

UPPER SAVANNAH COUNCIL OF GOVERNMENTS

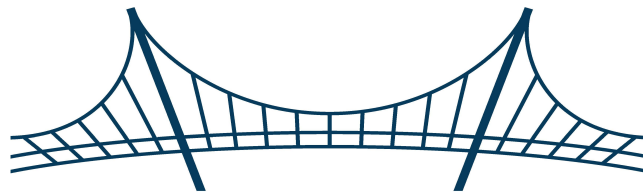
AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

**UPPER SAVANNAH COUNCIL OF GOVERNMENTS
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

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Phillips CPAs and Advisors

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Upper Savannah Council of Governments
Greenwood, South Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Upper Savannah Council of Governments (the "Council"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Council, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension plan schedules, and OPEB schedules as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Board of Directors
Upper Savannah Council of Governments
March 11, 2025

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The supplementary information, as listed in the table of contents, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2025, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Council's internal control over financial reporting and compliance.

Phillips CPAs and Advisors

Greenville, South Carolina
March 11, 2025

Management's Discussion and Analysis

As management of the Upper Savannah Council of Governments (the "Council"), we offer readers of the Council's financial statements this narrative overview and analysis of the financial activities of the Council for the fiscal year ended June 30, 2024.

Financial Highlights

- The net position of the Council was (\$3,303,411) at the close of the most recent fiscal year.
- The Council's total net position increased by \$232,986 from the prior fiscal year.
- As of the close of the current fiscal year, the Council's governmental funds reported combined ending fund balances of \$1,912,604 an increase of \$116,234 from the prior fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the governmental funds was \$1,912,604, or 27 percent of total governmental fund expenditures.

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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Council's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Council can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Council maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the special revenue fund. Both funds are considered to be major funds.

The Council adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Council’s own programs. The accounting used for fiduciary funds is much like that used for the governmental 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.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. The Council’s net position increased by \$232,986 during the current fiscal year.

The following table presents a summary of the Council’s net position as of June 30, 2024, with comparative data for fiscal year 2023:

Condensed Statement of Net Position

	Governmental Activities	
	June 30, 2024	June 30, 2023
Current Assets	\$ 3,096,843	\$ 3,150,743
Capital Assets	192,900	209,170
Total Assets	3,289,743	3,359,913
Deferred Outflows of Resources	642,523	742,402
Current Liabilities	1,184,239	135,437
Net Pension Liability	2,796,006	2,707,464
Net OPEB Liability	2,270,877	2,318,224
Total Liabilities	6,251,122	5,161,125
Deferred Inflows of Resources	984,555	1,258,651
Net Investment in Capital Assets	192,900	209,170
Unrestricted Net Position	(3,496,311)	(3,745,567)
Total Net Position	\$ (3,303,411)	\$ (3,536,397)

The following table presents a summary of the Council’s activities for the year ended June 30, 2024, with comparative totals for fiscal year 2023:

Condensed Statement of Activities

	Governmental Activities	
	June 30, 2024	June 30, 2023
Revenues		
Charges for services	\$ 597,782	\$ 653,157
Operating grants and contributions	6,269,401	6,010,063
Intergovernmental		
State	110,533	210,532
Local	151,254	138,795
Other	133,668	104,568
Total revenues	<u>7,262,638</u>	<u>7,117,115</u>
Expenses		
Employment and training	2,073,452	2,478,819
Economic development	36,577	67,585
Local government planning	199,972	126,332
Aging services	3,239,179	2,770,459
Nonmajor funds	822	8,118
Service contracts	393,238	400,151
General government	1,086,412	1,011,905
Total expenses	<u>7,029,652</u>	<u>6,863,369</u>
Increase (Decrease) in net position	<u>\$ 232,986</u>	<u>\$ 253,746</u>

Financial Analysis of the Government’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 *spendable* resources. Such information is useful in assessing the Council’s financing requirements. In particular, *unassigned fund balance* may serve as 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 current fiscal year, the entire fund balance of \$1,912,604 is unassigned.

The fund balance of the Council’s general fund increased by \$116,234 during the current fiscal year.

General Fund Budgetary Highlights

The Council adopts a balanced budget with budgeted expenditures equaling budgeted revenues.

Capital Asset Administration

Capital assets. The Council's investment in capital assets for its governmental activities as of June 30, 2024, amounts to \$192,900 (net of accumulated depreciation). This investment in capital assets includes leasehold improvements, machinery and equipment, and automobiles. The total decrease of \$16,270 in net capital assets is the result of asset additions of \$31,145 and depreciation expense of \$47,415.

Additional information on the Council's capital assets can be found in the notes of this report.

Economic Factors and Next Year's Budgets and Rates

The Council derives a majority of its revenue from federal government programs either directly or passed through state agencies. Trends in federal spending impact program activities and delivery as well as overall financial stability. As the national economy declined due to the pandemic, federal stimulus spending in the major programs the Council administers has increased dramatically. Future federal budget reform to reduce spending could impact the Council's revenue. Revenues received from local and state governments have tended to be less volatile. The uncertainties must be considered in the budget process.

Requests for Information

This financial report is designed to provide a general overview of the Council's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Upper Savannah Council of Governments, 430 Helix Road, Greenwood, South Carolina 29646.

BASIC FINANCIAL STATEMENTS

UPPER SAVANNAH COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
JUNE 30, 2024

		Governmental Activities
ASSETS		
Cash	\$	324,443
SC Local Government Investment Pool		427,908
Investments		941,662
Accounts Receivable		98,226
Prepaid Expenses		14,772
Due From Other Governments/Providers		1,289,832
Capital Assets, net of accumulated depreciation		
Leasehold Improvements		104,237
Machinery and equipment		36,171
Automobiles		52,492
Total Assets		3,289,743
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions		454,636
Deferred Outflows Related to OPEB		187,887
Total Deferred Outflows of Resources		642,523
LIABILITIES		
Accounts Payable		568,617
Employee Funds Withheld		178,259
Unearned Revenue		387,816
Due to Upper Savannah Development Corporation		49,547
Net Pension Liability		2,796,006
Net OPEB Liability		2,270,877
Total Liabilities		6,251,122
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions		48,164
Deferred Inflows Related to OPEB		936,391
Total Deferred Inflows of Resources		984,555
NET POSITION		
Invested in Capital Assets		192,900
Unrestricted		(3,496,311)
Total net position	\$	(3,303,411)

*The accompanying notes are an integral part of these financial statements.
See Independent Auditor's Report.*

**UPPER SAVANNAH COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

Function/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Primary Government				
Governmental Activities				
Employment and Training	\$ 2,073,452	\$ -	\$ 2,254,229	\$ 180,777
Economic Development	36,577	-	3,659,840	3,623,263
Local Government Planning	199,972	-	57,648	(142,324)
Aging	3,239,179	-	297,684	(2,941,495)
Non Major Funds	822	-	-	(822)
Service Contracts	393,238	597,782	-	204,544
General Government	1,086,412	-	-	(1,086,412)
Total Governmental Activities	<u>\$ 7,029,652</u>	<u>\$ 597,782</u>	<u>\$ 6,269,401</u>	<u>(162,469)</u>
General Revenues				
Participating Local Governments				151,254
State Aid to Council of Governments				110,533
Other				133,668
Total General Revenues				<u>395,455</u>
Transfers (to)/from Fiduciary Funds				-
Change in Net Position				232,986
Net position, beginning				(3,536,397)
Net position, ending				<u>\$ (3,303,411)</u>

**UPPER SAVANNAH COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024**

	General	Special Revenue	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 282,393	\$ 42,050	\$ 324,443
SC Local Government Investment Pool	105,656	322,252	427,908
Investments	941,662	-	941,662
Accounts Receivable	98,226	-	98,226
Prepaid Expenses	14,772	-	14,772
Due From Other Governments and Providers	(726)	1,290,558	1,289,832
Due From Other Funds	742,399	-	742,399
Total Assets	\$ 2,184,382	\$ 1,654,860	\$ 3,839,242
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ 43,972	\$ 524,645	\$ 568,617
Employee Funds Withheld	178,259	-	178,259
Due to Other Funds	-	742,399	742,399
Deferred Revenue	-	387,816	387,816
Due to Upper Savannah Development Corporation	49,547	-	49,547
Total Liabilities	271,778	1,654,860	1,926,638
FUND BALANCE			
Unassigned	1,912,604	-	1,912,604
Total Fund Balances	1,912,604	-	1,912,604
Total Liabilities and Fund Balance	\$ 2,184,382	\$ 1,654,860	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	192,900
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund financial statements, but are reported in the governmental activities of the Statement of Net Position.	
Net Pension liability	(2,796,006)
Net OPEB liability	(2,270,877)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	406,472
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds.	(748,504)
Total Net Position - Governmental Activities	\$ (3,303,411)

**UPPER SAVANNAH COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024**

	General	Special Revenue	Total Governmental Funds
REVENUES			
Federal and State Funds	\$ -	\$ 4,855,433	\$ 4,855,433
State Funds Aging	-	823,045	823,045
State Match Aging	-	590,923	590,923
Service Contracts	-	597,782	597,782
Participating Local Governments	151,254	-	151,254
State Aid to Councils of Governments	110,533	-	110,533
In-Kind Revenue	47,414	-	47,414
Other	131,046	2,622	133,668
Total Revenues	<u>440,247</u>	<u>6,869,805</u>	<u>7,310,052</u>
EXPENDITURES			
Direct Salaries and Release	452,204	1,165,137	1,617,341
Fringe Benefits	205,401	522,750	728,151
Travel and Meetings	15,564	13,616	29,180
Transportation Costs	12,299	-	12,299
Office Supplies and Printing	8,229	2,305	10,534
Office Equipment Lease and Rental	22,427	-	22,427
Maintenance and Service Agreements	79,160	3,813	82,973
Telephone and Internet	17,804	210	18,014
Dues and Subscriptions	22,053	8,642	30,695
Advertising and Outreach	-	2,022	2,022
Insurance	33,063	1,347	34,410
Audit Fees	16,500	-	16,500
Direct Services	-	1,030,357	1,030,357
Supportive Services	-	2,583	2,583
Miscellaneous	4,448	1,050	5,498
WIOA Board	-	125	125
Postage	3,093	-	3,093
Bank Service Charges	3,544	-	3,544
Services Rendered	10,080	13,717	23,797
Furniture and Equipment-Non Capital	3,333	4,193	7,526
Automobiles	31,144	-	31,144
Computer Software	636	200	836
Contract Passthrough	-	3,162,173	3,162,173
Utilities	19,571	-	19,571
Board	28,625	-	28,625
Indirect Costs Allocated	(992,253)	992,253	-
Admin Costs-Off Site	(8,999)	8,999	-
Office Building	222,985	-	222,985
Depreciation	47,415	-	47,415
Total Expenditures	<u>258,326</u>	<u>6,935,492</u>	<u>7,193,818</u>
Excess of Revenues Over (Under) Expenditures	<u>181,921</u>	<u>(65,687)</u>	<u>116,234</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	-	65,687	65,687
Operating Transfers Out	(65,687)	-	(65,687)
Total other financing sources (uses)	<u>(65,687)</u>	<u>65,687</u>	<u>-</u>
Net Change in Fund Balances	116,234	-	116,234
Fund Balances, beginning	1,796,370	-	1,796,370
Fund Balances, ending	<u>\$ 1,912,604</u>	<u>\$ -</u>	<u>\$ 1,912,604</u>

The accompanying notes are an integral part of these financial statements.
See Independent Auditor's Report.

**UPPER SAVANNAH COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

Net Change in Fund Balances - Total Governmental Funds \$ 116,234

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, for governmental activities, those costs are shown in the Statement of Net Position and allocated over the estimated useful lives as depreciation expense in the Statement of Activities. This is the amount by which depreciation exceeded capital outlays in the current period. (16,270)

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense. 85,412

Changes in the Council's net OPEB liability, related deferred outflows of resources, and deferred inflows of resources for the current year related to other post-employment benefits are not reported in the governmental funds but are reported in the Statement of Activities. 47,610

Change in Net Position of Governmental Activities \$ 232,986

*The accompanying notes are an integral part of these financial statements.
See Independent Auditor's Report.*

**UPPER SAVANNAH COUNCIL OF GOVERNMENTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Federal and State Funds	\$ 7,582,548	\$ 7,582,548	\$ 6,269,401	\$ (1,313,147)
Service Contracts	606,931	606,931	597,782	(9,149)
Participating Local Governments	151,524	151,524	151,254	(270)
State Aid to Councils of Governments	110,533	110,533	110,533	-
In-Kind Revenue	45,000	45,000	47,414	2,414
Other	49,500	49,500	133,668	84,168
Total Revenues	<u>8,546,036</u>	<u>8,546,036</u>	<u>7,310,052</u>	<u>(1,235,984)</u>
EXPENDITURES				
Direct Salaries and Release	1,589,251	1,589,251	1,617,341	(28,090)
Fringe Benefits	696,574	696,574	728,151	(31,577)
OPEB Liability	50,000	50,000	-	50,000
Travel and Meetings	31,500	31,500	29,180	2,320
Office Supplies and Printing	11,000	11,000	10,534	466
Telephone and Internet	17,500	17,500	18,014	(514)
Computer Software	1,500	1,500	836	664
Dues and Subscriptions	25,000	25,000	30,695	(5,695)
Insurance	33,100	33,100	34,410	(1,310)
Bank Service Charges	2,100	2,100	3,544	(1,444)
Postage	3,000	3,000	3,093	(93)
Services Rendered	32,000	32,000	23,797	8,203
Advertising and Outreach	5,000	5,000	2,022	2,978
Audit Fees	17,000	17,000	16,500	500
Utilities	21,000	21,000	19,571	1,429
Board	25,000	25,000	28,625	(3,625)
Aging Committee	1,000	1,000	-	1,000
Aging Direct Services	758,630	758,630	885,121	(126,491)
WIOA Board	1,000	1,000	125	875
Workforce Development Direct Services	217,971	217,971	145,236	72,735
Workforce Development Supportive Services	-	-	2,583	(2,583)
Furniture and Equipment-Non Capital	1,500	1,500	7,526	(6,026)
Furniture and Equipment-Capital	20,000	20,000	-	20,000
Automobiles	-	-	31,144	(31,144)
Depreciation	45,000	45,000	47,415	(2,415)
Office Building	213,400	213,400	222,985	(9,585)
Office Equipment Lease and Rental	24,000	24,000	22,427	1,573
Maintenance and Service Agreements	85,000	85,000	82,973	2,027
Transportation Costs	14,500	14,500	12,299	2,201
Miscellaneous	10,000	10,000	5,498	4,502
Contract Pass-Through	4,593,510	4,593,510	3,162,173	1,431,337
Total Expenditures	<u>8,546,036</u>	<u>8,546,036</u>	<u>7,193,818</u>	<u>1,352,218</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>116,234</u>	<u>116,234</u>
Net Change in Fund Balances	-	-	116,234	116,234
Fund Balances, beginning	1,796,370	1,796,370	1,796,370	-
Fund Balances, ending	<u>\$ 1,796,370</u>	<u>\$ 1,796,370</u>	<u>\$ 1,912,604</u>	<u>\$ 116,234</u>

The accompanying notes are an integral part of these financial statements.
See Independent Auditor's Report.

UPPER SAVANNAH COUNCIL OF GOVERNMENTS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024

	Expendable Trust
	Revolving Loan Funds
ASSETS	
Cash and Cash Equivalents	\$ 110,866
SC Local Government Investment Pool	1,099,453
Investments	209,801
Note Receivable	6,414,218
Less Allowance for Doubtful Accounts	(155,000)
Total assets	7,679,338
LIABILITIES	
Due to other Governments/Providers	72,836
Total Liabilities	72,836
NET POSITION	
Held in Trust	\$ 7,606,502

*The accompanying notes are an integral part of these financial statements.
See Independent Auditor's Report.*

**UPPER SAVANNAH COUNCIL OF GOVERNMENTS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2024**

	Expendable Trust			Total Expendable Trust
	EDA RLF	SSED RLF	CARES RLF	
ADDITIONS				
Contributions				
Interest	\$ 37,029	\$ 117,965	\$ 21,809	\$ 176,803
Loan Fees	-	-	500	500
Total Additions	<u>37,029</u>	<u>117,965</u>	<u>22,309</u>	<u>177,303</u>
DEDUCTIONS				
Administrative Expenses				
Fees	18,728	269,179	12,607	300,514
Service Charges	-	-	66	66
RLF-EDA Loan Write Off	(10,021)	-	-	(10,021)
Internal Transfer to Community Foundation	-	208,800	-	208,800
Total Deductions	<u>8,707</u>	<u>477,979</u>	<u>12,673</u>	<u>499,359</u>
Change in Net Position	28,322	(360,014)	9,636	(322,056)
Net Position, beginning	648,069	6,499,084	781,405	7,928,558
Net Position, ending	<u>\$ 676,391</u>	<u>\$ 6,139,070</u>	<u>\$ 791,041</u>	<u>\$ 7,606,502</u>

*The accompanying notes are an integral part of these financial statements.
See Independent Auditor's Report.*

UPPER SAVANNAH COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Upper Savannah Council of Governments (the "Council") is a political subdivision created by the legislature of the State of South Carolina. The Council provides a forum for local governments in the Piedmont area of South Carolina to discuss and implement programs that benefit the area. The Council provides technical assistance to the various county and municipal governments who participate in the Council. The Council serves as an intermediary between the funding source and contract subrecipients on several projects. The Council provides contract services to the local governments for obtaining and administering grants.

The financial statements of the Council include all of the operations of the Council. No other organizations are included in the financial statements, and the Council is not included in any other governmental "reporting entity" as defined by the GASB pronouncement. The criteria used to determine whether or not an organization is included in the financial statements are financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, scope of public service, and financing relationships.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The government reports the following major governmental funds:

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

The *special revenue fund* is used to account for revenues derived from specific sources (other than major capital projects) which are earmarked, because of legal or regulatory provisions or administrative action, to finance specific projects.

Additionally, the Council reports the following fund types:

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement.

The *expendable trust funds* are accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets where both the principal and interest may be spent.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

Indirect Cost Allocation Plan

The Council has adopted an indirect cost allocation plan under the provisions of 2 CFR part 200 (“Uniform Guidance”) whereby allowable indirect costs are identified and accumulated in an indirect cost pool and distributed to applicable federal, state, and local grant activities and programs based upon actual indirect cost rates.

The actual indirect cost rate for the year ended June 30, 2024 was computed as follows:

<u>Total Indirect Administrative Costs</u>	=	\$ 992,253	=	0.61921
Direct Salaries and Fringe Benefits Charged to Grants, Programs, and Activities		\$ 1,602,454		

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

Assets, Liabilities, and Net Position

Cash, Cash Equivalents, and Investments

The Council’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Council to invest in obligations of the U.S. Treasury and its agencies, obligations of the State of South Carolina or any of its political units, banks and savings and loan associations to the extent secured by the FDIC, certificates of deposit and repurchase agreements where the certificates or agreements are collateralized by obligations of the United States or its agencies or by obligations of the State of South Carolina or any of its political units and no load open-end or closed-end management type registered investment companies or investment trusts whose sole investments are in obligations of the U.S. Treasury and its agencies, or in obligations of the State of South Carolina or any of its political units, or in collateralized repurchase agreements.

Deposits (cash and money market accounts) are carried at cost, which approximates fair value.

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. Management's intent is to hold all investments to maturity.

Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

Notes Receivable

Noncurrent portions of long-term notes receivable are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond the end of the fiscal year are recorded as prepaid items.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment and automobiles are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Leasehold improvements	7-40
Machinery and equipment	5-7
Automobiles	5

Long-term Obligations

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

Unearned Revenue

The Council reports deferred revenue on its balance sheet. Unearned revenues arise when resources are received by the Council before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods when the Council has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Pensions

In the government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The Council recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the Council's proportionate share thereof in the case a cost-sharing multiple-employer plan, measured as of the Council's fiscal yearend. Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates. The estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Fund Balance Classifications

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

Below are the fund balance classifications for the governmental funds at June 30, 2024:

	General Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances			
Unassigned			
Other	\$ 1,912,604	\$ -	\$ 1,912,604
Total Fund Balances	<u>\$ 1,912,604</u>	<u>\$ -</u>	<u>\$ 1,912,604</u>

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses.

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

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

Fair Value Measurement and Application

The Council categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles and in accordance with GASB Statement No. 72. The hierarchy is based on the valuation inputs used to measure fair value of an asset and gives the highest priority level to Level 1 inputs and the lowest priority to Level 3 inputs. The three levels of the fair value hierarchy are as follows:

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.

Inputs refer broadly to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics and other factors. Accounting standards require that the fair value determination be based on a maximum use of observable inputs (Levels 1 and 2) and minimum use of unobservable inputs (Level 3). The Council considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The valuation 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 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$(5,216,015) consists of several elements as follows:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (total capital assets are reported on the government-wide statement in governmental activities column):	\$ 746,536
Less: accumulated depreciation	553,636
Net capital assets	<u>192,900</u>

Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and, therefore, are not recorded in the fund statements:

Net pension liability	(2,796,006)
Net OPEB liability	(2,270,877)
	<u>(5,066,883)</u>

Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to pensions	454,636
Deferred outflows of resources related to OPEB	187,887
Deferred inflows of resources related to pensions	(48,164)
Deferred inflows of resources related to OPEB	(936,391)
	<u>(342,032)</u>

Total adjustments	<u>\$ (5,216,015)</u>
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B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$116,752 as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the Statement of Activities.	\$ 31,145
Depreciation expense, the allocation of those assets over their useful lives, that is recorded in the Statement of Activities but not in the fund statements.	(47,415)

Changes in the Council's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year for its participation in the State retirement plans are not reported in the governmental funds but are reported in the Statement of Activities.	85,412
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Changes in the Council's net OPEB liability, deferred outflows of resources, and deferred inflows of resources for the current year related to other post-employment benefits are not reported in the governmental funds but are reported in the Statement of Activities.	47,610
Total adjustments	<u>\$ 116,752</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A single annual appropriated budget is adopted for the general fund and the special revenue funds combined. All annual appropriations lapse at fiscal yearend. The budget was not amended during the year.

NOTE 4 – DETAILED NOTES ON ALL FUNDS

Deposits and Investments

The Council's cash is maintained in demand deposits, savings accounts, and money market accounts. The Council currently holds investments in the following types of financial instruments:

- Bank certificates of deposit are generally low-risk savings instruments that pay interest at a fixed rate that is typically higher than the rates offered for a regular savings account. Bank CDs are considered low-risk because they are FDIC-insured.
- Agency securities are securities that are generally backed by mortgage loans, and due to their creation from particular corporations that are sponsored by the U.S. government, they enjoy credit protection based on either an implicit or explicit guarantee from the U.S. government.
- Money market mutual funds are generally open-ended funds that invest in short term debt securities (including obligations of the United States and related agencies) that generally have a weighted average maturity of 60 days or less and do not invest more than 5% in any one issuer, except for government securities and repurchase agreements.
- South Carolina Local Government Investment Pool ("LGIP" or "Pool") investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any Council treasurer or any governing body of a political subdivision of the State, may be deposited. In accordance with GASB Statement No. 31 *"Accounting and Financial Reporting for Certain Investments and for External Investment Pools"*, investments are carried at fair value determined annually based upon quoted market prices for identical or similar investments or observable inputs other than quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the Pool may be obtained by writing to the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, South Carolina 29211-1960.

There were no deposit or investment transactions during the year that were in violation of either the State Statutes or the policy of the Council.

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Council's deposits might not be recovered. The Council's policy is that all deposits in excess of federal insurance amounts be collateralized with securities held by the pledging financial institution in the Council's name. As of June 30, 2024, none of the Council's bank balances of \$533,660, which had a carrying value of \$435,244, were exposed to custodial credit risk.

Investments

As of June 30, 2024, the Council had the following investments:

<u>Investment Type</u>	<u>Fair Value Level (1)</u>	<u>Fair Value</u>
South Carolina Pooled Investment Fund	Not Applicable	\$ 1,527,361
Bank CDs	Level 1	49,270
Money Market Mutual Funds	Level 1	389,621
Mutual Funds and Exchange Traded Funds (Fiduciary)	Level 1	712,572
Total		<u>\$ 2,678,824</u>

(1) See Note 1 for details of the Council's value hierarchy

Interest Rate Risk: The Council's investment policy is to mitigate interest rate risk and ensure the preservation of capital in the overall portfolio. The policy does not place a limit on its investment maturities to help manage the Council's exposure to fair value losses from increasing interest rates. Investments in securities in agencies related to the U.S. government and bank CDs earn interest at a stated fixed rate and are normally held until maturity when the full principal and interest amount is paid to the Council. All of the Council's investments had maturities of less than five years as of June 30, 2024.

Credit Risk for Investments: The Council's investment policy requires that the portfolio consist largely of securities with active secondary or resale markets. In addition, a portion of the portfolio may be placed in the South Carolina Pooled Investment Fund. This fund is unrated. The investments in agency securities and money market mutual funds are related to the U.S. government and earn the highest credit ratings from both Moody's and S&P.

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Council's investment policy requires that securities be held by a third-party custodian in the name of the Council. As of June 30, 2024, none of the Council's security investments were exposed to custodial credit risk.

Concentration of Credit Risk: The Council's investment policy places no limit on the amount it may invest in any one issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this disclosure requirement. No other investments exceeded 6% of the total as of June 30, 2024.

Reconciliation to the Financial Statements

A reconciliation of cash and investments as shown in the statements of net position is as follows:

Description	Amount
Cash on hand	\$ 65
Carrying value of deposits	435,244
Fair value of investments	2,678,824
Total cash on hand, deposits, and investments	<u>\$ 3,114,133</u>
Statement of Net Position	
Cash and cash equivalents	\$ 324,443
SC Local Government Investment Pool	427,908
Investments	941,662
Total cash and investments - governmental activities	<u>1,694,013</u>
Statement of Fiduciary Net Position	
Cash and cash equivalents	110,866
SC Local Government Investment Pool	1,099,453
Investments - Expendable Trust	209,801
Total cash and investments - fiduciary funds	<u>1,420,120</u>
Total cash and investments	<u>\$ 3,114,133</u>

Capital Assets

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, being depreciated:				
Leasehold improvements	\$ 265,525	\$ -	\$ -	\$ 265,525
Machinery and equipment	320,816	-	-	320,816
Automobiles	129,050	31,145	-	160,195
Total capital assets, being depreciated	<u>715,391</u>	<u>31,145</u>	<u>-</u>	<u>746,536</u>
Less accumulated depreciation for:				
Leasehold improvements	(143,915)	(17,373)	-	(161,288)
Machinery and equipment	(261,170)	(23,475)	-	(284,645)
Automobiles	(101,136)	(6,567)	-	(107,703)
Total accumulated depreciation	<u>(506,221)</u>	<u>(47,415)</u>	<u>-</u>	<u>(553,636)</u>
Total capital assets, being depreciated, net	<u>209,170</u>	<u>(16,270)</u>	<u>-</u>	<u>192,900</u>
Governmental activities, capital assets, net	<u>\$ 209,170</u>	<u>\$ (16,270)</u>	<u>\$ -</u>	<u>\$ 192,900</u>

In the fund financial statements, depreciation is charged to operations as allowable indirect costs with corresponding amounts recognized as in-kind revenue. This is a departure from accounting principles generally accepted in the United States of America applicable to governmental fund accounting but is made necessary by the requirements of the funding agencies in order for the Council to obtain reimbursement for its capital expenditures. Management is of the opinion that the effect to the financial statements is immaterial over time.

Notes Receivable

Notes receivable at June 30, 2024 are as follows:

Revolving Loan Funds	\$	6,414,218
Less: Reserve for Doubtful Accounts		(155,000)
Total, Net of Reserve for Doubtful Accounts	\$	<u>6,259,218</u>
Current Portion	\$	685,410
Noncurrent Portion		5,573,808
	\$	<u>6,259,218</u>

These notes are reported as part of the expendable trust.

NOTE 5 – OTHER INFORMATION

Retirement Plans

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the retirement systems and benefit programs of the State of South Carolina, including the State Optional Retirement Program and the S. C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, and eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

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

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

Plan Descriptions

- The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for teachers and employees of the state and its political subdivisions.

SCRS covers employees of state agencies, public school districts and participating charter schools, public higher education institutions, other participating local subdivisions of government and first-term individuals elected to the South Carolina General Assembly.

- The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to newly hired state, public higher education institution and public school district employees, as well as first-term individuals elected to the South Carolina General Assembly. State ORP participants direct the investment of their funds into an account administered by one of four third party service providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party service providers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.
- The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1962, pursuant to the provisions of Sections 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

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

Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

- SCRS – Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and first-term individuals elected to the South Carolina General Assembly. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
- State ORP – As an alternative to membership in SCRS, newly hired state, public higher education institution and public school district employees, as well as first-term individuals elected to the South Carolina General Assembly have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employer to the member's account with the ORP service provider for the employee contribution and a portion of the employer contribution (5 percent) a direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.
- PORS – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective membership prior to July 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits

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

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

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

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

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July of the preceding year are eligible to receive the increase.

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. The Retirement Funding and Administrative Act of 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS until reaching 18.56 percent for SCRS and 21.24 percent for PORS. The legislation included further provision that if the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA board would increase the employer contribution rates to meet the funding periods set for the applicable year.

Pension reform legislation modified statute such that the employer contribution rates for SCRS and PORS to be further increased, not to exceed one-half of one percent in any one year if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS and PORS to the maximum amortization period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuation of the plan. Finally, under the revised statute, the contribution rates for SCRS and POST may not be decreased until the plans are at least 85 percent funded.

Required employee contribution rates¹ are as follows:

	Fiscal Year 2024 ¹	Fiscal Year 2023 ¹
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
State ORP		
Employee	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

Required employer contribution rates¹ are as follows:

	Fiscal Year 2024 ¹	Fiscal Year 2023 ¹
SCRS		
Employer Class Two	18.41%	17.41%
Employer Class Three	18.41%	17.41%
Employer Incidental Death Benefit	0.15%	0.15%
State ORP		
Employer Contribution ²	18.41%	17.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer Class Two	20.84%	19.84%
Employer Class Three	20.84%	19.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

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

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

Actuarial Assumptions and Methods

Actuarial valuations of the ongoing 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 for the period ending June 30, 2019.

The June 30, 2023, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2022. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2023, using generally accepted actuarial principles. There was no legislation enacted during the 2023 legislative session that had a material change in the benefit provisions for any of the systems.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2023:

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment rate of return ¹	7.00%	7.00%
Projected salary increases	3.0% to 11% (varies by service) ¹	3.5% to 10.5% (varies by service) ¹
Benefit adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually
¹ Includes inflation at 2.25%		

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of scale UMP projected from the year 2020.

Assumptions used in the determination of the June 30, 2023, TPL are as follows:

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

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

At June 30, 2024, the Council reported a liability of \$2,796,006 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Council's portion of the net pension liability was based on a projection of the Council's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

For the year ended June 30, 2024, the Council recognized pension expense totaling \$210,754, which consisted of contributions to the System of \$296,165, and a decrease in expense of \$85,411, as a result of the decrease in net pension liability related to GASB 68 requirements. At June 30, 2023, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 48,544	\$ 7,754
Changes of assumptions	42,839	-
Net difference between projected and actual earnings on pension plan investments	-	3,827
Changes in proportionate share and differences between Council contributions and proportionate share of total employer plan contributions	67,088	36,583
Council contributions subsequent to the measurement date	296,165	-
Total	<u>\$ 454,636</u>	<u>\$ 48,164</u>

\$296,165 reported as deferred outflows of resources related to pensions resulting from Council contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

The following schedule reflects the amortization of the net balance of remaining deferred outflows/(inflows) of resources at the measurement date. Average remaining service lives of all employees provided with pensions through the pension plan at the measurement date was 3.767 years for SCRS.

Measurement Period Ending June 30,	
2025	\$ 51,340
2026	(38,556)
2027	99,162
2028	(1,639)
Net Balance of Deferred Outflows/(Inflows) of Resources	<u>\$ 110,307</u>

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB 67 less that system's fiduciary net position. NPL totals, as of June 30, 2023, for SCRS and PORS are presented below.

System	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers' Net Position Liability (Asset)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
SCRS	\$ 58,464,402,454	\$ 34,286,961,942	\$ 24,177,440,512	58.6%
PORS	9,450,021,576	6,405,925,370	3,044,096,206	67.8%

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2023 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

<u>Allocation/Exposure</u>	<u>Policy Target</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-term Expected Portfolio Real Rate of Return</u>
Public Equity	46.0%	6.62%	3.04%
Bonds	26.0%	0.31%	0.08%
Private Equity¹	9.0%	10.91%	0.98%
Private Debt¹	7.0%	6.16%	0.43%
Real Assets	12.0%		
Real Estate ¹	9.0%	6.41%	0.58%
Infrastructure ¹	3.0%	6.62%	0.20%
Total Expected Real Return ²	100.0%		5.31%
Inflation for Actuarial Purposes			2.25%
			<u>7.56%</u>

¹ RSIC staff and consultant will notify the Commission if the collective exposure to Private Equity, Private Debt and Private Real Estate exceeds 30 percent of total plan assets.

² Portable Alpha Strategies, which are not included in the Policy Target, will be capped at 15% of total assets; hedge funds (including all hedge funds used in portable alpha implementation) are capped at 15% of total assets.

Discount Rate

The discount rate used to measure the TPL was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all 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 participating employers calculated using the discount rate of 7 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6 percent) and 1.00 percent higher (8 percent) than the current rate:

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

System	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
SCRS	\$ 3,612,706	\$ 2,796,006	\$ 2,117,193

Additional Financial and Actuarial Information

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued ACFR containing financial statements and required supplementary information for SCRS and PORS. The ACFR of the Pension Trust Funds is publicly available on PEBA's Retirement Benefits' 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.

NOTE 6 – POST-EMPLOYMENT BENEFITS

Plan Description and Funding Policy

The Council maintains an Investment Trust for Retiree Health Plan and eligible retirees are allowed to continue coverage in accordance with the Council's Other Postemployment Benefits (OPEB) Substantive Plan, a single-employer defined benefit plan. It is the Council's policy to periodically review its medical coverage in order to provide the most favorable yet affordable benefits and premiums for Council employees and retirees.

The required contributions are based on projected pay-as-you-go financing requirements. For fiscal year 2022, the Council contributed \$0 to the plan. As of June 30, 2022, there were approximately eight retirees receiving health benefits from the Council's plan. The Council's plan does not issue a stand-alone financial report.

Relationship Between Valuation Date, Measurement Date and Reporting Date

The Valuation Date is July 1, 2022. This is the date as of which the actuarial valuation is performed. The Measurement Date is June 30, 2024. This is the date as of which the net OPEB liability is determined. The Reporting Date is June 30, 2024. This is the plan's and/or employer's fiscal year ending date.

Significant Changes

There have been no significant changes between the valuation date and fiscal yearend.

Participant Data as of July 1, 2022

Actives	22
Retirees	8
Beneficiaries	1
Spouses of Retirees	-
Total	<u>31</u>

	<u>June 30, 2024</u>
Total OPEB Liability	
Total OPEB Liability	\$ 2,270,877
Covered payroll	\$ 1,091,034
Total OPEB liability as a % of covered payroll	208.14%

The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 74 and 75.

Discount Rate

Discount rate	3.93%
20 Year Tax-Exempt Municipal Bond Yield	3.93%

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Other Key Actuarial Assumptions

The plan has not had a formal actuarial experience study performed.

Valuation date	July 1, 2022
Measurement date	June 30, 2024
Actuarial cost method	Entry Age Normal
Inflation	2.30%
Medical trend rate	5.4% - 3.9% over 54 years
Salary increases including inflation	3.00% plus a merit- based graded scale

Changes in Total OPEB Liability

Changes in Total OPEB Liability	Increase (Decrease) Total OPEB Liability
Balance as of June 30, 2023	\$ 2,318,224
Changes for the year:	
Service cost	28,126
Interest on total OPEB liability	84,285
Effect of assumptions changes or inputs	(84,723)
Benefit payments	(75,035)
Balance as of June 30, 2024	<u>\$ 2,270,877</u>

Sensitivity Analysis

The following presents the total OPEB liability of the Council, calculated using the discount rate of 3.93%, as well as what the Council's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.93%) or 1 percentage point higher (4.93%) than the current rate.

	1% Decrease 2.65%	Discount Rate 3.93%	1% Increase 4.93%
Total OPEB liability	\$ 2,596,824	\$ 2,270,877	\$ 2,003,642

The following presents the total OPEB liability of the Council, calculated using the current healthcare cost trend rates as well as what the Council's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 1,960,424	\$ 2,270,877	\$ 2,650,417

	<u>July 1, 2023 to June 30, 2024</u>
OPEB Expense	
Service cost	\$ 28,126
Interest on total OPEB liability	84,285
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of economic/demographic gains or losses	(69,728)
Recognition of assumption changes or inputs	(15,258)
OPEB Expense	<u>\$ 27,425</u>

As of June 30, 2024, the deferred inflows and outflows of resources are as follows:

Deferred Inflows/Outflows of Resources	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Difference between expected and actual experience	\$ (529,949)	\$ 41,490
Changes of assumptions	(406,442)	146,397
Total	<u>\$ (936,391)</u>	<u>\$ 187,887</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

Year ended June 30,	
2025	\$ (113,443)
2026	(256,022)
2027	(211,174)
2028	(116,720)
2029	(51,145)
	<u>\$ (748,504)</u>

NOTE 7 – OTHER INFORMATION

Contingencies

The Council must apply for annual renewals of contracts and grants. Funding is subject to both increases and reductions at the discretion of contractors, and some agreements also call for termination by either party contingent upon certain conditions.

Amounts received or receivable for grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of the expenditures which may be disallowed by the grantor cannot be determined at this time although the Council expects such amounts, if any, to be immaterial.

Related Party Transactions

Upper Savannah Development Corporation, a not-for-profit Corporation, was formed by the Council's Board of Directors to further the economic development of the Upper Savannah region and to promote and assist in the growth and development of small business concerns in the region.

The Upper Savannah Development Corporation entered into a construction contract in October 2013 to build a new office building to house the Upper Savannah Council of Governments. State law establishing councils of governments does not specifically include a provision to borrow money. As a result, attorneys have advised that the Upper Savannah Development Corporation should own the building and lease it to the Council of Governments. To accomplish this, the Upper Savannah Development Corporation borrowed \$2,300,000 to finance the construction and furnishing of the building.

The Upper Savannah Council of Governments has entered into a yearly lease agreement with the Upper Savannah Development Corporation, with lease payments being equal to required debt service and fee payments on the Upper Savannah Development Corporation's loans. The term of the lease also coincides with the terms of the loans.

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 has joined together with municipalities in the state to form the South Carolina Association of Counties (SCAC), a public entity risk pool operating as a common risk management and insurance program for worker's compensation. The Council pays a quarterly premium to SCAC. However, if the Council's losses exceed the initial premium, it is assessed an additional amount to fully reimburse the insurer for the losses, but if the premium exceeds the losses, the Council receives a refund.

SCAC members accept the responsibility for normal claims, while catastrophic accidents (over \$250,000) are reinsured through an insurance company. Interest earned on premiums maintain a contingency reserve fund. When approved by the South Carolina Worker's Compensation Commission (SCWCC), these earnings may be returned to members as dividends. Payments of premiums are paid out of general operating funds. The Council maintains a commercial insurance policy for its employee dishonesty bond. Coverage for tort liability, multi-peril and auto insurance are also provided through the South Carolina Association of Counties.

There were no significant reductions in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage for the year ended June 30, 2024.

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued. Events after the date of the auditor's report have not been evaluated to determine whether a change in the financial statements would be required.

REQUIRED SUPPLEMENTARY INFORMATION

UPPER SAVANNAH COUNCIL OF GOVERNMENTS

SCHEDULE OF PENSION PLAN CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>SCRS</u>										
Contractually required contribution	\$ 296,165	\$ 254,558	\$ 218,236	\$ 198,758	\$ 199,339	\$ 193,323	\$ 185,348	\$ 155,019	\$ 156,152	\$ 164,303
Contributions in relation to the contractually required contribution	(296,165)	(254,558)	(218,236)	(198,758)	(199,339)	(193,323)	(185,348)	(155,019)	(156,152)	(164,303)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Council's covered-employee payroll	\$ 1,680,720	\$ 1,462,136	\$ 1,329,896	\$ 1,289,797	\$ 1,293,567	\$ 1,341,586	\$ 1,382,165	\$ 1,358,625	\$ 1,431,274	\$ 1,528,399
Contributions as a percentage of covered-employee payroll	17.6%	17.4%	16.4%	15.4%	15.4%	14.4%	13.4%	11.4%	10.9%	10.7%

UPPER SAVANNAH COUNCIL OF GOVERNMENTS

SCHEDULE OF THE COUNCIL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>SCRS</u>										
Council's proportion of the net pension liability	0.012%	0.011%	0.011%	0.012%	0.013%	0.013%	0.014%	0.015%	0.018%	0.017%
Council's proportionate share of the net pension liability	\$ 2,796,006	\$ 2,707,464	\$ 2,469,272	\$ 2,962,698	\$ 2,901,018	\$ 2,988,573	\$ 3,031,413	\$ 3,156,986	\$ 3,424,756	\$ 3,017,913
Council's covered-employee payroll	\$ 1,462,136	\$ 1,329,896	\$ 1,289,797	\$ 1,293,567	\$ 1,341,586	\$ 1,382,165	\$ 1,358,625	\$ 1,431,274	\$ 1,528,399	\$ 1,591,404
Council's proportionate share of the net pension liability as a percentage of its covered-employee payroll	191.2%	203.6%	191.4%	229.0%	216.2%	216.2%	223.1%	220.6%	224.1%	189.6%
Plan fiduciary net position as a percentage of the total pension liability	58.6%	57.1%	60.7%	50.7%	54.4%	54.1%	53.3%	52.9%	57.0%	59.9%

UPPER SAVANNAH COUNCIL OF GOVERNMENTS

**NOTES TO PENSION REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2024**

Method and Assumptions Used in Calculations of Actuarially Determined Contributions: The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, 2023, one year prior to the end of the fiscal year in which contributions are reported. The actuarial methods and assumptions used to determine the contractually required contributions for the year ended June 30, 2024 reported in that schedule can be found in Note 5 of the basic financial statements.

**UPPER SAVANNAH COUNCIL OF GOVERNMENTS
SCHEDULE OF CHANGES IN TOTAL OPEB
LIABILITY AND RELATED RATIOS
FOR THE PAST SEVEN FISCAL YEARS**

	JUNE 30,						
	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	\$ 28,126	\$ 30,162	\$ 75,828	\$ 72,057	\$ 53,126	\$ 42,642	\$ 45,146
Interest on total OPEB liability	84,285	102,810	77,316	79,484	98,430	90,556	84,876
Effect of economic/demographic gains/(losses)	-	(698,750)	-	(128,855)	-	397,146	-
Effect of assumption changes or inputs	(84,723)	46,872	(706,807)	29,397	674,368	(17,019)	(108,754)
Benefit payments	(75,035)	(73,225)	(78,694)	(67,487)	(53,531)	(49,366)	(49,949)
Net Change in Total OPEB Liability	(47,347)	(592,131)	(632,357)	(15,404)	772,393	463,959	(28,681)
Total OPEB liability, beginning	\$ 2,318,224	\$ 2,910,355	\$ 3,542,712	\$ 3,558,116	\$ 2,785,723	\$ 2,321,764	\$ 2,350,445
Total OPEB liability, ending	\$ 2,270,877	\$ 2,318,224	\$ 2,910,355	\$ 3,542,712	\$ 3,558,116	\$ 2,785,723	\$ 2,321,764
Covered payroll	\$ 1,091,034	\$ 1,091,034	\$ 996,975	\$ 996,975	\$ 1,369,580	\$ 1,369,580	\$ 1,431,300
Total OPEB liability as a % of covered payroll	208.14%	212.48%	291.92%	355.35%	259.80%	203.40%	162.21%

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

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

**UPPER SAVANNAH COUNCIL OF GOVERNMENTS
SCHEDULE OF NET OPEB LIABILITY
FOR THE PAST SEVEN FISCAL YEARS**

	JUNE 30,						
	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability	\$ 2,270,877	\$ 2,318,224	\$ 2,910,355	\$ 3,542,712	\$ 3,558,116	\$ 2,785,723	\$ 2,321,764
Plan fiduciary net position	-	-	-	-	-	-	-
Net OPEB Liability	\$ 2,270,877	\$ 2,318,224	\$ 2,910,355	\$ 3,542,712	\$ 3,558,116	\$ 2,785,723	\$ 2,321,764
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%	0%	0%	0%
Covered Payroll*	\$ 1,091,034	\$ 1,091,034	\$ 996,975	\$ 996,975	\$ 1,369,580	\$ 1,369,580	\$ 1,431,300
Net OPEB liability as a percentage of covered payroll	208.14%	212.48%	291.92%	355.35%	259.80%	203.40%	162.21%

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

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

OTHER SUPPLEMENTARY INFORMATION

**UPPER SAVANNAH COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GENERAL FUND
YEAR ENDED JUNE 30, 2024**

	Local Direct Costs	Allocable Indirect Costs	Total
REVENUES			
Participating Local Governments	\$ 151,254	\$ -	\$ 151,254
State Aid to Councils of Governments	110,533	-	110,533
In-Kind Revenue	47,414	-	47,414
Other Revenue	131,046	-	131,046
Total Revenues	<u>440,247</u>	<u>-</u>	<u>440,247</u>
EXPENDITURES			
Direct Salaries and Release	6,979	445,225	452,204
Fringe Benefits	549	204,852	205,401
Travel and Meetings	2,985	12,579	15,564
Transportation Costs	-	12,299	12,299
Office Supplies and Printing	558	7,671	8,229
Telephone and Internet	2,922	14,882	17,804
Dues and Subscriptions	8,303	13,750	22,053
Insurance	-	33,063	33,063
Bank Service Charges	3,544	-	3,544
Computer Software	-	636	636
Miscellaneous	4,448	-	4,448
Postage	(241)	3,334	3,093
Services Rendered	1,925	8,155	10,080
Equipment and Office Fixtures-Non Cap	3,333	-	3,333
Automobiles	31,144	-	31,144
Indirect Costs Allocated	-	(992,253)	(992,253)
Admin Costs-Off Site	(290)	(8,709)	(8,999)
Audit Fees	-	16,500	16,500
Utilities	-	19,571	19,571
Board	9,224	19,401	28,625
Depreciation	22,826	24,589	47,415
Office Building	160,117	62,868	222,985
Office Equipment Lease and Rental	-	22,427	22,427
Maintenance and Service Agreements	-	79,160	79,160
Total Expenditures	<u>258,326</u>	<u>-</u>	<u>258,326</u>
Excess of Revenues Over Expenditures	181,921	-	181,921
OTHER FINANCING SOURCES (USES)			
Operating Transfers Out	(65,687)	-	(65,687)
Total Other Financing Sources (Uses)	<u>(65,687)</u>	<u>-</u>	<u>(65,687)</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	116,234	-	116,234
Fund Balance, beginning	1,796,370	-	1,796,370
Fund Balance, ending	<u>\$ 1,912,604</u>	<u>\$ -</u>	<u>\$ 1,912,604</u>

**UPPER SAVANNAH COUNCIL OF GOVERNMENTS
COMBINING BALANCE SHEET SCHEDULE
SPECIAL REVENUE PROJECTS
YEAR ENDED JUNE 30, 2024**

	Special Revenue Funds					Totals
	Workforce Innovation & Opportunity Act	Aging	Economic Development	Government Services	Community Development	
ASSETS						
Cash	\$ 571	\$ 45,965	\$ -	\$ 317,766	\$ -	\$ 364,302
Due From Other Governments and Providers	316,730	404,933	80,026	77,298	411,571	1,290,558
Due From Other Funds	21,860	101,600	-	-	-	123,460
Total Assets	<u>\$ 339,161</u>	<u>\$ 552,498</u>	<u>\$ 80,026</u>	<u>\$ 395,064</u>	<u>\$ 411,571</u>	<u>\$ 1,778,320</u>
LIABILITIES						
Accounts Payable	\$ 219,504	\$ 305,001	\$ 140	\$ -	\$ -	\$ 524,645
Due To Other Funds	119,086	190,827	79,886	64,489	411,571	865,859
Deferred Revenue	571	56,670	-	330,575	-	387,816
Total Liabilities	<u>\$ 339,161</u>	<u>\$ 552,498</u>	<u>\$ 80,026</u>	<u>\$ 395,064</u>	<u>\$ 411,571</u>	<u>\$ 1,778,320</u>

UPPER SAVANNAH COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - SPECIAL REVENUE PROJECTS
YEAR ENDED JUNE 30, 2024

	Special Revenue Funds						Totals
	Workforce Innovation & Opportunity Act	Aging	Economic Development	Government Services	Community Development	Other Special Revenue Projects	
REVENUES							
Federal and State Funds	\$ 2,254,229	\$ 2,245,872	\$ 57,648	\$ 297,684	\$ -	\$ -	\$ 4,855,433
State Funds Aging	-	823,045	-	-	-	-	823,045
State Match Aging	-	590,923	-	-	-	-	590,923
Service Contracts	-	-	328,859	-	268,923	-	597,782
Other	-	2,622	-	-	-	-	2,622
Total Revenues	<u>2,254,229</u>	<u>3,662,462</u>	<u>386,507</u>	<u>297,684</u>	<u>268,923</u>	<u>-</u>	<u>6,869,805</u>
EXPENDITURES							
Direct Salaries and Release	235,688	505,084	162,567	135,233	126,565	-	1,165,137
Fringe Benefits	96,084	231,412	74,798	62,222	58,234	-	522,750
Travel and Meetings	1,546	7,212	250	2,421	1,365	822	13,616
Office Supplies and Printing	1,555	730	20	-	-	-	2,305
Maintenance and Service Agreements	2,133	-	1,680	-	-	-	3,813
Telephone and Internet	-	210	-	-	-	-	210
Dues and Subscriptions	400	7,063	580	599	-	-	8,642
Advertising and Outreach	-	-	-	(684)	2,706	-	2,022
Insurance	1,347	-	-	-	-	-	1,347
Direct Services	145,236	885,121	-	-	-	-	1,030,357
Supportive Services	2,583	-	-	-	-	-	2,583
Miscellaneous	-	-	1,050	-	-	-	1,050
WIOA Board	125	-	-	-	-	-	125
Services Rendered	1,500	12,037	-	180	-	-	13,717
Furniture and Equipment-Non Capital	491	3,702	-	-	-	-	4,193
Contract Passthrough	1,580,582	1,581,591	-	-	-	-	3,162,173
Indirect Costs Allocated	180,779	427,801	146,978	122,266	114,429	-	992,253
Admin Costs-Off Site	3,982	5,017	-	-	-	-	8,999
Computer Software	200	-	-	-	-	-	200
Total Expenditures	<u>2,254,231</u>	<u>3,666,980</u>	<u>387,923</u>	<u>322,237</u>	<u>303,299</u>	<u>822</u>	<u>6,935,492</u>
Excess of Revenues Over (Under) Expenditures							
Before Required Match	<u>(2)</u>	<u>(4,518)</u>	<u>(1,416)</u>	<u>(24,553)</u>	<u>(34,376)</u>	<u>(822)</u>	<u>(65,687)</u>
Required Match	-	-	51,552	31,250	-	-	82,802
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	2	4,518	8	1,984	34,376	822	41,710
Operating Transfers (Out)	-	-	(50,144)	(8,681)	-	-	(58,825)
Total Other Financing Sources (Uses) and Required Match	<u>2</u>	<u>4,518</u>	<u>1,416</u>	<u>24,553</u>	<u>34,376</u>	<u>822</u>	<u>65,687</u>
Net Change in Fund Balances	-	-	-	-	-	-	-
Fund Balance, beginning	-	-	-	-	-	-	-
Fund Balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SINGLE AUDIT SECTION

UPPER SAVANNAH COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Assistance Listing Number	Federal Disbursements/ Expenditures
<u>U.S. Department of Commerce</u>			
Direct - Economic Development Administration:			
Economic Development Cluster			
Economic Development RLF - Expendable Trust Fund	04-39-03542	11.307	\$ 414,019
Economic Development RLF (CARES)- Expendable Trust Fund	04-79-07534	11.307	805,302
			1,219,321
Other Economic Development Programs			
Economic Development Assistance	ED22ATL3020027	11.302	51,552
Passed Through S.C. Department of Administration			
SC Digital Equity Planning Grant Program	45-30-DP358	11.032	7,896
Total U.S. Department of Commerce			1,278,769
<u>U.S. Department of Labor</u>			
Passed Through S.C. Department of Employment and Workforce			
WIA/WIOA Cluster			
WIOA Adult - Admin	22A002	17.258	3,366
WIOA Adult - Admin	23A002	17.258	30,791
WIOA Adult - Program	23A002	17.258	265,171
WIOA Adult - Admin Individual Employer Training	23IET02	17.258	8,544
WIOA Dislocated Worker - Admin	22DW002	17.278	6,425
WIOA Dislocated Worker - Program	22DW002	17.278	305,256
WIOA Dislocated Worker - Admin	23DW002	17.278	29,228
WIOA Dislocated Worker - Program	23DW002	17.278	258,304
WIOA Youth - Admin	22Y002	17.259	410
WIOA Youth - Program	22Y002	17.259	190,721
WIOA Youth - Admin	23Y002	17.259	25,779
WIOA Youth - Program	23Y002	17.259	107,123
Total WIOA Cluster			1,231,118
Passed Through Pee Dee Regional Council of Governments			
H-1B Non-Immigrant Petitioner	HG-35880-21-60-A-45	17.268	100,572
Passed Through U.S. Employment and Training Administration			
WIOA Dislocated Worker - CAREER NEG	DW-36844-21-60-A-45	17.277	922,591
Total U.S. Department of Labor			2,254,281
<u>U.S. Department of Transportation</u>			
Passed Through S.C. Division of Highways and Public Transportation			
Highway Planning and Construction Cluster			
Highway Planning and Construction	SP46-021	20.205	125,000
<u>U.S. Department of the Treasury</u>			
Passed Through S.C. Rural Infrastructure Authority			
SC Infrastructure Investment Program	SLFRP5410	21.027	153,595
<u>U.S. Environmental Protection Agency</u>			
Passed Through S.C. Department of Health and Environmental Control			
SC Brownfields Environmental Site Testing	N/A	66.818	6,096
<u>U.S. Department of Health and Human Services</u>			
Passed Through S. C. Lieutenant Governor's Office On Aging:			
Aging Cluster			
Title III-B Planning and Administration	R02MG23	93.044	65,948
Title III-B Supportive Services	R02MG23	93.044	128,280
Title III-B Planning and Administration	R02MG24	93.044	60,612
Title III-B Supportive Services	R02MG24	93.044	306,122
Title III-B Ombudsman	R02MG23	93.044	59,014
Title III-B Ombudsman	R02MG24	93.044	59,312

UPPER SAVANNAH COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Assistance Listing Number	Federal Disbursements/ Expenditures
U.S. Department of Health and Human Services (continued)			
Title III-B American Rescue Plan (ARP)	R02ARP23	93.044	94,049
COVID Supplemental Services Vaccine	COVID-VAC02	93.044	2,175
Title III-C1 Group Dining	R02MG23	93.045	131,385
Title III-C1 Planning and Administration	R02MG24	93.045	10,242
Title III-C1 American Rescue Plan (ARP)	R02ARP23	93.045	715
Title III-C2 Planning and Administration	R02MG23	93.045	48,019
Title III-C2 Home Delivered Meals	R02MG23	93.045	303,158
Title III-C2 Planning and Administration	R02MG24	93.045	4,824
Title III-C2 Home Delivered Meals	R02MG24	93.045	273,952
Title III-C2 American Rescue Plan (ARP)	R02ARP23	93.045	20,237
NSIP Nutrition Services Incentive	R02MG23	93.053	62,944
NSIP Nutrition Services Incentive	R02MG24	93.053	88,498
Total Aging Cluster			1,719,486
Other Aging Programs			
Title III-D Preventive Health	R02MG23	93.043	8,778
Title III-D Evidence Based Health	R02MG23	93.043	14,472
			23,250
Title III-E Planning and Administration	R02MG22	93.052	357
Title III-E Services	R02MG22	93.052	18,526
Title III-E Planning and Administration	R02MG23	93.052	21,950
Title III-E Services	R02MG23	93.052	74,887
Title III-E Planning and Administration	R02MG24	93.052	4,107
Title III-E IR&A	R02MG23	93.052	52,660
Title III-E American Rescue Plan (ARP)	R02MG23	93.052	135,261
			307,748
SMP HCFAC	R02IC23	93.048	22,109
I CARE SHIAP COG	R02IC23	93.324	60,683
Title VII Ombudsman	R02IC23	93.042	16,407
MIPPA SHIP	R02IC23	93.071	3,682
MIPPA SHIP	R02IC24	93.071	11,240
MIPPA AAA	R02IC23	93.071	21,341
MIPPA ADRC	R02IC23	93.071	5,000
			41,263
ARP Ombudsman LTCOP		93.747	1,883
ARP Ombudsman Elder Abuse Prevention Intervention		93.747	21,892
			23,775
Prime 21 Advocate Program	R02 PRIME21	93.634	7,582
Total U.S. Department of Health and Human Services			2,222,300
Election Assistance Commission			
Passed Through Southeast Crescent Regional Commission Local Development District Capacity Building Program	LDD23SC037	90.705	11,193
Total Expenditures of Federal Awards			\$ 6,051,237

UPPER SAVANNAH COUNCIL OF GOVERNMENTS

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024**

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Upper Savannah Council of Governments under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented on the modified accrual basis of accounting and in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the Upper Savannah Council of Governments, it is not intended to and does not present the financial position or changes in net position of the Upper Savannah Council of Governments.

NOTE 2 – COST PRINCIPLES

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

NOTE 3 – INDIRECT COST RATE

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

NOTE 4 – LOANS OUTSTANDING

The Upper Savannah Council of Governments had the following loan balances outstanding at June 30, 2024. These loan balances outstanding are also included in the federal expenditures presented in the Schedule.

<u>Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Outstanding Balance at June 30, 2024</u>
EDA Revolving Loan Fund	11.307	\$ <u>178,927</u>

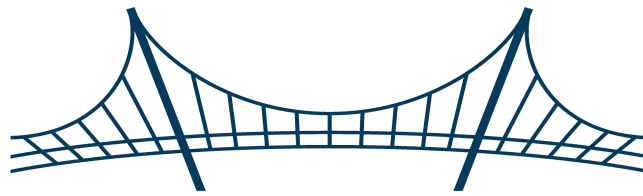
The calculation of federal funds expended for the EDA Revolving Loan Fund as reported in the Schedule is as follows:

Revolving Loan Fund (RLF) Principal Outstanding	\$ 178,927
Cash and Investment Balances in the RLF:	
- Investment Pool	615,243
- Checking Account	<u>15,139</u>
Administrative Expenses Paid from RLF Income	<u>18,728</u>
	828,037
Federal share of the RLF:	<u>50%</u>
Total Federal Expenditures	\$ <u>414,019</u>

<u>Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Outstanding Balance at June 30, 2024</u>
EDA Revolving Loan Fund - CARES	11.307	<u>\$ 693,782</u>

The calculation of federal funds expended for the EDA Revolving Loan Fund - CARES as reported in the Schedule is as follows:

Revolving Loan Fund - CARES (RLF-CARES)		
Principal Outstanding		\$ 693,782
Cash and Investment Balances in the RLF-CARES:		
- Investment Pool	84,187	
- Checking Account	<u>14,726</u>	98,913
Administrative Expenses Paid from RLF-CARES Income		<u>12,607</u>
		805,302
Federal share of the RLF-CARES:		<u>100%</u>
Total Federal Expenditures		<u><u>\$ 805,302</u></u>



Phillips CPAs and Advisors

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

The Board of Directors
Upper Savannah Council of Governments
Greenwood, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Upper Savannah Council of Governments, as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise Upper Savannah Council of Governments' basic financial statements and have issued our report thereon dated March 11, 2025.

Report Internal Control Over Financial Reporting

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

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

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

The Board of Directors
Upper Savannah Council of Governments
March 11, 2025

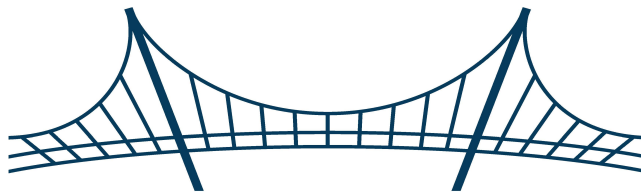
Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Phillips CPAs and Advisors
Greenville, South Carolina
March 11, 2025



Phillips CPAs and Advisors

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

The Board of Directors
Upper Savannah Council of Governments
Greenwood, South Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Upper Savannah Council of Governments' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Upper Savannah Council of Governments' major federal programs for the year ended June 30, 2024. Upper Savannah Council of Governments' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Upper Savannah Council of Governments 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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Upper Savannah Council of Governments' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Upper Savannah Council of Governments' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Upper Savannah Council of Governments' internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, 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.

The Board of Directors
Upper Savannah Council of Governments
March 11, 2025

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

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

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

Phillips CPAs and Advisors
Greenville, South Carolina
March 11, 2025

UPPER SAVANNAH COUNCIL OF GOVERNMENTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

I. Summary of Auditor’s Results

Financial Statements

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

Unmodified opinion

Internal control over financial reporting:

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

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of Major Federal Programs:

17,258, 17.259, 17.278 WIOA Cluster

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

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

II. Financial Statement Findings

None Reported.

III. Major Federal Award Findings and Questioned Costs

None Reported.

UPPER SAVANNAH COUNCIL OF GOVERNMENTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2024

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