenue funds.

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6 – OPERATING LEASES

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, the agreement was amended to state that the lease shall be extended 20 years from the date of the amendment. The rate is \$3,275 per month, and will increase by 2% of the previous year rental rate for each successive year of the term.

During the fiscal year that ended June 30, 2017, the Council entered into a lease agreement for office space for the Georgetown SC Works Center. The lease agreement states that the lease term is for three years and at a rate of \$3,000 per month. The Council also leases additional space for staff at various rates. These are short-term leases with an expiration date of one year.

During the fiscal year that ended June 30, 2018, the Council began leasing office equipment under non-cancelable operating leases. Total costs of this lease during the current year were \$6,350.

Future minimum lease payments for these non-cancelable operating leases are as follows:

Year Ending June 30	Amount
2020	\$ 83,030
2021	50,904
2022	51,795
2023	2,646
Total	\$ 188,375

The Council entered into agreements to lease three vehicles during the year ended June 30, 2018. These leases can be terminated at any time and are deemed to be short-term leases. As of June 30, 2019, the lease payment for all three vehicles includes a base rate of \$972 per month plus a per mile charge of \$.13 per mile.

NOTE 7 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS

Plan Descriptions

The Other Post-Employment Benefits Trust Funds (OPEB Trusts), which collectively refers to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF), were established by the State of South Carolina as Act 195, which became effective on May 2008. The SCRHITF was created to fund and account for the employer costs of the State’s retiree health and dental plans. The SCLTDITF was created to fund and account for the employer costs of the State’s Basic Long-Term Disability Income Benefit Plan.

In accordance with Act 195, the OPEB Trusts are administered through South Carolina Public Employment Benefit Authority (PEBA), Insurance Benefits and the State Treasurer is the custodian of the funds held in trust. The Board of Directors of PEBA has been designated as the Trustee.

The OPEB Trusts are cost-sharing multiple-employer defined benefit plans. Article 5 of the State Code of Laws defines the two plans and authorized the Trustee to at any time adjust the plans, including its benefits and contributions, as necessary to insure the fiscal stability of the plans. In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents.

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

Benefits

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

The SCLTDITF is a long-term disability plan that covers employees of the State of South Carolina, including all agencies and public school districts and all participating local government entities. The SCLTDITF provides disability payments to eligible employees that have been approved for disability.

Contributions and Funding Policies

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

The SCRHITF is funded through participating employers that are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll. The covered payroll surcharge for the year ended June 30, 2019 was 6.05%. The South Carolina Retirement System collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Non-employer contributions include the mandatory transfer of accumulated PEBA – Insurance Benefits' reserves and the annual appropriation budgeted by the General Assembly. It is also funded through investment income.

The SCLTDITF is funded through employer contributions for active employees that elect health insurance coverage. For this group of active employees, PEBA – Insurance Benefits bills and collects premiums charged to State agencies, public school districts and other participating local governments. The monthly premium per active employee was \$3.22 for the fiscal year ended June 30, 2019. The SCLTDITF premium is billed monthly by PEBA, Insurance Benefits and transferred monthly to the SCLTDITF. It is also funded through investment income.

In accordance with part (b) of paragraph 69 of GASB Statement No. 75, participating employers recognize revenue in an amount equal to the employer's proportionate share of the change in the collective net OPEB liability arising from contributions to the OPEB plan during the measurement period from non-employer contributing entities for purposes other than the separate financing of specific liabilities to the OPEB plan. Therefore, employers classify this revenue in the same manner as it classifies grants from other entities.

The Council's proportionate share of appropriated funds was \$24,889 and is reported as revenues from a contribution made by a non-employer contributing entity.

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trusts, and additions to and deductions from the OPEB Trusts fiduciary net position have been determined on the same basis as they were reported by the OPEB Trusts. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

Contributions to the OPEB plans from the Council were as follows for the year ended June 30, 2019:

SCRHITF	\$	148,557
SCLTDITF	\$	1,549

The Council also recorded fringe benefit expenses for insurance benefits for active employees in the amount of \$258,044 for the year ended June 30, 2019.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the Council reported a liability of \$3,767,319 for its proportionate share of the net OPEB liability, of which \$3,766,683 was for SCRHITF and \$636 was for SCLTDITF. The net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017 that was projected forward to the measurement date. The Council's proportion of the net OPEB liability was based on a projection of the Council's long-term share of contributions to the OPEB plan relative to the projected contributions of all participants, actuarially determined. The Council's proportionate share at June 30, 2019 was .026581% for SCRHITF, which was a .000636% increase from its proportionate share from June 30, 2018. The proportionate share at June 30, 2019 was .020784% for SCLTDITF, which was a .000210% increase from its proportionate share from June 30, 2018.

For the year ended June 30, 2019, the Council recognized OPEB expense of \$234,918, of which \$233,251 was for SCRHITF and \$1,667 was for SCLTDITF.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Net differences between projected and actual investment experience	\$ 14,443	\$ -
Differences between expected and actual experience	56,427	1,312
Assumption changes	-	306,722
Changes in proportionate share and differences between employer contributions and proportionate share of total plan contributions	81,184	41
Council contributions subsequent to the measurement date	<u>148,557</u>	<u>-</u>
Total	<u>\$ 300,611</u>	<u>\$ 308,075</u>

Council contributions to the SCRHITF subsequent to the measurement date of \$148,557 reported as deferred outflows will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

<u>Year Ending June 30:</u>	
2020	\$ (31,890)
2021	(31,890)
2022	(31,890)
2023	(33,437)
2024	(35,888)
Thereafter	<u>8,974</u>
	<u>\$ (156,021)</u>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual investment experience	\$ 370	\$ 39
Assumption changes	-	41
Outstanding outflow balance between employer contributions and proportionate share of plan contributions	-	44
Council contributions subsequent to the measurement date	<u>1,549</u>	<u>-</u>
Total	<u>\$ 1,919</u>	<u>\$ 124</u>

Council contributions to the SCLTDITF subsequent of the measurement date of \$1,549 reported as deferred outflows will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ending June 30:</u>	
2020	\$ 90
2021	90
2022	90
2023	44
2024	(14)
Thereafter	<u>(54)</u>
	<u>\$ 246</u>

Actuarial Assumptions and Methods

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

Additional information as of the latest actuarial valuation for SCRHITF:

Valuation date	June 30, 2017
Actuarial cost method	Entry age normal
Inflation	2.25%
Investment rate of return	4.00%, net of OPEB Plan investment expense; including inflation
Single discount rate	3.62% as of June 30, 2018
Demographic assumptions	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Mortality	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the base tables based on gender and employment type.
Health care trend rate	Initial trend starting at 6.75% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 14 years
Aging Factors	Based on plan specific experience
Retiree Participation	79% participation for retirees who are eligible for funded premiums 59% participation for retirees who are eligible for partial funded premiums 20% participation for retirees who are eligible for non-funded premiums
Notes	There were no benefit changes during the current year; the discount rate changed from 3.59% as of June 30, 2017 to 3.62% as of June 30, 2018

Additional information as of the latest actuarial valuation for SCLTDITF:

Valuation date	June 30, 2017
Actuarial cost method	Entry age normal
Inflation	2.25%
Investment rate of return	4.00%, net of OPEB Plan investment expense; including inflation
Single discount rate	3.91% as of June 30, 2018
Salary, termination, and retirement rates	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Disability incidence	The rates used in the valuation are based on the rates developed for the South Carolina Retirement Systems pension plans
Disability recovery	For participants in payment, 1987 CGDT Group Disability; for active employees, 60% were assumed to recover after the first year and 92% were assumed to recover after the first two years
Offsets	40% were assumed to be eligible for Social Security benefits; assumed percentage who will be eligible for a pension plan offset varies based on employee group
Expenses	Third party administrative expenses were included in the benefit projections
Notes	The discount rate changed from 3.87% as of June 30, 2017 to 3.91% as of June 30, 2018

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

Roll Forward Disclosure

The actuarial valuation was performed as of June 30, 2017. Update procedures were used to roll forward the total OPEB liability to June 30, 2018.

Net OPEB Liability

The Net OPEB Liability (NOL) is calculated separately for each OPEB Trust Fund and represents that particular Trust's Total OPEB Liability (TOL) determined in accordance with GASB Statement No. 74 less that Trust's fiduciary net position. The allocation of each employer's proportionate share of the collective Net OPEB Liability and collective OPEB expense was determined using the employer's payroll-related contributions over the measurement period. This method is expected to be reflective of the employer's long-term contribution effort as well as be transparent to individual employers and their external auditors.

The following table represents the components of the net OPEB liability as of June 30, 2018:

OPEB Trust	Total OPEB Liability	Plan Fiduciary Net Position	Employers' Net OPEB Liability(Asset)	Net Position as a Percentage of the Total OPEB Liability
SCRHITF	\$ 15,387,115,010	\$ 1,216,530,062	\$ 14,170,584,948	7.91%
SCLTDITF	\$ 39,261,091	\$ 36,199,863	\$ 3,061,228	92.20%

The TOL is calculated by the Trusts' actuary, and each Trust's fiduciary net position is reported in the Trust's financial statements. The NOL is disclosed in accordance with the requirements of GASB Statement No. 74 in the Trusts' notes to the financial statements and required supplementary information. Liability calculations performed by the Trusts' actuary for the purpose of satisfying the requirements of GASB Statements No. 74 and 75 and are not applicable for other purposes, such as determining the Trusts' funding requirements.

Long-Term Expected Rate of Return

The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation. This information is summarized in the following table:

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Allocation- Weighted Long- Term Expected Real Rate of Return
U.S. Domestic Fixed Income	80.0%	2.09%	1.67%
Cash Equivalents	20.0%	0.84%	0.17%
Total	<u>100.0%</u>		<u>1.84%</u>
Expected Inflation			<u>2.25%</u>
Total Return			<u><u>4.09%</u></u>
Investment Return Assumption			<u><u>4.00%</u></u>

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

Single Discount Rate

The Single Discount Rate of 3.62% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

A Single Discount Rate of 3.91% was used to measure the total OPEB liability for SCLTDITF. This Single Discount Rate was based on an expected rate of return on plan investments of 4.00% and a municipal bond rate of 3.62%. The projection of cash flows to determine this Single Discount Rate assumed that employer contributions will remain \$38.64 per year for each covered active employee. Based on these assumptions, the plan's Fiduciary Net Position and future contributions were sufficient to finance the benefit payments through the year 2037. As a result, the long-term expected rate of return on plan investments was applied to project benefit payments through the year 2037, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity Analysis

The following table presents the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 3.62%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1.00% Decrease (2.62%)	Current Discount Rate (3.62%)	1.00% Increase (4.62%)
Council's proportionate share of the SCRHITF net OPEB liability	\$ 4,437,515	\$ 3,766,683	\$ 3,225,940

Regarding the sensitivity of the SCRHITF's net OPEB liability to changes in the healthcare cost trend rates, the following table presents the plan's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if were calculated using a trend rate that is one percent lower or one percent higher:

	1.00% Decrease	Current Healthcare Cost Trend Rate	1.00% Increase
Council's proportionate share of the SCRHITF net OPEB liability	\$ 3,099,372	\$ 3,766,683	\$ 4,629,393

The following table presents the SCLTDITF's net OPEB liability calculated using a Single Discount Rate of 3.91%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1.00% Decrease (2.91%)	Current Discount Rate (3.91%)	1.00% Increase (4.91%)
Council's proportionate share of the SCLTDITF net OPEB liability	\$ 951	\$ 636	\$ 329

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

OPEB Plan Fiduciary Net Position

PEBA, Insurance Benefits issues audited financial statements and required supplementary information for the OPEB Trusts. The information is publically available through the Insurance Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, OPEB Trust fund financial information is also included in the comprehensive annual financial report of the state.

Payables to the OPEB Plans

At June 30, 2019, the Council had \$11,730 in outstanding payables for the SCRHITF plan for legally required contributions, which is reported in the statement of net position and the balance sheet with withholdings and benefits payable.

The Council remitted all legally required contributions for the SCLTDITF plan to PEBA. Therefore, the Council has reported no outstanding payables to the plan.

NOTE 8 – PENSION AND RETIREMENT PLAN

South Carolina Retirement System

Plan Description

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

Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary.

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

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 – PENSION AND RETIREMENT PLAN (continued)

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

Contributions

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

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

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

- Required employee contribution rates¹ for fiscal year 2018-2019 are as follows:

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

- Required employer contribution rates¹ for fiscal year 2018-2019 are as follows:

Employer Class Two	14.41% of earnable compensation
Employer Class Three	14.41% of earnable compensation

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

Employer contribution rates increased by more than one percentage point for the 2017-2018 fiscal year; therefore, in accordance with the South Carolina 2017-2018 Appropriation Act, Section 117.151 State funds were appropriated to PEBA for the Retirement Trust Funds. PEBA issued credit invoices to each employer during the year ended June 30, 2018 for one percent of employer contributions based on its share of the appropriated funds. The Council's share of appropriated funds were \$22,662 and have been reported as revenues from a contribution made by a non-employer contributing entity and a reduction of net pension liability as of the June 30, 2018 measurement period.

Contributions to the pension plan from the Council for the year ended June 30, 2019 were \$353,837.

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 – PENSION AND RETIREMENT PLAN (continued)

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

At June 30, 2019, the Council reported a liability of \$4,912,277 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 that was projected forward to the measurement date. 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 participants, actuarially determined. The Council's proportionate share at June 30, 2019 was .021923%, which was a .000520% increase from its proportionate share at June 30, 2018.

For the year ended June 30, 2019, the Council recognized pension expense of \$574,172. At June 30, 2019, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 8,867	\$ 28,907
Assumption Changes	194,892	-
Net difference between projected and actual earnings on pension plan investments	78,032	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	107,210	159,995
Council contributions subsequent to the measurement date	<u>353,837</u>	<u>-</u>
Total	<u>\$ 742,838</u>	<u>\$ 188,902</u>

Council contributions subsequent to the measurement date of \$353,837 reported as deferred outflows will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	<u>Amount</u>
2020	\$ 151,911
2021	87,201
2022	(32,966)
2023	(6,047)
Thereafter	<u>-</u>
Total	<u>\$ 200,099</u>

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 – PENSION AND RETIREMENT PLAN (continued)

Actuarial Assumptions and Methods

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

The June 30, 2018, total pension liability (TPL), net pension liability (NPL), and sensitivity information were determined by the System’s actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2017. The total pension liability was rolled-forward from the valuation date to the plans’ fiscal year end, June 30, 2018, using generally accepted actuarial principles.

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

Actuarial cost method	Entry age normal
Actuarial assumptions:	
Investment rate of return ¹	7.25%
Projected salary increases	3.0% to 12.5% (varies by service) ¹
Benefit adjustments	lesser of 1% or \$500 annually
¹ <i>Includes inflation at 2.25%</i>	

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

Assumptions used in the determination of the June 30, 2018, TPL are as follows.

Former Job Class	Males	Females
General Employees	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system’s TPL determined in accordance with GASB Statement No. 67 less that System’s fiduciary net position. NPL totals, as of June 30, 2018, for SCRS are presented below.

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability(Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 48,821,730,067	\$ 26,414,916,370	\$ 22,406,813,697	54.1%

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 – PENSION AND RETIREMENT PLAN (continued)

The TPL is calculated by the Systems’ actuary, and each plan’s fiduciary net position is reported in the Systems’ financial statements. The NPL is disclosed in accordance with the requirements of GASB Statement No. 67 in the Systems’ notes to the financial statements and required supplementary information. Liability calculations performed by the Systems’ actuary for the purpose of satisfying the requirements of GASB Statements No. 67 and 68 are not applicable for other purposes, such as determining the plans’ funding requirements.

Long-term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighing the expected future real rates of return by the target allocation percentage and by adding the expected inflation and is summarized in the table below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity	47.0%		
Global Public Equity	33.0%	6.99%	2.31%
Private Equity	9.0%	8.73%	0.79%
Equity Options Strategies	5.0%	5.52%	0.28%
Real Assets	10.0%		
Real Estate (Private)	6.0%	3.54%	0.21%
Real Estate (REITs)	2.0%	5.46%	0.11%
Infrastructure	2.0%	5.09%	0.10%
Opportunistic	13.0%		
GTAA/Risk Parity	8.0%	3.75%	0.30%
Hedge Funds (non-PA)	2.0%	3.45%	0.07%
Other Opportunistic Strategies	3.0%	3.75%	0.11%
Diversified Credit	18.0%		
Mixed Credit	6.0%	3.05%	0.18%
Emerging Markets Debt	5.0%	3.94%	0.20%
Private Debt	7.0%	3.89%	0.27%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	0.94%	0.09%
Cash and Short Duration (Net)	2.0%	0.34%	0.01%
Total Expected Real Return	<u>100.0%</u>		<u>5.03%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
Total Expected Nominal Return			<u><u>7.28%</u></u>

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 – PENSION AND RETIREMENT PLAN (continued)

Discount Rate

The discount rate used to measure the TPL was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

The following table presents the collective NPL of the Council calculated using the discount rate of 7.25 percent, as well as what the Councils’ NPL would be if it were calculated using a discount rate of 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

	1.00% Decrease (6.25%)		Current Discount Rate (7.25%)		1.00% Increase (8.25%)
Council's proportionate share of the net pension liability	\$ 6,276,938	\$	4,912,247	\$	3,936,622

Pension Plan Fiduciary Net Position

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for SCRS. The CAFR of the Pension Trust Funds is publically available through the Retirement Benefits’ link on PEBA’s website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

Payables to the Pension Plan

At June 30, 2019, the Council had \$45,390 in outstanding payables to the plan for legally required contributions, which is reported in the statement of net position and the balance sheet with withholdings and benefits payable.

NOTE 9 – 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 and settlements have not exceeded coverage for each of the past three years.

Workers compensation is insured under a retrospective rated policy where premiums paid are estimated throughout the year and adjusted subsequently to the policy period based on actual experience.

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
JUNE 30, 2019**

NOTE 10 – REVOLVING LOAN FUND

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

In June of 2018, the Council entered into an agreement with EDA to merge and consolidate its RLF award with the Catawba Regional Council of Governments. As part of this agreement, Catawba became the successor recipient of the merged RLF award and assumed all terms and conditions. The Council will remain liable for matters that existed before the effective date of the merger and will retain administration of RLF loans made prior to that date.

The remaining outstanding balance of loans granted through the Revolving Loan Program, for which the Council remains liable, was \$97,600 at June 30, 2019. The borrower was in default on this loan and the Council obtained a judgment against the debtor in the amount of \$100,000. Notwithstanding the judgment amount, the Council entered into an agreement with the debtor to accept in full and final satisfaction of the judgment, the amount of \$38,000 to be paid under the following terms:

Year Ending June 30	Amount
2019	\$ 2,400
2020	2,600
2021	6,000
2022	6,000
2023	7,000
2024	7,000
2025	7,000
Total	\$ 38,000

If the debtor fails to make any of the payments above, the Council may deem its obligation to accept further payments toward the satisfaction amount as null and void. If the debtor makes the first two payments above, they may pay the remaining satisfaction amount on or before December 31, 2022 in full and final satisfaction of the judgment.

NOTE 11 – 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 12 – GRANTS

Some expenditures in the WIOA programs and AAA programs are contracted with other agencies to perform specific services set forth in their respective grant agreements. The Council is periodically audited by the state and federal government for compliance with those grant agreements. If such an audit or compliance review discloses expenditures not in accordance with the 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 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
JUNE 30, 2019**

NOTE 13 – NET POSITION RESTATEMENT

During the year ended June 30, 2019, the following items were corrected by restating governmental net position and governmental fund balances. The effect of these errors understated the change in net position of governmental activities and the net change in fund balances of governmental funds for the year ended June 30, 2018 by \$6,880.

	<u>Governmental Net Position</u>	<u>Governmental Fund Balances</u>
As Originally Reported July 1, 2018	\$ (7,034,537)	\$ 903,196
Accounts Payable	26,232	26,232
Prepaid Health Insurance	<u>(19,352)</u>	<u>(19,352)</u>
As Restated July 1, 2018	<u>\$ (7,027,657)</u>	<u>\$ 910,076</u>

NOTE 14 – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

GASB has issued Statement No. 87 *Leases*, to provide guidance for lease contracts for nonfinancial assets – including vehicles, heavy equipment, and buildings – but excludes nonexchange transactions, including donated assets, and leases of intangible assets (such as patents and software licenses). This guidance is intended to align the accounting and financial reporting of lease transactions more closely with their economic substance. The guidance is based on the underlying principle that leases are financings of the right to use an underlying asset for a period of time. It will eliminate the current distinction between operating and capital leases by treating all leases as financings. This standard is applicable for periods beginning after December 15, 2019. The Council has not yet determined the impact of this statement on the financial statements.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 13, 2019, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL (BUDGETARY BASIS)</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
State Revenues	\$ 49,693	\$ 49,693	\$ 12,593	\$ (37,100)
Participating Local Governments	<u>292,455</u>	<u>291,171</u>	<u>205,459</u>	<u>(85,712)</u>
TOTAL REVENUES	<u>\$ 342,148</u>	<u>\$ 340,864</u>	<u>\$ 218,052</u>	<u>\$ (122,812)</u>
EXPENDITURES				
DIRECT PERSONNEL COSTS				
Salaries and Wages	\$ 315,660	\$ 320,155	\$ 271,258	\$ 48,897
Fringe Benefits and Release Time	<u>205,122</u>	<u>208,262</u>	<u>230,558</u>	<u>(22,296)</u>
Total Direct Personnel Costs	<u>\$ 520,782</u>	<u>\$ 528,417</u>	<u>\$ 501,816</u>	<u>\$ 26,601</u>
CONTRACTUAL OBLIGATIONS				
Accounting, Legal, and Consulting	\$ 42,500	\$ 43,500	\$ 56,731	\$ (13,231)
Other Professional Services	<u>38,173</u>	<u>39,000</u>	<u>19,265</u>	<u>19,735</u>
Agency Insurance	<u>28,000</u>	<u>28,000</u>	<u>27,109</u>	<u>891</u>
Total Contractual Obligations	<u>\$ 108,673</u>	<u>\$ 110,500</u>	<u>\$ 103,105</u>	<u>\$ 7,395</u>
BUILDING AND EQUIPMENT				
Office Rental and Lease	\$ 101,000	\$ 101,000	\$ 78,900	\$ 22,100
Utilities	<u>27,000</u>	<u>27,000</u>	<u>13,590</u>	<u>13,410</u>
Office Cleaning	<u>11,500</u>	<u>11,500</u>	<u>9,914</u>	<u>1,586</u>
Lawn and Landscape Maintenance	<u>10,500</u>	<u>10,500</u>	<u>4,750</u>	<u>5,750</u>
Equipment Rental and Lease	<u>15,000</u>	<u>15,000</u>	<u>16,295</u>	<u>(1,295)</u>
Maintenance and Repairs	<u>6,000</u>	<u>6,000</u>	<u>548</u>	<u>5,452</u>
Total Building and Equipment	<u>\$ 171,000</u>	<u>\$ 171,000</u>	<u>\$ 123,997</u>	<u>\$ 47,003</u>
TRANSPORTATION AND CONFERENCES				
Staff Travel	\$ 5,248	\$ 5,248	\$ 4,955	\$ 293
Staff Conferences	<u>6,500</u>	<u>6,388</u>	<u>1,884</u>	<u>4,504</u>
Board Travel, Conferences, Meetings	<u>41,000</u>	<u>41,000</u>	<u>24,859</u>	<u>16,141</u>
SCARC Expense	<u>7,800</u>	<u>7,800</u>	<u>8,225</u>	<u>(425)</u>
Automobile	<u>8,000</u>	<u>7,000</u>	<u>-</u>	<u>7,000</u>
Total Transportation and Conferences	<u>\$ 68,548</u>	<u>\$ 67,436</u>	<u>\$ 39,923</u>	<u>\$ 27,513</u>
OFFICE OPERATIONS				
Security Services	\$ 1,000	\$ 1,000	\$ -	\$ 1,000
IT Services	<u>45,050</u>	<u>45,050</u>	<u>22,756</u>	<u>22,294</u>
Office Supplies	<u>30,000</u>	<u>30,000</u>	<u>17,236</u>	<u>12,764</u>
Telephone and Communications	<u>39,500</u>	<u>39,500</u>	<u>37,324</u>	<u>2,176</u>
Postage and Shipping	<u>11,500</u>	<u>11,500</u>	<u>6,181</u>	<u>5,319</u>
Printing	<u>40,000</u>	<u>40,000</u>	<u>19,922</u>	<u>20,078</u>
Staff Training	<u>6,000</u>	<u>5,632</u>	<u>50</u>	<u>5,582</u>
Memberships and Subscriptions	<u>8,800</u>	<u>6,300</u>	<u>6,328</u>	<u>(28)</u>
Total Office Operations	<u>\$ 181,850</u>	<u>\$ 178,982</u>	<u>\$ 109,797</u>	<u>\$ 69,185</u>
TOTAL EXPENDITURES	<u>\$ 1,050,853</u>	<u>\$ 1,056,335</u>	<u>\$ 878,638</u>	<u>\$ 177,697</u>

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>(BUDGETARY</u> <u>BASIS)</u>	<u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (708,705)	\$ (715,471)	\$ (660,586)	\$ 54,885
OTHER FINANCING SOURCES (USES)				
Indirect Cost Allocations	\$ 1,050,853	\$ 1,056,335	\$ 1,070,665	\$ 14,330
Interfund Transfers In	-	-	2,400	2,400
Interfund Transfers Out	(342,148)	(340,864)	(251,717)	89,147
TOTAL OTHER FINANCING SOURCES (USES)	\$ 708,705	\$ 715,471	\$ 821,348	\$ 105,877
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ 160,762	\$ 160,762
FUND BALANCE BEGINNING OF YEAR	903,196	903,196	903,196	-
Adjustment to Beginning Fund Balance	-	-	6,880	6,880
FUND BALANCE END OF YEAR	<u>\$ 903,196</u>	<u>\$ 903,196</u>	<u>\$ 1,070,838</u>	<u>\$ 167,642</u>

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
PLANNING & TRANSPORTATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL (BUDGETARY BASIS)</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Federal Revenues	\$ 1,428,079	\$ 1,645,068	\$ 856,066	\$ (789,002)
State Revenues	1,000	1,000	1,000	-
Service and Special Contracts	191,153	217,297	151,737	(65,560)
TOTAL REVENUES	<u>\$ 1,620,232</u>	<u>\$ 1,863,365</u>	<u>\$ 1,008,803</u>	<u>\$ (854,562)</u>
EXPENDITURES				
DIRECT PERSONNEL COSTS				
Salaries and Wages	\$ 390,384	\$ 400,499	\$ 389,464	\$ 11,035
Fringe Benefits and Release Time	253,678	260,525	253,074	7,451
Total Direct Personnel Costs	<u>\$ 644,062</u>	<u>\$ 661,024</u>	<u>\$ 642,538</u>	<u>\$ 18,486</u>
CONTRACTUAL OBLIGATIONS				
Other Sub-Tier Expenses	\$ 629,813	\$ 573,999	\$ 138,447	\$ 435,552
Other Professional Services	160,902	431,130	69,238	361,892
Total Contractual Obligations	<u>\$ 790,715</u>	<u>\$ 1,005,129</u>	<u>\$ 207,685</u>	<u>\$ 797,444</u>
BUILDING AND EQUIPMENT				
Non-Expendable Equipment	\$ 4,650	\$ 3,716	\$ -	\$ 3,716
Total Building and Equipment	<u>\$ 4,650</u>	<u>\$ 3,716</u>	<u>\$ -</u>	<u>\$ 3,716</u>
TRANSPORTATION AND CONFERENCES				
Staff Travel	\$ 17,141	\$ 15,074	\$ 25,102	\$ (10,028)
Staff Conferences	8,500	9,250	4,049	5,201
Meetings and Meals	2,075	2,135	361	1,774
Automobile	3,923	4,546	1,856	2,690
Total Transportation and Conferences	<u>\$ 31,639</u>	<u>\$ 31,005</u>	<u>\$ 31,368</u>	<u>\$ (363)</u>
OFFICE OPERATIONS				
Advertisements	\$ 1,050	\$ 1,100	\$ 408	\$ 692
IT Services	-	-	348	(348)
Staff Training	6,329	6,779	3,584	3,195
Memberships and Subscriptions	4,121	4,806	5,110	(304)
Expendable Equipment	1,970	1,475	2,184	(709)
Miscellaneous	1,138	1,116	-	1,116
Total Office Operations	<u>\$ 14,608</u>	<u>\$ 15,276</u>	<u>\$ 11,634</u>	<u>\$ 3,642</u>
TOTAL EXPENDITURES	<u>\$ 1,485,674</u>	<u>\$ 1,716,150</u>	<u>\$ 893,225</u>	<u>\$ 822,925</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 134,558</u>	<u>\$ 147,215</u>	<u>\$ 115,578</u>	<u>\$ (31,637)</u>

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
PLANNING & TRANSPORTATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>(BUDGETARY</u> <u>BASIS)</u>	<u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
OTHER FINANCING SOURCES (USES)				
Indirect Cost Allocations	\$ (316,685)	\$ (325,024)	\$ (315,936)	\$ 9,088
Interfund Transfers In	<u>182,127</u>	<u>177,809</u>	<u>200,358</u>	<u>22,549</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ (134,558)</u>	<u>\$ (147,215)</u>	<u>\$ (115,578)</u>	<u>\$ 31,637</u>
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ -	\$ -
FUND BALANCE BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
COMMUNITY & ECONOMIC DEVELOPMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL (BUDGETARY BASIS)</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Federal Revenues	\$ 1,186,221	\$ 1,180,042	\$ 914,376	\$ (265,666)
Service and Special Contracts	153,224	148,752	177,356	28,604
Other Income	-	-	2	2
TOTAL REVENUES	<u>\$ 1,339,445</u>	<u>\$ 1,328,794</u>	<u>\$ 1,091,734</u>	<u>\$ (237,060)</u>
EXPENDITURES				
DIRECT PERSONNEL COSTS				
Salaries and Wages	\$ 130,163	\$ 127,848	\$ 138,294	\$ (10,446)
Fringe Benefits and Release Time	84,584	83,165	89,862	(6,697)
Total Direct Personnel Costs	<u>\$ 214,747</u>	<u>\$ 211,013</u>	<u>\$ 228,156</u>	<u>\$ (17,143)</u>
CONTRACTUAL OBLIGATIONS				
Accounting, Legal, and Consulting	\$ 2,601	\$ 2,338	-	\$ 2,338
Other Professional Services	40,737	34,544	20,245	14,299
Total Contractual Obligations	<u>\$ 43,338</u>	<u>\$ 36,882</u>	<u>\$ 20,245</u>	<u>\$ 16,637</u>
TRANSPORTATION AND CONFERENCES				
Staff Travel	\$ 2,924	\$ 3,729	\$ 1,853	\$ 1,876
Staff Conferences	250	250	579	(329)
Automobile	916	962	532	430
Total Transportation and Conferences	<u>\$ 4,090</u>	<u>\$ 4,941</u>	<u>\$ 2,964</u>	<u>\$ 1,977</u>
OFFICE OPERATIONS				
Advertisements	\$ 675	\$ 1,173	\$ 4,015	\$ (2,842)
Staff Training	150	150	-	150
Memberships and Subscriptions	650	699	50	649
Miscellaneous	204	183	-	183
Total Office Operations	<u>\$ 1,679</u>	<u>\$ 2,205</u>	<u>\$ 4,065</u>	<u>\$ (1,860)</u>
CONTRACTED SERVICES PROVIDERS	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 721,516</u>	<u>\$ 278,484</u>
TOTAL EXPENDITURES	<u>\$ 1,263,854</u>	<u>\$ 1,255,041</u>	<u>\$ 976,946</u>	<u>\$ 278,095</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 75,591</u>	<u>\$ 73,753</u>	<u>\$ 114,788</u>	<u>\$ 41,035</u>

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
COMMUNITY & ECONOMIC DEVELOPMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>(BUDGETARY</u> <u>BASIS)</u>	<u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
OTHER FINANCING SOURCES (USES)				
Indirect Cost Allocations	\$ (105,591)	\$ (103,753)	\$ (112,183)	\$ (8,430)
Interfund Transfers In	30,000	30,000	-	(30,000)
Interfund Transfers Out	-	-	(2,605)	(2,605)
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ (75,591)</u>	<u>\$ (73,753)</u>	<u>\$ (114,788)</u>	<u>\$ (41,035)</u>
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ -	\$ -
FUND BALANCE BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
AREA AGING AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>(BUDGETARY BASIS)</u>	<u>FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Federal Revenues	\$ 1,931,357	\$ 2,320,193	\$ 2,696,231	\$ 376,038
State Revenues	1,574,001	1,484,198	951,924	(532,274)
Local Revenues	-	-	12,900	12,900
Other Income	-	-	1,703	1,703
TOTAL REVENUES	\$ 3,505,358	\$ 3,804,391	\$ 3,662,758	\$ (141,633)
EXPENDITURES				
DIRECT PERSONNEL COSTS				
Salaries and Wages	\$ 411,538	\$ 437,497	\$ 433,033	\$ 4,464
Fringe Benefits and Release Time	267,424	284,591	281,385	3,206
Total Direct Personnel Costs	\$ 678,962	\$ 722,088	\$ 714,418	\$ 7,670
CONTRACTUAL OBLIGATIONS				
Other Sub-Tier Expenses	\$ 233,700	\$ 263,426	\$ 234,576	\$ 28,850
Other Professional Services	-	42,865	16,240	26,625
Total Contractual Obligations	\$ 233,700	\$ 306,291	\$ 250,816	\$ 55,475
BUILDING AND EQUIPMENT				
Office Rental and Lease	\$ 6,900	\$ 1,800	\$ 1,800	\$ -
Equipment Rental and Lease	25,770	27,100	20,060	7,040
Non-Expendable Equipment	500	8,000	6,919	1,081
Total Building and Equipment	\$ 33,170	\$ 36,900	\$ 28,779	\$ 8,121
TRANSPORTATION AND CONFERENCES				
Staff Travel	\$ 15,282	\$ 18,580	\$ 16,691	\$ 1,889
Staff Conferences	3,670	5,075	3,630	1,445
Meetings and Meals	-	-	2,141	(2,141)
Automobile	2,107	5,256	5,839	(583)
Total Transportation and Conferences	\$ 21,059	\$ 28,911	\$ 28,301	\$ 610
OFFICE OPERATIONS				
IT Services	\$ 2,640	\$ 2,640	\$ 1,537	\$ 1,103
Office Supplies	500	15,835	13,010	2,825
Telephone and Communications	3,350	3,350	3,839	(489)
Printing	825	975	1,303	(328)
Staff Training	1,750	2,519	81	2,438
Memberships and Subscriptions	2,695	4,564	1,078	3,486
Expendable Equipment	3,984	1,115	-	1,115
Miscellaneous	323	359	-	359
Total Office Operations	\$ 16,067	\$ 31,357	\$ 20,848	\$ 10,509
CONTRACTED SERVICE PROVIDERS	\$ 2,308,141	\$ 2,450,116	\$ 2,388,037	\$ 62,079

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
AREA AGING AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL (BUDGETARY BASIS)</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
TOTAL EXPENDITURES	\$ 3,291,099	\$ 3,575,663	\$ 3,431,199	\$ 144,464
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 214,259	\$ 228,728	\$ 231,559	\$ 2,831
OTHER FINANCING SOURCES (USES)				
Indirect Cost Allocations	\$ (214,259)	\$ (228,728)	\$ (229,230)	\$ (502)
Interfund Transfers Out	-	-	(2,329)	(2,329)
TOTAL OTHER FINANCING SOURCES (USES)	\$ (214,259)	\$ (228,728)	\$ (231,559)	\$ (2,831)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ -	\$ -
FUND BALANCE BEGINNING OF YEAR	-	-	-	-
FUND BALANCE END OF YEAR	\$ -	\$ -	\$ -	\$ -

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
WORKFORCE INNOVATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL (BUDGETARY BASIS)</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Federal Revenues	\$ 5,769,937	\$ 4,832,172	\$ 4,206,195	\$ (625,977)
Service and Special Contracts	13,740	13,740	70,859	57,119
Other Income	-	-	300	300
TOTAL REVENUES	<u>\$ 5,783,677</u>	<u>\$ 4,845,912</u>	<u>\$ 4,277,354</u>	<u>\$ (568,558)</u>
EXPENDITURES				
DIRECT PERSONNEL COSTS				
Salaries and Wages	\$ 843,399	\$ 830,467	\$ 850,353	\$ (19,886)
Fringe Benefits and Release Time	548,063	540,219	552,559	(12,340)
Total Direct Personnel Costs	<u>\$ 1,391,462</u>	<u>\$ 1,370,686</u>	<u>\$ 1,402,912</u>	<u>\$ (32,226)</u>
CONTRACTUAL OBLIGATIONS				
Other Sub-Tier Expenses	\$ 3,495,348	\$ 2,334,677	\$ 2,008,265	\$ 326,412
Other Professional Services	75,546	135,000	139,429	(4,429)
Total Contractual Obligations	<u>\$ 3,570,894</u>	<u>\$ 2,469,677</u>	<u>\$ 2,147,694</u>	<u>\$ 321,983</u>
BUILDING AND EQUIPMENT				
Utilities	\$ 21,125	\$ 21,125	\$ 24,619	\$ (3,494)
Office Cleaning	11,375	11,375	12,265	(890)
Lawn and Landscape Maintenance	6,500	6,500	7,467	(967)
Equipment Rental and Lease	-	-	1,320	(1,320)
Maintenance and Repairs	11,375	11,773	7,820	3,953
Non-Expendable Equipment	2,730	14,730	-	14,730
Total Building and Equipment	<u>\$ 53,105</u>	<u>\$ 65,503</u>	<u>\$ 53,491</u>	<u>\$ 12,012</u>
TRANSPORTATION AND CONFERENCES				
Staff Travel	\$ 24,409	\$ 24,300	\$ 22,129	\$ 2,171
Staff Conferences	8,212	8,158	4,369	3,789
WDB Travel, Conferences, Meetings	11,341	9,999	3,476	6,523
Meetings and Meals	864	864	1,015	(151)
Automobile	3,941	4,194	3,021	1,173
Total Transportation and Conferences	<u>\$ 48,767</u>	<u>\$ 47,515</u>	<u>\$ 34,010</u>	<u>\$ 13,505</u>
OFFICE OPERATIONS				
Advertisements	\$ 20,461	\$ 20,511	\$ 1,879	\$ 18,632
Security Services	22,620	64,620	82,844	(18,224)
IT Services	40,950	40,950	52,874	(11,924)
Office Supplies	9,750	49,221	39,746	9,475
Telephone and Communications	14,001	14,001	5,413	8,588
Postage and Shipping	489	489	89	400
Printing	-	-	5,536	(5,536)
Staff Training	6,071	6,026	625	5,401
Memberships and Subscriptions	5,270	5,375	989	4,386

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
WORKFORCE INNOVATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL (BUDGETARY BASIS)</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
EXPENDITURES (Continued)				
OFFICE OPERATIONS (Continued)				
Expendable Equipment	37,834	13,904	-	13,904
Miscellaneous	1,305	1,284	2,252	(968)
Total Office Operations	<u>\$ 158,751</u>	<u>\$ 216,381</u>	<u>\$ 192,247</u>	<u>\$ 24,134</u>
CONTRACTED SERVICE PROVIDERS	<u>\$ 146,380</u>	<u>\$ 277,320</u>	<u>\$ 88,808</u>	<u>\$ 188,512</u>
TOTAL EXPENDITURES	<u>\$ 5,369,359</u>	<u>\$ 4,447,082</u>	<u>\$ 3,919,162</u>	<u>\$ 527,920</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 414,318</u>	<u>\$ 398,830</u>	<u>\$ 358,192</u>	<u>\$ (40,638)</u>
OTHER FINANCING SOURCES (USES)				
Indirect Cost Allocations	\$ (414,318)	\$ (398,830)	\$ (413,316)	\$ (14,486)
Interfund Transfers In	<u>-</u>	<u>-</u>	<u>55,124</u>	<u>55,124</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ (414,318)</u>	<u>\$ (398,830)</u>	<u>\$ (358,192)</u>	<u>\$ 40,638</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCE BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are prepared and legally adopted on a basis consistent with generally accepted accounting principles (GAAP) as applicable to governments for all governmental funds maintained by the Council. Amounts presented in the “*Original*” budget column in the budgetary comparison schedules reflect amounts originally adopted. Amounts presented in the “*Final*” budget column include any amendments or supplemental appropriations formally authorized by the Council’s Board of Directors. All annual appropriations lapse at fiscal year-end.

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.

Formal budgetary accounting is employed as a management control for the Council. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of money are recorded in order to reserve that portion of the applicable appropriations, is not utilized by the Council.

NOTE 2 – PRESENTATION

The budgetary comparison schedule presents the general fund and each major individual special revenue fund for which an annual budget is legally adopted.

NOTE 3 – EXPENDITURES IN EXCESS OF BUDGET

Actual expenditures did not exceed budgetary appropriations in any of the Council’s individual funds, which are presented as required supplementary information, for the year ended June 30, 2019.

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COUNCIL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEMS
LAST 10 FISCAL YEARS**

	<i>South Carolina Retirement System (SCRS)</i>									
	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Council's proportion of the net pension liability (asset)	0.021923%	0.021403%	0.022632%	0.023398%	0.019648%					
Council's proportionate share of the net pension liability (asset)	\$ 4,912,277	\$ 4,818,160	\$ 4,834,162	\$ 4,437,544	\$ 3,382,734					
Council's covered payroll	\$ 1,883,818	\$ 1,757,837	\$ 1,757,508	\$ 2,224,436	\$ 1,809,346					
Council's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	260.76%	274.10%	275.06%	199.49%	186.96%					
Plan fiduciary net position as a percentage of the total pension liability	54.10%	53.30%	52.90%	57.00%	59.90%					

Notes: The amounts presented above for each fiscal year were determined as of the measurement date of the plan's fiscal year end.

The Council is retroactively reporting data back to the year of GASB Statement 68 implementation, which was fiscal year ending 2015. Information on the proportionate share of net pension liability is not available prior to that fiscal year.

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COUNCIL'S CONTRIBUTIONS - PENSION PLAN
SOUTH CAROLINA RETIREMENT SYSTEMS
LAST 10 FISCAL YEARS**

South Carolina Retirement System (SCRS)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 353,837	\$ 284,727	\$ 249,641	\$ 242,390	\$ 239,127	\$ 189,077				
Contributions in relation to the contractually required contribution	(353,837)	(284,727)	(249,641)	(242,390)	(239,127)	(189,077)				
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Council's covered payroll	\$ 2,455,496	\$ 2,292,340	\$ 2,187,917	\$ 2,221,720	\$ 2,224,436	\$ 1,809,346				
Contributions as a percentage of covered payroll	14.41%	12.42%	11.41%	10.91%	10.75%	10.45%				

Notes: The Council implemented GASB Statement 68 with the fiscal year ending 2015. Information on retirement contributions is not available prior to the year ending 2014.

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE PENSION PLAN SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 - ACTUARIAL METHODS & ASSUMPTIONS USED

The table below provides a summary of the actuarial methods and assumptions used in calculations of the actuarially determined contributions for the South Carolina Retirement System (SCRS). This information was obtained from the financial statements of the SCRS, which is administered by the retirement division of the South Carolina Public Employee Benefit Authority (PEBA) for the year ended June 30, 2018.

Summary of Actuarial Methods and Significant Assumptions

Valuation date	07/01/17
Actuarial cost method	Entry age normal
Amortization method	Level percent open
Amortization period	30 years
Asset Valuation method	20% difference recognition method
Inflation rate	2.25%
Projected salary increases	3.0% to 12.5% (varies by service) ¹
Investment rate of return	7.25%
Benefit adjustments	lesser of 1% or \$500 annually

¹*Includes inflation at 2.25%*

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COUNCIL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
LAST 10 FISCAL YEARS**

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
South Carolina Retiree Health Insurance Trust Fund										
Council's proportion of the net OPEB liability (asset)	0.265810%	0.259450%								
Council's proportionate share of the net OPEB liability (asset)	\$ 3,766,683	\$ 3,514,208								
Council's covered payroll	\$ 2,289,799	\$ 2,188,995								
Council's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	164.50%	160.54%								
Plan fiduciary net position as a percentage of the total OPEB liability	7.91%	7.60%								
South Carolina Long-Term Disability Insurance Trust Fund										
Council's proportion of the net OPEB liability (asset)	0.020784%	0.020596%								
Council's proportionate share of the net OPEB liability (asset)	\$ 636	\$ 373								
Council's covered payroll	\$ N/A	\$ N/A								
Council's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	N/A	N/A								
Plan fiduciary net position as a percentage of the total OPEB liability	92.20%	95.29%								

Notes: The amounts presented above for each fiscal year were determined as of the measurement date of the plan's fiscal year end.

The Council is retroactively reporting data back to the year of GASB Statement 75 implementation, which was fiscal year ending 2018. Information on the proportionate share of net OPEB liability is not available prior to that fiscal year.

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COUNCIL'S CONTRIBUTIONS - OPEB PLANS
LAST 10 FISCAL YEARS**

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
South Carolina Retiree Health Insurance Trust Fund										
Contractually required contributions	\$ 148,557	\$ 126,073								
Contributions in relation to the contractually required contributions	<u>(148,557)</u>	<u>(126,073)</u>								
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>								
Council's covered payroll	\$ 2,455,496	\$ 2,292,240								
Contributions as a percentage of covered payroll	6.05%	5.50%								
South Carolina Long-Term Disability Insurance Trust Fund										
Contractually required contributions	\$ 1,549	\$ 1,513								
Contributions in relation to the contractually required contributions	<u>(1,549)</u>	<u>(1,513)</u>								
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>								
Council's covered payroll	\$ N/A	\$ N/A								
Contributions as a percentage of covered payroll	N/A	N/A								

Notes: The Council is retroactively reporting data back to the year of GASB Statement 75 implementation, which was fiscal year ending 2018. Information on OPEB contributions are not available prior to that fiscal year.

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE OPEB PLANS SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 - ACTUARIAL METHODS & ASSUMPTIONS USED

The table below provides a summary of the actuarial methods and assumptions used in calculations of the actuarially determined contributions for the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF). This information was obtained from the financial statements of the South Carolina Public Employee Benefit Authority (PEBA), Insurance Benefits and Other Postemployment Benefits Trust Funds for the year ended June 30, 2018.

Summary of Actuarial Methods and Significant Assumptions

OPEB Plan:	SCRHITF
Valuation date	June 30, 2017
Actuarial cost method	Entry age normal
Inflation	2.25%
Investment rate of return	4.00%, net of OPEB Plan investment expense, including inflation
Single discount rate	3.62% as of June 30, 2018
Demographic assumptions	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Mortality	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the base tables based on gender and employment type.
Health care trend rate	Initial trend starting at 6.75% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 14 years
Retiree Participation	79% participation for retirees who are eligible for funded premiums 59% participation for retirees who are eligible for partial funded premiums 20% participation for retirees who are eligible for non-funded premiums
Notes	There were not benefit changes during the year; the discount rate changed from 3.59% as of June 30, 2017 to 3.62% as of June 30, 2018

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE OPEB PLANS SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 - ACTUARIAL METHODS & ASSUMPTIONS USED (continued)

Summary of Actuarial Methods and Significant Assumptions

OPEB Plan:	SCLTDITF
Valuation date	June 30, 2017
Actuarial cost method	Entry age normal
Inflation	2.25%
Investment rate of return	4.00%, net of OPEB Plan investment expense; including inflation
Single discount rate	3.91% as of June 30, 2018
Salary, termination, and retirement rates	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Disability incidence	The rates used in the valuation are based on the rates developed for the South Carolina Retirement Systems pension plans
Disability recovery	For participants in payment, 1987 CGDT Group Disability; for active employees, 60% were assumed to recover after the first year and 92% were assumed to recover after the first two years
Offsets	40% were assumed to be eligible for Social Security benefits; assumed percentage who will be eligible for a pension plan offset varies based on employee group
Expenses	Third party administrative expenses were included in the benefit projections
Notes	The discount rate changed from 3.87% as of June 30, 2017 to 3.91% as of June 30, 2018

SUPPLEMENTARY INFORMATION

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND
JUNE 30, 2019**

	<u>OTHER SPECIAL REVENUE FUND NON-PROJECTS</u>
ASSETS	
Accounts Receivable	\$ <u>7,788</u>
TOTAL ASSETS	\$ <u>7,788</u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts Payable and Accrued Liabilities	\$ 29
Due To Other Funds	<u>7,759</u>
Total Liabilities	\$ <u>7,788</u>
Fund Balances	
Fund Balances - Special Revenue Fund	\$ <u>-</u>
Total Fund Balances	\$ <u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u><u>7,788</u></u>

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

		OTHER SPECIAL REVENUE FUND NON-PROJECTS
REVENUES		
Interest Income	\$	360
Other Income		<u>34,568</u>
TOTAL REVENUES	\$	<u>34,928</u>
EXPENDITURES		
CONTRACTUAL OBLIGATIONS		
Other Sub-Tier Expenses	\$	5,860
Other Professional Services		50
Transfers Out to Other Agencies		<u>20,610</u>
Total Contractual Obligations	\$	<u>26,520</u>
TRANSPORTATION AND CONFERENCES		
Staff Travel	\$	815
Staff Conferences		298
Meetings and Meals		1,544
Automobile		<u>53</u>
Total Transportation and Conferences	\$	<u>2,710</u>
OFFICE OPERATIONS		
Advertisements	\$	952
Staff Training		2,500
Memberships and Subscriptions		45
Miscellaneous		<u>3,370</u>
Total Office Operations	\$	<u>6,867</u>
TOTAL EXPENDITURES	\$	<u>36,097</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$	<u>(1,169)</u>
OTHER FINANCING SOURCES (USES)		
Interfund Transfers In	\$	<u>1,169</u>
TOTAL OTHER FINANCING SOURCES (USES)	\$	<u>1,169</u>
NET CHANGE IN FUND BALANCE	\$	-
FUND BALANCE BEGINNING OF YEAR		<u>-</u>
FUND BALANCE END OF YEAR	\$	<u><u>-</u></u>

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
PLANNING & TRANSPORTATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

PLANNING & TRANSPORTATION FUND				
	WATER QUALITY	TRANSPORTATION	SPECIAL & SERVICE CONTRACTS	TOTAL
REVENUES				
Federal Revenues	\$ 15,426	\$ 840,640	\$ -	\$ 856,066
State Revenues	-	1,000	-	1,000
Service and Special Contracts	102,287	-	49,450	151,737
TOTAL REVENUES	\$ 117,713	\$ 841,640	\$ 49,450	\$ 1,008,803
EXPENDITURES				
DIRECT PERSONNEL COSTS				
Salaries and Wages	\$ 20,709	\$ 338,502	\$ 30,253	\$ 389,464
Fringe Benefits and Release Time	13,458	219,958	19,658	253,074
Total Direct Personnel Costs	\$ 34,167	\$ 558,460	\$ 49,911	\$ 642,538
CONTRACTUAL OBLIGATIONS				
Other Sub-Tier Expenses	\$ -	\$ 138,447	\$ -	\$ 138,447
Other Professional Services	49,623	7,242	12,373	69,238
Total Contractual Obligations	\$ 49,623	\$ 145,689	\$ 12,373	\$ 207,685
TRANSPORTATION AND CONFERENCES				
Staff Travel	\$ 409	\$ 24,614	\$ 79	\$ 25,102
Staff Conferences	225	3,824	-	4,049
Meetings and Meals	-	361	-	361
Automobile	106	1,586	164	1,856
Total Transportation and Conferences	\$ 740	\$ 30,385	\$ 243	\$ 31,368
OFFICE OPERATIONS				
Advertisements	\$ -	\$ 408	\$ -	\$ 408
IT Services	348	-	-	348
Staff Training	25	3,559	-	3,584
Memberships and Subscriptions	347	4,763	-	5,110
Expendable Equipment	-	2,184	-	2,184
Total Office Operations	\$ 720	\$ 10,914	\$ -	\$ 11,634
TOTAL EXPENDITURES	\$ 85,250	\$ 745,448	\$ 62,527	\$ 893,225
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 32,463	\$ 96,192	\$ (13,077)	\$ 115,578

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 PLANNING & TRANSPORTATION FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	PLANNING & TRANSPORTATION FUND			
	WATER QUALITY	TRANSPORTATION	SPECIAL & SERVICE CONTRACTS	TOTAL
OTHER FINANCING SOURCES (USES)				
Indirect Cost Allocations	\$ (16,801)	\$ (274,594)	\$ (24,541)	\$ (315,936)
Interfund Transfers In	-	178,402	37,618	216,020
Interfund Transfers Out	(15,662)	-	-	(15,662)
TOTAL OTHER FINANCING SOURCES (USES)	\$ (32,463)	\$ (96,192)	\$ 13,077	\$ (115,578)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ -	\$ -
FUND BALANCE BEGINNING OF YEAR	-	-	-	-
FUND BALANCE END OF YEAR	\$ -	\$ -	\$ -	\$ -

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 COMMUNITY & ECONOMIC DEVELOPMENT FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

COMMUNITY & ECONOMIC DEVELOPMENT FUND				
	HOME CONSORTIUM	COMMUNITY DEVELOPMENT	EDA PLANNING	TOTAL
REVENUES				
Federal Revenues	\$ 834,160	\$ -	\$ 80,216	\$ 914,376
Service and Special Contracts	-	177,356	-	177,356
Other Income	-	2	-	2
TOTAL REVENUES	\$ 834,160	\$ 177,358	\$ 80,216	\$ 1,091,734
EXPENDITURES				
DIRECT PERSONNEL COSTS				
Salaries and Wages	\$ 29,982	\$ 61,982	\$ 46,330	\$ 138,294
Fringe Benefits and Release Time	19,482	40,275	30,105	89,862
Total Direct Personnel Costs	\$ 49,464	\$ 102,257	\$ 76,435	\$ 228,156
CONTRACTUAL OBLIGATIONS				
Other Professional Services	\$ 20,245	\$ -	\$ -	\$ 20,245
Total Contractual Obligations	\$ 20,245	\$ -	\$ -	\$ 20,245
TRANSPORTATION AND CONFERENCES				
Staff Travel	\$ 793	\$ 1,060	\$ -	\$ 1,853
Staff Conferences	-	579	-	579
Automobile	2	509	21	532
Total Transportation and Conferences	\$ 795	\$ 2,148	\$ 21	\$ 2,964
OFFICE OPERATIONS				
Advertisements	\$ 395	\$ 3,620	\$ -	\$ 4,015
Memberships and Subscriptions	-	50	-	50
Total Office Operations	\$ 395	\$ 3,670	\$ -	\$ 4,065
CONTRACTED SERVICE PROVIDERS	\$ 721,516	\$ -	\$ -	\$ 721,516
TOTAL EXPENDITURES	\$ 792,415	\$ 108,075	\$ 76,456	\$ 976,946
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 41,745	\$ 69,283	\$ 3,760	\$ 114,788
OTHER FINANCING SOURCES (USES)				
Indirect Cost Allocations	\$ (24,321)	\$ (50,279)	\$ (37,583)	\$ (112,183)
Interfund Transfers In	-	-	33,823	33,823
Interfund Transfers Out	(17,424)	(19,004)	-	(36,428)
TOTAL OTHER FINANCING SOURCES (USES)	\$ (41,745)	\$ (69,283)	\$ (3,760)	\$ (114,788)

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 COMMUNITY & ECONOMIC DEVELOPMENT FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

COMMUNITY & ECONOMIC DEVELOPMENT FUND					
		HOME CONSORTIUM	COMMUNITY DEVELOPMENT	EDA PLANNING	TOTAL
NET CHANGE IN FUND BALANCE	\$	-	-	-	-
FUND BALANCE BEGINNING OF YEAR		-	-	-	-
FUND BALANCE END OF YEAR	\$	-	-	-	-

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF INDIRECT COST ALLOCATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	DIRECT COSTS									TOTAL
	FINANCIAL	AREA			COMMUNITY &	OTHER	REVOLVING	TOTAL	ADMIN &	
	STATEMENT	PLANNING &	AGING	WORKFORCE	ECONOMIC	SPECIAL	LOAN	DIRECT	INDIRECT	
EXPENDITURES	TRANSPORTATION	AGENCY	INNOVATION	DEVELOPMENT	PROGRAMS	PROGRAM	COSTS	COST POOL	TOTAL	
Salaries and Wages	\$ 2,082,402	\$ 389,464	\$ 433,033	\$ 850,353	\$ 138,294	\$ -	\$ -	\$ 1,811,144	\$ 271,258	\$ 2,082,402
Fringe Benefits and Release Time	1,407,438	253,074	281,385	552,559	89,862	-	-	1,176,880	230,558	1,407,438
Accounting, Legal & Consulting	56,731	-	-	-	-	-	-	-	56,731	56,731
Other Sub-Tier Expense	2,387,148	138,447	234,576	2,008,265	-	5,860	-	2,387,148	-	2,387,148
Other Professional Services	264,467	69,238	16,240	139,429	20,245	50	-	245,202	19,265	264,467
Transfers Out to Other Agencies	20,610	-	-	-	-	20,610	-	20,610	-	20,610
Agency Insurance	27,109	-	-	-	-	-	-	-	27,109	27,109
Office Rental and Lease	80,700	-	1,800	-	-	-	-	1,800	78,900	80,700
Utilities	38,209	-	-	24,619	-	-	-	24,619	13,590	38,209
Office Cleaning	22,179	-	-	12,265	-	-	-	12,265	9,914	22,179
Lawn and Landscape Maintenance	12,217	-	-	7,467	-	-	-	7,467	4,750	12,217
Equipment Rental and Lease	37,675	-	20,060	1,320	-	-	-	21,380	16,295	37,675
Maintenance and Repairs	8,368	-	-	7,820	-	-	-	7,820	548	8,368
Non-Expendable Equipment	6,919	-	6,919	-	-	-	-	6,919	-	6,919
Staff Travel	71,545	25,102	16,691	22,129	1,853	815	-	66,590	4,955	71,545
Staff Conferences	14,809	4,049	3,630	4,369	579	298	-	12,925	1,884	14,809
Board Travel, Conferences, Meetings	28,335	-	-	3,476	-	-	-	3,476	24,859	28,335
Meetings and Meals	5,061	361	2,141	1,015	-	1,544	-	5,061	-	5,061
SCARC Expense	8,225	-	-	-	-	-	-	-	8,225	8,225
Automobile	11,301	1,856	5,839	3,021	532	53	-	11,301	-	11,301
Advertising	7,254	408	-	1,879	4,015	952	-	7,254	-	7,254
Security Services	82,844	-	-	82,844	-	-	-	82,844	-	82,844
IT Services	77,515	348	1,537	52,874	-	-	-	54,759	22,756	77,515
Office Supplies	69,992	-	13,010	39,746	-	-	-	52,756	17,236	69,992
Telephone and Communications	46,576	-	3,839	5,413	-	-	-	9,252	37,324	46,576
Postage and Shipping	6,270	-	-	89	-	-	-	89	6,181	6,270
Printing	26,761	-	1,303	5,536	-	-	-	6,839	19,922	26,761
Staff Training	6,840	3,584	81	625	-	2,500	-	6,790	50	6,840
Memberships and Subscriptions	13,600	5,110	1,078	989	50	45	-	7,272	6,328	13,600
Expendable Equipment	2,184	2,184	-	-	-	-	-	2,184	-	2,184
Miscellaneous	5,622	-	-	2,252	-	3,370	-	5,622	-	5,622
Contracted Service Providers	3,198,361	-	2,388,037	88,808	721,516	-	-	3,198,361	-	3,198,361
RLF Bad Debts	88,092	-	-	-	-	-	88,092	88,092	-	88,092
TOTAL EXPENDITURES	\$ 10,223,359	\$ 893,225	\$ 3,431,199	\$ 3,919,162	\$ 976,946	\$ 36,097	\$ 88,092	\$ 9,344,721	\$ 878,638	\$ 10,223,359
Indirect Cost Recoveries	-	315,936	229,230	413,316	112,183	-	-	1,070,665	(1,070,665)	-
GRAND TOTAL ALL COSTS	\$ 10,223,359	\$ 1,209,161	\$ 3,660,429	\$ 4,332,478	\$ 1,089,129	\$ 36,097	\$ 88,092	\$ 10,415,386	\$ (192,027)	\$ 10,223,359

SINGLE AUDIT SECTION



Robert D. Harper, Jr. CPA
Stacey C. Moree CPA
P. O. Box 1550
106 Wall Street, Litchfield
Pawleys Island, SC 29585
Tel (843) 237-9125
Fax (843) 237-1621
E-mail: HPM@sc.rr.com

Robin B. Poston CPA
P. O. Box 576
307 Church Street
Georgetown, SC 29442
Tel (843) 527-3413
Fax (843) 546-7277
E-mail: HPM2@sc.rr.com

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

To the Board of Directors
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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Waccamaw Regional Council of Governments as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated November 13, 2019.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 the Report

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

Harper, Poston & Moree, P.A.

Harper, Poston & Moree, P.A.
Certified Public Accountants

Pawleys Island, South Carolina
November 13, 2019



Robert D. Harper, Jr. CPA
Stacey C. Moree CPA
P. O. Box 1550
106 Wall Street, Litchfield
Pawleys Island, SC 29585
Tel (843) 237-9125
Fax (843) 237-1621
E-mail: HPM@sc.rr.com

Robin B. Poston CPA
P. O. Box 576
307 Church Street
Georgetown, SC 29442
Tel (843) 527-3413
Fax (843) 546-7277
E-mail: HPM2@sc.rr.com

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE 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 Waccamaw Regional Council of Governments' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Council's major federal programs for the year ended June 30, 2019. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Council's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* 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, 2019.

Report on Internal Control Over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Harper, Poston & Moree, P.A.

Harper, Poston & Moree, P.A.
Certified Public Accountants

Pawleys Island, South Carolina
November 13, 2019

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the basic financial statements.
2. No control deficiencies were disclosed during the audit of the basic financial statements.
3. No instances of noncompliance, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No control deficiencies were disclosed during the audit of major federal award programs.
5. The auditor's report on compliance for major federal award programs expresses an unmodified opinion.
6. There were no audit findings relative to major federal award programs reported in Part C of this schedule.
7. The following programs were tested as major programs:

<u>Program Title</u>	<u>CFDA No.</u>
Aging Cluster:	
Title III, Part B	93.044
Title III, Part C	93.045
Nutrition Services Incentive Program	93.053
HOME Investment Partnerships Program	14.239

8. The threshold for distinguishing types A and B programs was \$750,000.
9. The Council was determined to be a low risk auditee.

B. Findings - Financial Statement Audit

None.

C. Findings and Questioned Costs - Major Federal Award Programs Audit

None.

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL AWARD/ PASS-THROUGH GRANTOR'S NUMBER	TOTAL EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
U.S. DEPARTMENT OF COMMERCE				
Direct Programs:				
Economic Development Administration				
Title IX RLF - Long-Term Economic Implementation Grant				
	11.307	04-19-03142	\$ 139,269	-
Aid to Planning Organization	11.302	ED16ATL3020009	45,216	-
Aid to Planning Organization	11.302	ED19ATL3020009	35,000	-
Total - U.S. Department of Commerce			\$ 219,485	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through Department on Aging:				
Aging Cluster:				
Title III, Part B - Supportive Services	93.044	R8 MG18-SVC	\$ 4,836	-
Title III, Part B - Supportive Services	93.044	R8 MG19-SVC	355,552	-
Title III, Part B - Supportive Services	93.044	R8 MG20-SVC	100,106	-
Title III, Part B - Ombudsmen	93.044	R8 MG18-ADMIN	8,182	-
Title III, Part B - Ombudsmen	93.044	R8 MG19-ADMIN	84,336	-
Title III, Part B - P&A	93.044	R8 MG19-ADMIN	56,973	-
Title III, Part B - Legal	93.044	R8 MG18-SVC	4,512	-
Title III, Part B - Legal	93.044	R8 MG19-SVC	17,005	-
Title III, Part B - Legal	93.044	R8 MG20-SVC	1,858	-
Title III, Part B - Information & Assistance	93.044	R8 MG18-SVC	18,662	-
Title III, Part B - Information & Assistance	93.044	R8 MG19-SVC	77,965	-
Title III, Part B - Information & Assistance	93.044	R8 MG20-SVC	6,394	-
Title III, Part B - Assessment Services	93.044	R8 MG19-SVC	116,742	-
Title III, Part C - IIIC-1 Group Dining	93.045	R8 MG18-SVC	86	-
Title III, Part C - IIIC-1 Group Dining	93.045	R8 MG19-SVC	250,556	-
Title III, Part C - IIIC-1 Group Dining	93.045	R8 MG20-SVC	185,766	-
Title III, Part C - IIIC-1 P&A	93.045	R8 MG18-ADMIN	713	-
Title III, Part C - IIIC-1 P&A	93.045	R8 MG19-ADMIN	70,562	-
Title III, Part C - IIIC-2 Meals	93.045	R8 MG19-SVC	413,505	-
Title III, Part C - IIIC-2 Meals	93.045	R8 MG20-SVC	245,762	-
Title III, Part C - IIIC-2 P&A	93.045	R8 MG18-ADMIN	1,115	-
Title III, Part C - IIIC-2 P&A	93.045	R8 MG19-ADMIN	34,393	-
Nutrition Services Incentive Program	93.053	R8 MG18-SVC	95,646	-
Nutrition Services Incentive Program	93.053	R8 MG19-SVC	122,283	-
Total - Aging Cluster			\$ 2,273,510	-
Title III, Part D - Preventitive Health	93.043	R8 MG18-SVC	\$ 15,577	-
Senior Medicare Patrol	93.048	R8 IC 18	8,392	-
Senior Medicare Patrol	93.048	R8 IC 19	8,117	-
Title III, Part E - Family Caregiver Staff	93.052	R8 MG18-SVC	24,210	-
Title III, Part E - Family Caregiver Staff	93.052	R8 MG19-SVC	75,454	-
Title III, Part E - Family Caregiver Service	93.052	R8 MG18-SVC	4,501	-
Title III, Part E - Family Caregiver Service	93.052	R8 MG19-SVC	109,500	-

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL AWARD/ PASS-THROUGH GRANTOR'S NUMBER	TOTAL EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)				
Passed Through Department on Aging:				
Title III, Part E - Family Caregiver Service SRC	93.052	R8 MG18-SVC	9,313	-
Title III, Part E - Family Caregiver Service SRC	93.052	R8 MG19-SVC	12,661	-
Title III, Part E - P&A	93.052	R8 MG18-ADMIN	8,361	-
Title III, Part E - P&A	93.052	R8 MG19-ADMIN	24,658	-
Title VII, Chapter 2, Ombudsmen	93.042	R8 MG19-ADMIN	37,053	-
Title VII, Chapter 2, Ombudsmen	93.042	R8 MG20-ADMIN	6,486	-
Title VII, Chapter 3, Elder Abuse	93.041	R8 MG19-ADMIN	8,162	-
State Health Insurance Assistance Program	93.324	R8 IC 19	44,569	-
Medicare Enrollment Assistance Program - F SHIP	93.071	R8 IC 18	7,697	-
Medicare Enrollment Assistance Program - F SHIP	93.071	R8 IC 19	757	-
Medicare Enrollment Assistance Program - AAA	93.071	R8 IC 18	5,293	-
Medicare Enrollment Assistance Program - AAA	93.071	R8 IC 19	10,695	-
Medicare Enrollment Assistance Program - ADRC	93.071	R8 IC 18	1,265	-
Total - U.S. Department of Health and Human Services			\$ 2,696,231	\$ -
U.S. DEPARTMENT OF TRANSPORTATION				
Direct Programs:				
U.S. Department of Transportation:				
Federal Transit Cluster:				
Federal Transit Formula Grants - FTA 5307	20.507	SC-2017-010-00	\$ 89,836	\$ -
Direct Programs:				
U.S. Department of Transportation:				
Transit Services Cluster:				
Enhanced Mobility of Seniors	20.513	SC-2016-020-00	\$ 114,917	\$ -
Enhanced Mobility of Seniors	20.513	SC-2017-027-01-00	28,384	-
Enhanced Mobility of Seniors	20.513	SC-2018-041-00-00	5,625	-
Total - Transit Services Cluster			\$ 148,926	\$ -
Passed Through S.C. Department of Transportation, Federal Highway:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	MPO PLTMA	\$ 354,392	\$ -
Highway Planning and Construction	20.205	Rural/Regional	85,000	-
Highway Planning and Construction	20.205	Gtn Corridor Study	24,486	-
Passed Through N.C. Department of Transportation:				
Highway Planning and Construction	20.205	M-0433	130,000	-
Total - Highway Planning and Construction Cluster			\$ 593,878	\$ -
Passed Through N.C. Department of Transportation:				
NCDOT FTA 5303	20.505	19-08-118	\$ 8,000	\$ -
Total - U.S. Department of Transportation			\$ 840,640	\$ -

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL AWARD/ PASS-THROUGH GRANTOR'S NUMBER	TOTAL EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
ENVIRONMENTAL PROTECTION AGENCY				
Passed Through S.C. Department of Health and Environmental Control:				
Water Quality Management Planning	66.454	EQ-8-1079	\$ 13,340	\$ -
Nonpoint Source Implementation	66.460	EQ-9-466	2,086	-
Total - Environmental Protection Agency			\$ 15,426	\$ -
U.S. DEPARTMENT OF LABOR				
Passed Through S.C. Department of Employment and Workforce:				
WIOA Cluster:				
WIOA Adult Program	17.258	17A011	\$ 428,432	-
WIOA Adult Program	17.258	18A011	1,115,850	-
WIOA Youth Program	17.259	17Y011	317,934	-
WIOA Youth Program	17.259	18Y011	946,726	-
WIOA Youth Program	17.259	19Y011	27,101	-
WIOA Dislocated Workers Formula Grants	17.278	17DW011	368,278	-
WIOA Dislocated Workers Formula Grants	17.278	18DW011	888,896	-
WIOA Dislocated Workers Formula Grants	17.278	17RRIWT-13	50,000	50,000
WIOA Dislocated Workers Formula Grants	17.278	17RRIWT-19	2,500	2,500
WIOA Dislocated Workers Formula Grants	17.278	17IWT11	36,308	36,308
WIOA Dislocated Workers Formula Grants	17.278	18TEC11	24,170	-
Total - WIOA Cluster			\$ 4,206,195	\$ 88,808
Total - U.S. Department of Labor			\$ 4,206,195	\$ 88,808
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed Through Georgetown County:				
HOME Investment Partnerships Program	14.239	DC450214	\$ 834,160	\$ 721,516
Total - U.S. Department of Housing and Urban Development			\$ 834,160	\$ 721,516
TOTAL FEDERAL AWARDS EXPENDED			\$ 8,812,137	\$ 810,324

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Note A – Basis of Presentation:

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of Waccamaw Regional Council of Governments under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of Waccamaw Regional Council of Governments, it is not intended to and does not present financial position, changes in net position, or cash flows of Waccamaw Regional Council of Governments.

Note B – Summary of Significant Accounting Policies:

Expenditures reported in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures of federal awards made prior to December 26, 2014 are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*.

Note C – Indirect Cost Rate:

Waccamaw Regional Council of Governments charges indirect costs to its federal programs based on an indirect cost allocation plan submitted to the Department of Interior (fbo Economic Development Administration) and did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance and covered in 2 *CFR Part 200.414*.

Note D – Revolving Loan Grant Funds:

Waccamaw Regional Council of Governments 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 ended June 30, 2019 are as follows:

Loans Receivable Outstanding at June 30, 2019	\$	97,600
Administrative Costs		88,092
	\$	185,692
Federal Percentage		75%
RLF Federal Expenditures	\$	139,269

Note E – Relationship to Basic Financial Statements:

Amounts reported in the accompanying schedule of federal awards agree with the amounts reported in the financial statements as reconciled below:

Governmental Funds - Federal Revenues	\$	8,672,868
Program Expenditures - Revolving Loan Program		139,269
Total Federal Awards Expended	\$	8,812,137

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Findings – Financial Statement Audit

There are no prior year auditing findings related to the audit of the financial statements that are required to be reported.

Findings – Major Federal Awards Program Audit

There are no prior year audit findings related to the audit of major federal awards programs that are required to be reported.