

**SOUTH CAROLINA APPALACHIAN  
COUNCIL OF GOVERNMENTS**

**AUDITED FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2013**

**SOUTH CAROLINA APPALACHIAN  
COUNCIL OF GOVERNMENTS**

**AUDITED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013**

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
South Carolina Appalachian Council of Governments  
Greenville, South Carolina

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of South Carolina Appalachian Council of Governments as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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



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

## **Opinion**

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 South Carolina Appalachian Council of Governments, as of June 30, 2013, and the respective changes in financial position, and the respective budgetary comparison for the General Fund and the Special Revenue Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise South Carolina Appalachian Council of Governments' basic financial statements. The supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purpose of additional analysis as required by U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements.

The supplemental schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves,

The Board of Directors  
South Carolina Appalachian Council of Governments  
October 9, 2013

and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2013, on our consideration of South Carolina Appalachian Council of Governments' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering South Carolina Appalachian Council of Governments' internal control over financial reporting and compliance.

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

October 9, 2013

## Management's Discussion and Analysis

Management of the South Carolina Appalachian Council of Governments presents the following overview of the financial performance of the Council for the year ended June 30, 2013. This information should be read in conjunction with the audited financial statements and the accompanying notes.

### Financial Highlights

- The Council's assets exceeded its liabilities at June 30, 2013, by \$2,414,175 (shown as total net position).
- As of the close of the fiscal year, the Council's governmental funds reported combined ending fund balances of \$1,600,442, a decrease of \$135,102 from the prior year. A total of \$398,659 is nonspendable or assigned, resulting in an unassigned balance of \$1,201,783.
- The Council's fiscal obligation for accumulated annual leave and salary-related fringe benefits was \$105,120.

### Overview of the Financial Statements

The Council's basic financial statements consist of three parts: government-wide financial statements, fund financial statements, and notes to the financial statements.

### Government-wide Financial Statements

The government-wide statements present a view of the Council's finances as a whole. There are two government-wide financial statements:

**Statement of Net Position:** This statement presents information on all of the Council's assets and liabilities, both short-term (current) and long-term (non-current). It also reports the differences between assets and liabilities as net position. Over time, increases or decreases in net position may indicate whether the Council's financial position is improving or deteriorating.

**Statement of Activities:** This statement presents information showing how the Council's overall net position changed during the year.

The government-wide financial statements are shown on pages 9-10 of this report.

### Fund Financial Statements

The fund financial statements provide more detailed information about the Council's funds, focusing on its most significant or "major" funds – not the entity as a whole. Funds are accounting devices used to keep track of specific sources of funding and spending for particular purposes.

Governmental funds are used to account for the same Council activities reported in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows in and out of the funds and the balances left at year-end that are available for spending. These funds are reported based on the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental fund statements provide a short-term view of the Council's financial operations.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it may be useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance and statement of revenues, expenditures, and changes in funds balances provide a reconciliation to facilitate this comparison.

The Council's governmental funds consist of the General Fund and Special Revenue Fund, which are reported as major funds. The General Fund is the general operating fund used to account for all financial resources except those required to be accounted for in another fund. The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are restricted to specific purposes. Information is presented separately in the governmental balance sheet and statement of revenues, expenditures, and changes in fund balances for each of these funds.

The fund financial statements are shown on pages 11-15 of this report.

### Notes to Financial Statements

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. These notes present information about the accounting policies, significant account balances and activities of the Council.

### Other Information

In addition to the financial statements and accompanying notes, this report also presents certain supplemental schedules.

### Government-wide Financial Analysis

The government-wide financial statements are condensed in the following two tables:

*Table 1: Condensed Statement of Net Position*

*Table 2: Change in Net Position*

Table 1  
Condensed Statement of Net Position  
Year Ended June 30, 2013

	Governmental Activities	
	2013	2012
Current and other assets	\$ 2,597,470	\$ 2,880,599
Capital assets	1,045,127	966,589
Total assets	<u>3,642,597</u>	<u>3,847,188</u>
Current liabilities	1,042,507	1,190,534
Noncurrent liabilities	185,915	232,357
Total liabilities	<u>1,228,422</u>	<u>1,422,891</u>
Investment in capital assets, net of related debt	831,925	707,908
Unrestricted net position	<u>1,582,250</u>	<u>1,716,389</u>
Total net position	<u>\$ 2,414,175</u>	<u>\$ 2,424,297</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Council exceeded liabilities by \$2,414,175 as of June 30, 2013. The Council's net position decreased by \$10,122 for the fiscal year ended June 30, 2013.

Table 2  
Change in Net Position  
Year Ended June 30, 2013

	Governmental Activities	
	2013	2012
General revenues		
Intergovernmental		
Federal	\$ 6,525,028	\$ 7,323,210
State	887,620	1,010,051
Local	435,687	435,687
Contracts and fees	687,336	941,293
Interest and other	66,756	72,144
Total revenues	<u>8,602,427</u>	<u>9,782,385</u>
Expenses		
Administration	108,903	112,390
Administrative services	-	317,733
Government services	394,991	386,546
Grant services	373,240	321,102
Aging services	3,941,494	4,485,369
Information services	256,893	379,696
Planning services	345,059	319,701
Workforce services	3,131,824	3,442,753
Loan services	60,145	60,288
Total expenses	<u>8,612,549</u>	<u>9,825,578</u>
(Decrease) in net position	(10,122)	(43,193)
Beginning net position	<u>2,424,297</u>	<u>2,467,490</u>
Ending net position	<u>\$ 2,414,175</u>	<u>\$ 2,424,297</u>

### Financial Analysis of Council's Funds

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

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

The General Fund is the chief operating fund of the Council. At the end of the fiscal year, total fund balance of the General Fund was \$1,600,442, of which \$63,180 is nonspendable, \$335,479 has been



assigned for equipment replacement, debt retirement, and building maintenance and repair. \$1,201,783 is unassigned. The Board, at its April meeting, voted to re-assign fund balances. The building maintenance and repair fund was restored to \$175,000 after \$170,360 in FY13 expenditures.

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

Operating revenues actually exceeded expenditures by \$35,258, an increase of \$20,401 over the final budget projection of \$14,857. However, netted against non-operating building maintenance and repair outlays of \$170,360, total expenditures reduced the Council's fund balance by \$135,102.

### Capital Assets

The Council's capital assets, net of accumulated depreciation, consisted of the following at June 30, 2013 and 2012:

	2013	2012
Land	\$ 400,961	\$ 400,961
Land improvements	15,435	18,145
Buildings	576,548	466,980
Furniture and equipment	11,397	12,756
Grant funded assets	14,480	23,618
Automobiles	26,306	44,129
Total capital assets	<u>\$ 1,045,127</u>	<u>\$ 966,589</u>

Major capital asset transactions during the year included additions of \$182,872 and disposals of \$117,852. The additions consisted of necessary building renovations and miscellaneous equipment. The deletions consisted of two automobiles and miscellaneous items of furniture and equipment. The gain on assets which were sold during the year was \$2,252.

### Long-term Obligations

The Council's long-term obligations are made up of the following at June 30, 2013 and 2012:

	2013	2012
Accrued compensated absences	\$ 123,312	\$ 139,505
Notes payable	213,302	258,681
	<u>336,614</u>	<u>398,186</u>
Less: current portion	(150,599)	(165,829)
Total long-term obligations	<u>\$ 186,015</u>	<u>\$ 232,357</u>

### Budget Highlights for the Fiscal Year Ending June 30, 2014

The Council has a conservative budget for the upcoming fiscal year. In response to projected budget cuts facing the state of South Carolina and the continuation of significant fiscal challenges facing member local

governments, the Council's budgeted revenue and expenditure figures for FY 2014 are approximately 6 percent lower than those final figures for FY 2013. The Council continues to seek new and additional revenue sources and ways to cut costs.

### **Requests for Financial Information**

This report is designed to provide a general overview of the Council's finances and to show accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be directed to:

Steve Pelissier, Executive Director  
or Don Zimmer, Finance Director  
South Carolina Appalachian Council of Governments  
30 Century Circle  
Greenville, SC 29607

# SOUTH CAROLINA APPALACHIAN COUNCIL OF GOVERNMENTS

## STATEMENT OF NET POSITION

JUNE 30, 2013

	Primary Government <u>Governmental Activities</u>
<b>Assets</b>	
Current assets	
Cash	\$ 623,734
Cash equivalents	648,639
Due from other governments	
Federal, state, and local	1,256,269
Due from other sources	5,648
Prepaid items	63,180
Total current assets	<u>2,597,470</u>
Capital assets	
Land	400,961
Property and equipment, net of depreciation	644,166
Total capital assets	<u>1,045,127</u>
 Total assets	 <u>3,642,597</u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable and accrued expenses	881,823
Current portion of compensated absences and related benefits	105,120
Current portion of notes payable	45,479
Unearned revenue	10,085
Total current liabilities	<u>1,042,507</u>
Noncurrent liabilities	
Compensated absences and related benefits	18,192
Notes payable	167,723
Total noncurrent liabilities	<u>185,915</u>
 Total liabilities	 <u>1,228,422</u>
<b>Net position</b>	
Net investment in capital assets	831,925
Unrestricted	1,582,250
Total net position	<u><u>\$ 2,414,175</u></u>

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

**SOUTH CAROLINA APPALACHIAN COUNCIL OF GOVERNMENTS**

**STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2013**

Functions / Programs	Expenses	Program Revenues		Primary Government
		Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>Governmental activities</b>				
Administration	\$ 108,903	\$ -	\$ -	\$ (108,903)
Government services	394,991	30,945	177,000	(187,046)
Grant services	373,240	221,863	103,815	(47,562)
Aging services	3,941,494	115	3,731,102	(210,277)
Information services	256,893	180,823	-	(76,070)
Planning services	345,059	87,842	172,539	(84,678)
Workforce services	3,131,824	-	3,129,936	(1,888)
Loan services	60,145	60,000	-	(145)
Total primary government	<u>\$ 8,612,549</u>	<u>\$ 581,588</u>	<u>\$ 7,314,392</u>	<u>(716,569)</u>
<b>General revenues</b>				
State appropriation				98,256
Local government dues				435,687
Unrestricted earnings				105,748
Interest and sundry				66,756
Total general revenues				<u>706,447</u>
<b>Change in net position</b>				(10,122)
<b>Net position - beginning</b>				<u>2,424,297</u>
<b>Net position - ending</b>				<u>\$ 2,414,175</u>

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

**SOUTH CAROLINA APPALACHIAN COUNCIL OF GOVERNMENTS**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**JUNE 30, 2013**

	Major Funds		Total Governmental Funds
	General Fund	Special Revenue Fund	
<b>Assets</b>			
Cash	\$ 342,509	\$ 281,225	\$ 623,734
Cash equivalents	648,639	-	648,639
Due from other governments			
Federal, state, and local	-	1,256,269	1,256,269
Due from other funds	546,064	-	546,064
Due from other sources	50	5,598	5,648
Prepaid items	63,180	-	63,180
Total assets	<u>\$ 1,600,442</u>	<u>\$ 1,543,092</u>	<u>\$ 3,143,534</u>
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable and accrued expenses	\$ -	\$ 881,823	\$ 881,823
Due to other funds	-	546,064	546,064
Unearned revenue	-	10,085	10,085
Current portion of compensated absences and related benefits	-	105,120	105,120
Total liabilities	<u>-</u>	<u>1,543,092</u>	<u>1,543,092</u>
<b>Fund balances</b>			
Nonspendable	63,180	-	63,180
Assigned for			
Equipment replacement	50,000	-	50,000
Debt retirement	110,479	-	110,479
Building maintenance and repair	175,000	-	175,000
Unassigned	1,201,783	-	1,201,783
Total fund balances	<u>1,600,442</u>	<u>-</u>	<u>1,600,442</u>
Total liabilities and fund balances	<u>\$ 1,600,442</u>	<u>\$ 1,543,092</u>	<u>\$ 3,143,534</u>

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

**SOUTH CAROLINA APPALACHIAN COUNCIL OF GOVERNMENTS**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2013**

Total fund balances per Balance Sheet - Governmental Funds	\$ 1,600,442
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,045,127
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(231,394)</u>
Net position of government activities	<u><u>\$ 2,414,175</u></u>

**SOUTH CAROLINA APPALACHIAN COUNCIL OF GOVERNMENTS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013**

	Major Funds		Total
	General	Special	Governmental
	Fund	Revenue	Funds
		Fund	
<b>Revenues</b>			
Intergovernmental			
Federal	\$ -	\$ 6,525,028	\$ 6,525,028
State of South Carolina	98,256	789,364	887,620
Local	435,687	-	435,687
Contracts and fees	105,748	581,588	687,336
Interest and other	66,756	-	66,756
Total revenues	<u>706,447</u>	<u>7,895,980</u>	<u>8,602,427</u>
<b>Expenditures</b>			
Current			
Management activities	35,305	(15,229)	20,076
Government services	-	393,449	393,449
Grant administrative services	-	372,535	372,535
Aging services	-	3,942,542	3,942,542
Information services	-	254,493	254,493
Planning services	-	344,204	344,204
Workforce services	-	3,121,879	3,121,879
Loan services	-	60,000	60,000
Capital outlay	174,817	8,055	182,872
Debt service			
Principal	45,479	-	45,479
Total expenditures	<u>255,601</u>	<u>8,481,928</u>	<u>8,737,529</u>
Excess (deficiency) of revenues over (under) expenditures	<u>450,846</u>	<u>(585,948)</u>	<u>(135,102)</u>
<b>Other financing sources (uses)</b>			
Operating transfers from (to) other funds	<u>(585,948)</u>	<u>585,948</u>	<u>-</u>
Net change in fund balance	(135,102)	-	(135,102)
<b>Fund balances - July 1</b>	<u>1,735,544</u>	<u>-</u>	<u>1,735,544</u>
<b>Fund balances - June 30</b>	<u>\$ 1,600,442</u>	<u>\$ -</u>	<u>\$ 1,600,442</u>

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

**SOUTH CAROLINA APPALACHIAN 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, 2013**

Total net change in fund balances per Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ (135,102)
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Amounts reported for governmental activities in the Statement of Activities are  
different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. This is the change in capital assets, net of depreciation.	78,538
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction has any effect on net discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long- term debt and related items.	45,479
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Some expenses reported in the statement of activities do not require the use of  
current financial resources and, therefore, are not reported as expenditures in  
governmental funds.

Compensated absences	963
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Change in net position of governmental activities	\$ (10,122)
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**SOUTH CAROLINA APPALACHIAN COUNCIL OF GOVERNMENTS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND AND  
ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND  
YEAR ENDED JUNE 30, 2013**

	General Fund			Variance with Final	Special Revenue Fund			Variance with Final
	Budgeted Amounts			Positive	Budgeted Amounts			Positive
	Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)
Revenues								
Intergovernmental:								
Federal	\$ -	\$ -	\$ -	\$ -	\$ 7,096,593	\$ 7,173,857	\$ 6,525,028	\$ (648,829)
State of South Carolina	99,122	99,122	98,256	(866)	863,744	885,933	789,364	(96,569)
Local	435,685	435,685	435,687	2	-	-	-	-
Contracts and fees	110,350	110,350	105,748	(4,602)	618,388	616,892	581,588	(35,304)
Interest and other	65,500	65,500	66,756	1,256	-	-	-	-
Total revenues	710,657	710,657	706,447	(4,210)	8,578,725	8,676,682	7,895,980	(780,702)
Expenditures								
Current								
Management activities	40,727	41,182	35,305	5,877	15,200	15,200	(15,229)	30,429
Government services	-	-	-	-	367,177	367,932	393,449	(25,517)
Grant administrative services	-	-	-	-	421,520	420,220	372,535	47,685
Aging services	-	-	-	-	4,320,697	4,416,658	3,942,542	474,116
Information services	-	-	-	-	305,489	307,812	254,493	53,319
Planning services	-	-	-	-	309,827	309,844	344,204	(34,360)
Workforce services	-	-	-	-	3,386,272	3,375,774	3,121,879	253,895
Loan services	-	-	-	-	48,984	49,380	60,000	(10,620)
Capital outlay	-	-	174,817	(174,817)	3,000	23,000	8,055	14,945
Debt service								
Principal	45,480	45,480	45,479	1	-	-	-	-
Total expenditures	86,207	86,662	255,601	(168,939)	9,178,166	9,285,820	8,481,928	803,892
Excess (deficiency) of revenues over (under) expenditures	624,450	623,995	450,846	(173,149)	(599,441)	(609,138)	(585,948)	23,190
Other financing sources (uses)								
Operating transfers from (to) other funds	(599,441)	(609,138)	(585,948)	23,190	599,441	609,138	585,948	(23,190)
Revenues and other financing sources over expenditures	\$ 25,009	\$ 14,857	(135,102)	\$ (149,959)	\$ -	\$ -	-	\$ -
Fund balances - July 1			1,735,544				-	
Fund balances - June 30			\$ 1,600,442				\$ -	

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

**SOUTH CAROLINA APPALACHIAN  
COUNCIL OF GOVERNMENTS**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The South Carolina Appalachian Council of Governments (the "Council") was formed by the General Assembly of the State of South Carolina in 1971. The purpose of the Council is to increase the capacity of local governments in the Appalachian region of South Carolina to guide and promote the development of the region to optimize the quality of life in the six counties of Anderson, Cherokee, Greenville, Oconee, Pickens and Spartanburg. The Council strives to accomplish this purpose through a comprehensive planning and research program, the promotion of cooperative actions among local governments, the provision of technical assistance and information, the administration of grant-in-aid programs and assistance to member governments as their representatives determine to be appropriate within the scope of South Carolina Act 363.

The accounting policies of the Council conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies.

**B. Basis of Presentation - Government-wide Financial Statements**

The statement of net position and the statement of activities display information about the Council. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements display the *governmental activities* of the Council. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions.

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

**C. Basis of Presentation - Fund Financial Statements**

The fund financial statements provide information about the Council's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

General Fund – The General Fund is the general operating fund of the Council. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund – The special revenue fund is used to account for the proceeds of specific revenue sources that are legally restricted to specified purposes.

#### **D. Measurement Focus and Basis of Accounting**

All funds of the Council are maintained during the year using the modified accrual basis of accounting.

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

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Council funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus when the program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Council's policy to first apply cost-reimbursement grant resources to such programs and then general revenues. The Council considers all revenues available if they are collected within 60 days after year-end. Grant revenues that are unearned at year-end are recorded as unearned revenues. Those revenues susceptible to accrual are member dues, investment earnings, and federal and state restricted intergovernmental revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

During the course of operations, the Council has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

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.

## **E. Assets, Liabilities and Net Position/Fund Balance**

### **1. Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization costs are \$1,000 for all asset categories. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Building and improvements	10-20
Furniture and equipment	10
Computer equipment	3
Automobiles	3-5

### **2. Compensated Absences**

Employees are granted compensated annual leave in varying amount as services are provided. They may accumulate, subject to certain limitations, unused annual leave earned and, upon retirement, termination, or death, may be compensated for the authorized, unused annual leave earnings accumulated to their credit. It is the Council's policy to recognize compensated absences as an expense in the period earned rather than the period such benefit is paid. The balance of vested compensated absences earned and not taken by June 30, 2013 in the amount of \$123,312 is included in accrued liabilities as of June 30, 2013.

### **3. 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 assets.

In fund financial statements, the face amount of debt issued is reported as other financing sources.

### **4. Unearned Revenues**

Unearned revenues arise from the receipt of funds prior to expenditure for the stated purpose of such funds. The unearned revenue is recognized as revenue when the related expenditure is made.

## 5. Net Position

Sometimes the Council will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Council's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Classifications of net position in government-wide statements are net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through state statute.

## 6. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Fund balance is classified in five categories as follows:

### *Nonspendable*

Nonspendable fund balances include amounts that are not in spendable form or are legally required to remain intact.

### *Restricted*

Restricted fund balances include amounts that have external restrictions by either grantors, debt covenants, laws, or other governments.

### *Committed*

Committed fund balances include amounts that are committed to a specific purpose by Board resolution.

### *Assigned*

Assigned fund balances include amounts that are constrained by limitations resulting from intended uses as established by the Board of Directors or management.

### *Unassigned*

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.

## 7. Indirect Cost Plan

The Council follows the provisions of OMB Circular A-87 that provides for the identification of allowable indirect costs and the accumulation and distribution of these costs to the applicable federal, state, and local grants and programs based on the benefits the programs received for the services the costs represent.

### F. New Pronouncements

The GASB issued Statement No. 61, The Financial Reporting Entity: Omnibus, An Amendment of GASB Statements No. 14 and No. 34. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Standards. The provisions of this statement were adopted by the Council beginning July 1, 2012.

The GASB issued Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. The objective of this Statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources and amends GASB Statement No. 34 by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net positions, rather than net assets. This statement is effective for periods beginning after December 15, 2011, and was adopted by the Council beginning July 1, 2012.

## II. 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 \$813,733 consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 2,654,126
Less: accumulated depreciation	1,608,999
Net capital assets	1,045,127
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Notes payable	(213,202)
Long-term compensated absences	(18,192)
Total adjustment	\$ 813,733

## 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 \$124,980 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	\$ 182,872
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(103,148)
Disposal of assets that is recorded on the statement of activities but not in the fund statements.	(1,186)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements.	45,479
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	963
Total adjustment	<u>\$ 124,980</u>

## III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### Budgetary Practices

Budgets for the various areas of Council activity are adopted by the Board of Directors annually to provide for the operation of the Council. Budgets are adopted on the same basis of accounting used for preparation of the financial statements. The Board of Directors approves changes within the budget during the year. The budget disclosed in these financial statements is presented as amended. The Council has operated within budget requirements prescribed by the various grantor agencies.

### Excess of Expenditures Over Appropriations

During the fiscal year ended June 30, 2013, the Council's budget to actual within the Special Revenue Fund is as follows:

	Budget	Actual	Variance
Special Revenue Fund			
Government services	\$ 367,932	\$ 393,449	\$ (25,517)
Grant services	420,220	372,535	47,685
Aging services	4,416,658	3,942,542	474,116
Information services	307,812	254,493	53,319
Planning services	309,844	344,204	(34,360)
Workforce services	3,375,774	3,121,879	253,895
Loan services	49,380	60,000	(10,620)

Program expenditure deficiencies or excesses to budget have correlating program revenue deficiencies or excesses. Note that the Workforce Services budget is prepared by Workforce Services personnel and consolidated into the Council's budget.

#### IV. DETAIL NOTES ON ALL FUNDS

##### A. Deposits and Investments

The State of South Carolina General Statutes permit the Council to invest in certain types of financial instruments. In addition, the State has a Local Government Investment Pool (where the fair value of the position in the pool is the same as the value of the pool shares) which invests in the types of instruments allowed under state laws.

Cash is maintained in demand deposits or savings accounts, certificates of deposits, repurchase agreements, or U.S. Government Securities. 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.

Following are the components of the Council's book values for cash and investments at June 30, 2013:

Cash	\$	623,734
Cash equivalents		
South Carolina Local Government Investment Fund		648,639
	\$	<u>1,272,373</u>

The Council's cash equivalents are comprised of funds deposited with the South Carolina Local Government Investment Pool. The pool is a money market fund which is collateralized by underlying securities held by third party banks for the fund.

The Council's bank balances totaled \$634,489 at June 30, 2013, and were insured as follows:

Amount insured by FDIC	\$	250,000
Amount collateralized with securities held by pledging financial institutions trust department or agent in the entity's name		-
Amount collateralized with securities held by pledging financial institutions trust department or agent not in the entity's name		616,333
Uncollateralized		-
	\$	<u>866,333</u>

*Interest rate risk.* The Council manages its exposure to declines in fair values by limiting its investments to the State's investment pools which do not normally have maturity dates and can be withdrawn on demand.

*Credit risk.* As of June 30, 2013, the Council's investment with the S.C. Local Government Investment Pool is overseen by the State, which invests in instruments allowed under state laws.

*Concentration of credit risk.* The Council's investment policy currently does not involve investment in any individual issuers.



*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the Council's deposits may not be returned to it. The Council's policy is that all deposits in excess of federal insurance amounts be collateralized with securities held by the pledging financial institution's trust department or agent in the Council's name. As of June 30, 2013, all deposits are either insured or fully collateralized.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the Council 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 in the state investment pool is not subject to custodial credit risk.

## B. Grants, Other Receivables and Unearned Revenues from Federal, State and Local Governments

Amounts due from other governments and unearned revenues consist of the following at June 30, 2013:

	Receivables	Unearned Revenues
Federal	\$ 715,854	\$ 10,045
State	193,860	40
Local	346,555	-
Total	<u>\$ 1,256,269</u>	<u>\$ 10,085</u>

## C. Capital Assets

The following is a summary of changes in capital assets:

Governmental activities:

	July 1, 2012	Additions	Disposals	Transfers/ Adjustments	June 30, 2013
Capital assets not being depreciated:					
Land	\$ 400,961	\$ -	\$ -	\$ -	\$ 400,961
Total capital assets not being depreciated	<u>400,961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400,961</u>
Capital assets being depreciated:					
Land improvements	64,567	-	-	-	64,567
Buildings	1,265,511	167,980	-	-	1,433,491
Furniture and equipment	308,419	6,837	(22,827)	-	292,429
Grant fund assets	366,152	8,055	(62,276)	-	311,931
Automobiles	183,496	-	(32,749)	-	150,747
Total capital assets being depreciated	<u>2,188,145</u>	<u>182,872</u>	<u>(117,852)</u>	<u>-</u>	<u>2,253,165</u>
Less accumulated depreciation for:					
Land improvements	46,422	2,711	-	-	49,133
Buildings	798,531	58,412	-	-	856,943
Furniture and equipment	295,663	7,406	(22,037)	-	281,032
Grant funded assets	342,534	16,796	(61,880)	-	297,450
Automobiles	139,367	17,823	(32,749)	-	124,441
Total accumulated depreciation	<u>1,622,517</u>	<u>103,148</u>	<u>(116,666)</u>	<u>-</u>	<u>1,608,999</u>
Total capital assets being depreciated, net	<u>565,628</u>	<u>79,724</u>	<u>(1,186)</u>	<u>-</u>	<u>644,166</u>
Total capital assets, net	<u>\$ 966,589</u>	<u>\$ 79,724</u>	<u>\$ (1,186)</u>	<u>\$ -</u>	<u>\$ 1,045,127</u>

Depreciation was charged to governmental functions as follows:

Administration	\$ 85,341
Government services	1,429
Grant services	500
Aging services	3,610
Information services	1,414
Planning services	1,064
Workforce development	9,645
Loan services	<u>145</u>
	<u>\$ 103,148</u>

#### D. Long-term Debt

The following is a summary of changes in general long-term debt for the year ended June 30, 2013:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013	Due Within One Year
Notes payable:					
Greenville County	\$ 90,314	\$ -	\$ 15,877	\$ 74,437	\$ 15,877
Spartanburg County	66,350	-	11,656	54,694	11,656
Anderson County	44,605	-	7,841	36,764	7,841
Pickens County	27,120	-	4,771	22,349	4,771
Oconee County	16,548	-	2,924	13,624	2,924
Cherokee County	13,744	-	2,410	11,334	2,410
	<u>258,681</u>	<u>-</u>	<u>45,479</u>	<u>213,202</u>	<u>45,479</u>
Compensated absences payable	139,505	-	16,193	123,312	105,120
	<u>139,505</u>	<u>-</u>	<u>16,193</u>	<u>123,312</u>	<u>105,120</u>
Total	<u>\$ 398,186</u>	<u>\$ -</u>	<u>\$ 61,672</u>	<u>\$ 336,514</u>	<u>\$ 150,599</u>

The notes payable to the six counties are payable in twenty annual payments of principal in varying amounts. The notes are non-interest bearing. The notes are due in June 2018 and are uncollateralized.

The general and other governmental funds typically liquidate compensated absences.

The aggregate maturities of notes payable subsequent to the year ended June 30, 2013 are as follows:

Year Ended June 30,	Principal	Interest
2014	\$ 45,479	\$ -
2015	45,479	-
2016	45,479	-
2017	45,479	-
2018	<u>31,286</u>	<u>-</u>
	<u>\$ 213,202</u>	<u>\$ -</u>

## **E. Fund Balance Classifications and Assignments**

The nonspendable fund balance is the portion of the fund balance that does not represent cash available for expenditure. The amount reserved, \$63,180, represents prepaid operating expenditures for fiscal year 2014 which have been paid during the fiscal year 2013.

The Council elected to set aside an assigned amount of \$335,479 for various purposes. The amount set aside for replacement of equipment totals \$50,000. Debt retirement and building maintenance and repairs are \$110,479 and \$175,000, respectively.

## **F. Agency Fund**

The Council was not holding any assets as an agency for other entities as of June 30, 2013.

## **G. Unemployment Insurance**

The Council has elected to provide its own unemployment insurance coverage rather than making payments to the state unemployment reserve fund. The amount of any benefits that would become due in the future and therefore be required to be reimbursed by the Council is not determinable. The Council budgets for unemployment claims based on historical claims. Unemployment claims paid during the year ended June 30, 2013, were \$8,160.

The Council is of the opinion that the ultimate liability above what has been recorded, if any, at June 30, 2013, will not have a material effect on the financial position of the Council.

## **H. Operating Leases**

The Council has entered into agreements to lease certain equipment. The leases are classified as operating leases. Future minimum lease payments under these operating leases are as follows:

Year Ended June 30,	Amount
2014	\$ 27,148
2015	27,148
2016	22,392
2017	14,928
	<u>\$ 91,616</u>

## **V. OTHER INFORMATION**

### **A. Retirement and Post-employment Plans**

The Council contributes to the South Carolina Retirement System (SCRS), a cost-sharing, multiple-employer defined benefit pension plan administered by the South Carolina Public Employee Benefit Authority (PEBA). SCRS provides retirement and disability benefits, cost-of-living adjustments on an ad-hoc basis, life insurance benefits, and survivor benefits to plan members and beneficiaries.

The Plans' provisions are established under Title 9 of the SC Code of Laws. The SC PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the SCRS and PORS. The CAFR is publicly available on the website at [www.retirement.sc.gov](http://www.retirement.sc.gov), or a copy may be obtained by submitting a request to the SC PEBA, PO Box 11960, Columbia, SC 29211-1960.

Both employees and employers are required to contribute to the Plans under authority of Title 9 of the SC Code of Laws. Reference §9-1-1085(A) and §9-11-225. The base contribution rates are set by statute, but are required to be increased by the trustees on the basis of the annual actuarial valuation if necessary to maintain a thirty-year amortization period for the Plans' unfunded liabilities. During the year ending June 30, 2013, the member rate was 7.0% of annual covered salary and the Council's rate was 10.45% of annual covered payroll. In addition to the preceding rate, participating employers contribute .15% of covered payroll to a group life insurance benefit for their participants. The Council's contributions to SCRS are summarized as follows:

<u>Year Ended</u>	<u>Employer</u>	<u>Employee</u>
June 30, 2013	\$ 229,345	\$ 139,937
June 30, 2012	211,795	133,984
June 30, 2011	222,618	144,370

The contributions are equal to the required contributions for each year. The Council began participating in SCRS as of May 1, 1995.

The Council is a member of the South Carolina Retirement Systems. SCRS was established July 1, 1945. Membership is comprised of state employees, public and charter school employees, public higher education personnel, and employees of cities, counties, and other local subdivisions of government that have joined the Retirement Systems. SCRS is a defined benefit retirement plan. Funding of the plan is made from employee/employer contributions. Benefits vest after five years of service and are based on length of service and average final compensation. There are three payment plans available to retirees, all of which pay a monthly annuity for life.

Members are eligible for normal retirement (unreduced annuity) after 28 years of service, five years of which must be earned; or at age 65 with five years of earned service. Members are eligible for early retirement (reduced annuity) at age 60 with 5 years of earned service; or at age 55 with 25 years of service, five years of which must be earned.

#### Post-employment Plan Benefits

The Council provides death benefits to employees through the incidental death benefit option for members of the SCRS. The beneficiaries of those employees who die in active service after one year of credited service are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the budgeted salary of the deceased member. The Council has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly covered payroll. The Council does not determine the number of eligible participants. For the year ended June 30, 2013, the Council made contributions to the State for death benefits representing .15% of covered payroll.

Upon the death of a retiree, a benefit will be paid to the designated beneficiary of an amount based on the years of credit services as follows:

10 –19 years of service credits	\$ 2,000
20 –27 years of service credits	\$ 4,000
28 or more years of service credits	\$ 6,000

## **B. 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 government expects such amounts, if any, to be immaterial.

## **C. Risk Management**

The Council is exposed to various risks related to torts, theft and destruction of assets, error and omissions, injuries to employees, and natural disaster. The Council, along with other government agencies in the state, is insured under the State of South Carolina Insurance Reserve Fund, a public entity risk pool currently operating as a common risk management and insurance fund. The Council pays annual premiums to the Insurance Reserve Fund for its general insurance coverage. The Insurance Reserve Fund is self-sustaining through member premiums and by purchases of commercial insurance coverage on a portion of its liabilities. The Council continues to carry insurance for other risks of loss including workers compensation and employee health, dental, group life and accident insurance. The state accumulated assets to cover risks that its members incur in their normal operations. Specifically, the state assumes substantially all of the risk of the above.

## **D. Subsequent Events**

Subsequent events have been evaluated through October 9, 2013, which is the date the financial statements were available to be issued.

**SOUTH CAROLINA APPALACHIAN COUNCIL OF GOVERNMENTS**

**SUPPLEMENTAL SCHEDULE  
REVENUE AND EXPENDITURES FOR TRANSPORTATION PROGRAMS  
YEAR ENDED JUNE 30, 2013**

	<b>Reverse Commute PT-3M516-D8</b>	<b>Reverse Commute PT-3M516-G1</b>	<b>New Freedom PT-3M517-E9</b>	<b>New Freedom PT-3M517-G6</b>	<b>Mass Transit PT-1M504-D6</b>	<b>Intermodal Transportation</b>	<b>Totals</b>
Revenues:							
Federal Funds	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 13,736	\$ 75,000	\$ 108,736
Local Funds	1,250	1,250	1,250	1,250	3,434	18,750	27,184
Total revenues	<u>6,250</u>	<u>6,250</u>	<u>6,250</u>	<u>6,250</u>	<u>17,170</u>	<u>93,750</u>	<u>135,920</u>
Expenditures:							
Personnel	3,539	3,539	3,545	3,545	9,618	49,850	73,636
Fringe Benefits	1,118	1,118	1,155	1,155	2,843	14,697	22,086
Travel Expense	-	-	-	-	-	313	313
Supplies	-	-	-	-	-	-	-
Contractual	-	-	-	-	-	-	-
Printing	13	13	-	-	-	-	26
Advertising	-	-	-	-	-	355	355
Professional Activities	-	-	-	-	-	-	-
Conference/Meetings	-	-	-	-	-	310	310
Equipment Repairs and Maintenance	-	-	-	-	-	6,678	6,678
Training	-	-	-	-	-	-	-
Indirect Cost Pool	1,580	1,580	1,550	1,550	4,709	21,547	32,516
Total expenditures	<u>6,250</u>	<u>6,250</u>	<u>6,250</u>	<u>6,250</u>	<u>17,170</u>	<u>93,750</u>	<u>135,920</u>
Excess(deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SOUTH CAROLINA APPALACHIAN COUNCIL OF GOVERNMENTS**

**SCHEDULE OF BUDGETED TO ACTUAL COSTS  
YEAR ENDED JUNE 30, 2013**

DMT Contract #		PT-3M516-D8				
Contract Period		July 1, 2012 - June 30, 2013				
		Approved Budget	Actual Costs Section 5316Local		Total Grant	Variance
Performance Period		July 1, 2012 - June 30, 2013				
TECHNICAL ASSISTANCE						
41.20.01	Personnel	\$3,328	\$2,832	\$707	\$3,539	\$(211)
41.20.02	Fringe Benefits	999	894	224	1,118	(119)
41.20.03	Travel	285	-	-	-	285
41.20.04	Equipment	-	-	-	-	-
41.20.05	Supplies	140	10	3	13	127
41.20.06	Contractual	-	-	-	-	-
41.20.07	Other	-	-	-	-	-
41.20.08	Indirect Charges	1,498	1,264	316	1,580	(82)
Total Technical Assistance		\$6,250	\$5,000	\$1,250	\$6,250	\$-
Approved Budget		\$6,250	80% Federal/20% Local Match			
Federal Costs (5316)		5,000	80% of 6,250 Federal Portion			
Local Costs		1,250	20% of 6,250 Local Match			
Budget Balance		\$-				

**SOUTH CAROLINA APPALACHIAN COUNCIL OF GOVERNMENTS**

**SCHEDULE OF BUDGETED TO ACTUAL COSTS  
YEAR ENDED JUNE 30, 2013**

DMT Contract #		PT-3M516-G1				
Contract Period		July 1, 2012 - June 30, 2013				
		Approved Budget	Actual Costs Section 5316Local		Total Grant	Variance
Performance Period		July 1, 2012 - June 30 2013				
TECHNICAL ASSISTANCE						
41.20.01	Personnel	\$3,328	\$2,832	\$707	\$3,539	\$(211)
41.20.02	Fringe Benefits	999	894	224	1,118	(119)
41.20.03	Travel	285	-	-	-	285
41.20.04	Equipment	-	-	-	-	-
41.20.05	Supplies	140	10	3	13	127
41.20.06	Contractual	-	-	-	-	-
41.20.07	Other	-	-	-	-	-
41.20.08	Indirect Charges	1,498	1,264	316	1,580	(82)
Total Technical Assistance		\$6,250	\$5,000	\$1,250	\$6,250	\$-
Approved Budget		\$6,250	80% Federal/20% Local Match			
Federal Costs (5316)		5,000	80% of 6,250 Federal Portion			
Local Costs		1,250	20% of 6,250 Local Match			
Budget Balance		\$-				



**SOUTH CAROLINA APPALACHIAN COUNCIL OF GOVERNMENTS**

**SCHEDULE OF BUDGETED TO ACTUAL COSTS  
YEAR ENDED JUNE 30, 2013**

DMT Contract #		PT-3M517-E9				
Contract Period		July 1, 2012 - June 30, 2013				
		Approved Budget	Actual Costs Section 5316Local		Total Grant	Variance
Performance Period		July 1, 2012 - June 30 2013				
TECHNICAL ASSISTANCE						
41.20.01	Personnel	\$3,328	\$2,836	\$709	\$3,545	\$(217)
41.20.02	Fringe Benefits	999	924	231	1,155	(156)
41.20.03	Travel	285	-	-	-	285
41.20.04	Equipment	-	-	-	-	-
41.20.05	Supplies	140	-	-	-	140
41.20.06	Contractual	-	-	-	-	-
41.20.07	Other	-	-	-	-	-
41.20.08	Indirect Charges	1,498	1,240	310	1,550	(52)
Total Technical Assistance		\$6,250	\$5,000	\$1,250	\$6,250	\$-
Approved Budget		\$6,250	80% Federal/20% Local Match			
Federal Costs (5317)		5,000	80% of 6,250 Federal Portion			
Local Costs		1,250	20% of 6,250 Local Match			
Budget Balance		\$-				

**SOUTH CAROLINA APPALACHIAN COUNCIL OF GOVERNMENTS**

**SCHEDULE OF BUDGETED TO ACTUAL COSTS  
YEAR ENDED JUNE 30, 2013**

DMT Contract #		PT-3M517-G6				
Contract Period		July 1, 2012 - June 30, 2013				
		Approved Budget	Actual Costs Section 5316Local		Total Grant	Variance
Performance Period		July 1, 2012 - June 30 2013				
TECHNICAL ASSISTANCE						
41.20.01	Personnel	\$3,328	\$2,836	\$709	\$3,545	\$(217)
41.20.02	Fringe Benefits	999	924	231	1,155	(156)
41.20.03	Travel	285	-	-	-	285
41.20.04	Equipment	-	-	-	-	-
41.20.05	Supplies	140	-	-	-	140
41.20.06	Contractual	-	-	-	-	-
41.20.07	Other	-	-	-	-	-
41.20.08	Indirect Charges	1,498	1,240	310	1,550	(52)
Total Technical Assistance		\$6,250	\$5,000	\$1,250	\$6,250	\$-
Approved Budget		\$6,250	80% Federal/20% Local Match			
Federal Costs (5317)		5,000	80% of 6,250 Federal Portion			
Local Costs		1,250	20% of 6,250 Local Match			
Budget Balance		\$-				

**SOUTH CAROLINA APPALACHIAN COUNCIL OF GOVERNMENTS**

**SCHEDULE OF BUDGETED TO ACTUAL COSTS  
YEAR ENDED JUNE 30, 2013**

DMT Contract # Contract Period		PT-1M504-D6						
		January 1, 2011 - December 31, 2012						
		Approved Budget	Actual Costs				Total Grant	Variance
Section 5304			Local					
Performance Period			Prior Period	7/1/12 - 12/31/12	Prior Period	7/1/12 - 12/31/12		
TECHNICAL ASSISTANCE								
41.20.01	Personnel	\$ 50,735	\$ 39,140	\$ 7,695	\$ 9,785	\$ 1,923	\$ 58,543	\$ (7,808)
41.20.02	Fringe Benefits	15,221	11,460	2,274	2,865	569	17,168	(1,947)
41.20.03	Travel	2,500	303	-	76	-	379	2,121
41.20.04	Equipment	3,750	-	-	-	-	-	3,750
41.20.05	Supplies	2,500	168	-	42	-	210	2,290
41.20.06	Contractual	-	-	-	-	-	-	-
41.20.07	Other	5,000	-	-	-	-	-	5,000
41.20.08	Indirect Charges	20,294	15,193	3,767	3,798	942	23,700	(3,406)
Total Technical Assistance		\$ 100,000	\$ 66,264	\$ 13,736	\$ 16,566	\$ 3,434	\$ 100,000	\$ -

Approved Budget	\$ 100,000	80% Federal / 20% Local Match
Federal Costs (5304)	80,000	80% of 100,000 Federal Portion 66,264 + 13,736 = 80,000
Local Costs	20,000	20% of 100,000 Local Match 16,566 + 3,434 = 20,000

<b>Budget Balance</b>	<u><u>\$ -</u></u>
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**SOUTH CAROLINA APPALACHIAN COUNCIL OF GOVERNMENTS**

**SCHEDULE OF REVENUES AND EXPENDITURES - AGING PROGRAMS**

**YEAR ENDED JUNE 30, 2013**

	In-House										
	Ombudsman			Title III-B		Title III-D		Title III-E Family Care Giver		CMS	
	Aging Program Planning & Administration	Title III-B Title VII-EA Medicaid	State Volunteer	Information Referral & Assistance	Medicare Patrol	Medication Management	Planning & Administration	Family Caregiver Staff	Community Based Care Transitions	I-CARE	Hospital Discharge
Revenues:											
Federal Funds	\$ 252,781	\$ 256,066	\$ -	\$ 63,000	\$ 31,842	\$ 7,575	\$ 35,532	\$ 134,000	\$ 33,414	\$ 81,173	\$ -
State Funds Match	-	10,021	67,937	3,706	-	446	-	-	-	-	-
State Funds - Other	-	-	-	-	-	-	-	-	-	-	15,000
Local Funds	94,336	44,082	346	11,079	9,310	913	11,844	18,940	-	-	5,135
Other Funds	-	-	-	-	-	-	-	-	-	-	-
Total revenues	347,117	310,169	68,283	77,785	41,152	8,934	47,376	152,940	33,414	81,173	20,135
Expenditures:											
Pass Thru - In-House HCBS	-	-	-	-	-	-	-	-	-	-	-
Pass Thru - In-House Title III-E Services	-	-	-	-	-	-	-	-	-	-	-
Pass Thru - Vendor Aging Services	-	-	-	-	-	-	-	-	-	-	-
Personnel	181,893	167,974	38,036	41,126	22,067	5,098	25,102	83,541	13,607	41,698	6,045
Fringe Benefits	50,924	54,560	9,617	13,825	5,738	1,586	8,048	25,638	2,687	11,752	1,372
Travel Expense	8,956	7,844	1,074	259	601	-	374	749	618	1,593	2,164
Supplies	580	763	183	-	38	-	167	1,890	-	345	2,690
Consulting	5,525	-	-	245	-	-	-	-	-	92	-
Contractual/Outside Services	-	-	-	-	-	-	-	-	11,036	-	1,400
Insurance	372	-	-	-	-	-	-	-	-	-	-
Postage	720	392	185	1,943	220	-	380	2,182	-	2,968	51
Printing	1,790	4,108	1,262	1,679	1,449	-	522	1,116	-	2,914	-
Telephone/Cell Phones/Pagers	275	-	-	132	101	-	27	105	-	668	344
Professional Activities/Memb.Dues	1,010	-	240	430	-	-	-	-	-	-	-
News Papers/Magazines/Books	-	-	-	-	-	-	-	-	-	-	-
Conference/Meetings	165	460	-	-	-	-	200	30	-	300	625
Bank Charges	-	-	-	-	-	-	29	536	-	-	-
Training	-	75	-	-	-	-	-	-	-	-	-
Computer Parts/Software	-	-	-	-	-	-	-	-	-	-	-
Legal Fees	-	-	-	-	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-	-	-	690	-
Recruitment/Travel/Advertising	-	-	-	-	-	-	-	-	-	-	-
Repair & Maint - Equipment	960	-	-	-	-	-	960	-	-	-	-
Repairs/Maintenance/Gas - Fleet	-	-	-	-	-	-	-	-	-	-	3,118
Employee Moving Expenses	1,011	-	-	-	-	-	-	-	-	-	-
COG Meeting Expenses	2,183	-	443	-	1,491	-	-	49	-	543	-
Unemployment Claims	8,008	-	-	-	-	-	-	-	-	-	-
Miscellaneous	57	-	109	-	-	-	-	-	-	-	-
Capital Outlay-Furniture/Equipment	-	-	-	-	-	-	-	-	-	-	-
Indirect Cost Pool	82,688	73,993	17,134	18,146	9,447	2,250	11,567	37,104	5,466	17,610	2,326
Total Expenditures	347,117	310,169	68,283	77,785	41,152	8,934	47,376	152,940	33,414	81,173	20,135
Excess(deficiency) of revenues over expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(continued)

**SOUTH CAROLINA APPALACHIAN COUNCIL OF GOVERNMENTS**

**SCHEDULE OF REVENUES AND EXPENDITURES - AGING PROGRAMS**

**YEAR ENDED JUNE 30, 2013**

	In-House							
	CMS			SC - DOT				Total In-House
	MIPPA ADRC	MIPPA SHIP	MIPPA AAA	July - Jan 2013 New Freedom Rural	Feb - June 2013 New Freedom Rural	July - Jan 2013 New Freedom Urban	Feb - June 2013 New Freedom Urban	
Revenues:								
Federal Funds	\$ 600	\$ 2,000	\$ 16,829	\$ 1,540	\$ -	\$ 5,203	\$ -	\$ 921,555
State Funds Match	-	-	-	-	-	-	-	82,110
State Funds - Other	-	-	-	-	-	-	-	15,000
Local Funds	-	-	-	1,108	10,925	823	2,483	211,324
Other Funds	-	-	-	5	-	10	-	15
Total revenues	600	2,000	16,829	2,653	10,925	6,036	2,483	1,230,004
Expenditures:								
Pass Thru - In-House HCBS	-	-	-	-	-	-	-	-
Pass Thru - In-House Title III-E Services	-	-	-	-	-	-	-	-
Pass Thru - Vendor Aging Services	-	-	-	-	-	-	-	-
Personnel	132	1,122	8,744	799	3,817	2,006	1,341	644,148
Fringe Benefits	40	345	2,689	242	1,229	588	432	191,312
Travel Expense	-	-	840	-	-	-	-	25,072
Supplies	-	-	-	-	-	-	-	6,656
Consulting	-	-	-	-	-	-	-	5,862
Contractual/Outside Services	-	-	-	1,238	4,049	2,579	67	20,369
Insurance	-	-	-	-	-	-	-	372
Postage	-	-	74	-	-	-	-	9,115
Printing	338	-	555	-	-	-	-	15,733
Telephone/Cell Phones/Pagers	33	33	33	-	-	-	-	1,751
Professional Activities/Memb.Dues	-	-	-	-	-	-	-	1,680
News Papers/Magazines/Books	-	-	-	-	-	-	-	-
Conference/Meetings	-	-	-	-	-	-	-	1,780
Bank Charges	-	-	-	-	-	-	-	565
Training	-	-	-	-	-	-	-	75
Computer Parts/Software	-	-	-	-	-	-	-	-
Legal Fees	-	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-	690
Recruitment/Travel/Advertising	-	-	-	-	-	-	-	-
Repair & Maint - Equipment	-	-	-	-	-	-	-	1,920
Repairs/Maintenance/Gas - Fleet	-	-	-	-	-	-	-	3,118
Employee Moving Expenses	-	-	-	-	-	-	-	1,011
COG Meeting Expenses	-	-	-	-	-	-	-	4,709
Unemployment Claims	-	-	-	-	-	-	-	8,008
Miscellaneous	-	-	-	-	-	-	-	166
Capital Outlay-Furniture/Equipment	-	-	-	-	-	-	-	-
Indirect Cost Pool	57	500	3,894	374	1,830	863	643	285,892
Total Expenditures	600	2,000	16,829	2,653	10,925	6,036	2,483	1,230,004
Excess(deficiency) of revenues over expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SOUTH CAROLINA APPALACHIAN COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2013

	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
<b>Aging Programs</b>			
<b>US Department of Health and Human Services</b>			
<b>Passed through SC Lt. Governor's Office on Aging</b>			
Aging Programs (In-house)			
Title III-B Planning and Administration	93.044	R1MG13	\$ 252,781
Title III-B Supportive Services - IR&A	93.044	R1MG13	63,000
Title III-B Ombudsman	93.044	R1MG13	170,359
Title III-D Medication Management	93.043	R1MG13	7,575
Title VII - Elder Abuse Ombudsman	93.041	R1MG13	19,472
Title VII - Long Term Care Ombudsman	93.042	R1MG13	66,235
Senior Medicare Patrol & Fraud Counseling - Basic 4B66	93.048	R1IC13	15,815
Senior Medicare Patrol & Fraud Counseling - Expansion 5B07	93.048	R1IC12	906
Senior Medicare Patrol & Fraud Counseling - Expansion 5B07	93.048	R1IC13	15,121
Title III-E Family Care Giver Planning & Administration	93.052	R1MG13	35,532
Title III-E Family Care Giver Staff - In-House	93.052	R1MG13	134,000
Special Aging Programs (Pass-through)			
Title III-B	93.044	R1MG12	701,443
Title III-C1	93.045	R1MG12	556,336
Title III-C2	93.045	R1MG12	421,263
NSIP - Title III-C1 and III-C2	93.053	R1MG12	147,114
Title III-D	93.043	R1MG12	35,471
Title III-E Services	93.052	R1MG12	158,556
<b>Center for Medicare &amp; Medicaid Services</b>			
<b>Passed through SC Lt. Governor's Office on Aging</b>			
I-CARE 4B83 SCARE12	93.779	R1IC13	65,128
I-CARE 4B83 SCARE13	93.779	R1IC13	16,045
MIPPA - ADRC 5B05 MADRC10	93.518	R1IC13	600
MIPPA - SHIP 5B06 MIPPA10	93.779	R1IC13	2,000
MIPPA - AAA 5B04 MIPPA10 C/O	93.518	R1IC12	16,629
MIPPA - AAA 5B04 MIPPA10	93.518	R1IC13	200
Upstate Care Transitions Project - Regional Health Plus	93.048	CT-0912-0043	11,036
Upstate Care Transitions Project - In-House	93.048	CT-0912-0043	22,378
<b>US Department of Transportation</b>			
<b>Passed through SC Lt. Governor's Office on Aging</b>			
Section 5317-New Freedom Rural Grant Ended December 2012	20.521	NFRGR112	1,540
Section 5317-New Freedom Urban Grant Ended December 2012	20.521	NFUGR112	5,203
<b>Total Aging Programs</b>			<u><b>2,941,738</b></u>

(continued)

SOUTH CAROLINA APPALACHIAN COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2013

	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
<b>Workforce Development Programs</b>			
<b>US Department of Labor</b>			
<b>Passed through SC Department of Commerce</b>			
Workforce Investment Act (In-house)			
Administration - Adult	17.258	11A001	\$ 87,296
Administration - Adult	17.258	12A001	668
Adult	17.258	11A001	95,185
Adult	17.258	12A001	24,650
Incentive	17.258	11INC01	56,291
Administration - Youth	17.259	11Y001	80,911
Administration - Youth	17.259	12Y001	25,444
Youth Activities	17.259	11Y001	31,376
Youth Activities	17.259	12Y001	26,268
ARRA National Emergency On the Job Training	17.260	10ANO01	23
Administration - Dislocated Worker	17.278	11DW001	102,222
Administration - Dislocated Worker	17.278	12DW001	2,220
Dislocated Worker	17.278	11DW001	23,262
Dislocated Worker	17.278	12DW001	37,856
Dislocated Worker - Set Aside for Adult	17.278	11DW001	64,533
High Performing WIB	17.278	11HPW01	25,000
Workforce Investment Act (pass-through)			
Adult	17.258	11A001	304,837
Adult	17.258	12A001	296,690
Youth Activities	17.259	11Y001	403,702
Youth Activities	17.259	12Y001	366,355
ARRA National Emergency On the Job Training	17.260	10ANO01	31,625
Dislocated Worker	17.278	11DW001	158,448
Dislocated Worker	17.278	12DW001	411,740
Dislocated Worker - Set Aside for Adult	17.278	11DW001	426,569
Rapid Response Incumbent Worker Training	17.278	12RRIWT18	6,100
Rapid Response Incumbent Worker Training	17.278	12RRIWT11	28,348
Rapid Response Incumbent Worker Training	17.278	12RRO01	12,317
<b>Total Workforce Development Programs</b>			<b>3,129,936</b>

(continued)

SOUTH CAROLINA APPALACHIAN COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2013

	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
<b>Other Programs</b>			
<b>Appalachian Regional Commission</b>			
Local Development District Administration	23.009	SC-0709-C45	\$ 89,500
Local Development District Administration	23.009	SC-0709-C46	87,500
<b>Environmental Protection Agency</b>			
<b>Passed through SC Department of Health and Environmental Control</b>			
Water Quality Management	66.454	EQ-2-1156	13,803
<b>Department of Commerce/Economic Development Administration</b>			
District Planning Grant Year	11.302	04-83-06320	31,500
District Planning Grant Year	11.302	04-83-06738	29,250
<b>Department of Housing and Urban Development</b>			
<b>Passed through Oconee County:</b>			
CDBG Planning Grant	14.228	4-RP-11-001	50,000
<b>Passed through the City of Gaffney:</b>			
CDBG Village Renaissance Grant	14.228	4-V-11-012	18,137
<b>Passed through the City of Pickens:</b>			
CDBG Village Renaissance Grant	14.228	4-V-11-013	24,928
<b>Department of Transportation</b>			
<b>Passed through the SC Department of Transportation Office of Planning</b>			
Intermodal Transportation Plan	20.205		75,000
<b>Passed through the SC Department of Transportation Office of Public Transit</b>			
Office of Public Transit Assistance	20.515	PT-1M504-D6	13,736
Office of Public Transit/Job Access Reverse Commute	20.516	PT-3M516-D8	5,000
Office of Public Transit/Job Access Reverse Commute	20.516	PT-3M516-G1	5,000
Office of Public Transit/New Freedom Program	20.521	PT-3M517-E9	5,000
Office of Public Transit/New Freedom Program	20.521	PT-3M517-G6	5,000
<b>Total Other Programs</b>			<u>453,354</u>
<b>Total Aging, Workforce Development and Other Programs</b>			<u><u>\$ 6,525,028</u></u>

See accompanying notes to this schedule.



**SOUTH CAROLINA APPALACHIAN COUNCIL OF GOVERNMENTS**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2013**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of South Carolina Appalachian Council of Governments under programs of the federal government for the year ended June 30, 2013. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of South Carolina Appalachian Council of Governments, it is not intended to and does not present the financial position, changes in net position, or cash flows of South Carolina Appalachian Council of Governments.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 – SUBRECIPIENTS**

Of the federal expenditures presented in the Schedule, the Council provided federal awards to subrecipients which are disclosed in the following schedule.

(continued)

## SOUTH CAROLINA APPALACHIAN COUNCIL OF GOVERNMENTS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2013

Program Description	Federal CFDA Number	Vendors	Amount Provided to Pass-through Agencies	Total Amount Provided to Pass-through Agencies
<b>Aging Programs</b>				
US Department of Health and Human Services:				
Passed Through SC Lt. Governor's Office on Aging				
Title III-B Support Services	93.044	Senior Solutions	\$ 140,243	
		Senior Centers of Cherokee County	87,794	
		SC Legal Services	64,941	
		Pickens County Seniors Unlimited	122,137	
		Senior Action	124,555	
		Senior Centers of Spartanburg County	161,773	701,443
Title III-C1 Congregate Meals	93.045	Senior Solutions	99,547	
		Senior Centers of Cherokee County	56,595	
		Pickens County Seniors Unlimited	70,996	
		Senior Action	190,584	
		Senior Centers of Spartanburg County	138,614	556,336
Title III-C2 Home Delivered Meals	93.045	Senior Solutions	187,133	
		Senior Centers of Cherokee County	53,519	
		Pickens County Seniors Unlimited	71,791	
		Senior Action	65,291	
		Senior Centers of Spartanburg County	43,529	421,263
NSIP - Title III-C1 and III-C2	93.053	Senior Solutions	46,619	
		Senior Centers of Cherokee County	25,195	
		Pickens County Seniors Unlimited	22,831	
		Senior Action	33,362	
		Senior Centers of Spartanburg County	19,107	147,114
Title III-D Preventive Health	93.043	Senior Solutions	9,869	
		Senior Centers of Cherokee County	5,992	
		Pickens County Seniors Unlimited	4,744	
		Senior Action	6,085	
		Senior Centers of Spartanburg County	8,781	35,471
Title III-E Family Caregiver Services	93.052	Pass Through to Vendors	158,556	158,556
Total Paid to Vendors by aging program				2,020,183
<b>Workforce Development Programs</b>				
US Department of Labor				
Passed through SC Department of Employment & Workforce				
Adult	17.258	Henkels & McCoy	601,527	601,527
Youth Activities	17.259	Henkels & McCoy	770,057	770,057
ARRA National Emerengy On the Job Training	17.260	Allegro Industries	899	
		BorgWarner	4,735	
		Fastech LLC	864	
		Lakeside Steel & Machine, Inc.	10,697	
		TrailerLogic LLC	4,442	
		US Engine Valve	2,896	
		W. E. Black Termite and Pest Control	7,092	31,625
Dislocated Worker	17.278	Henkels & McCoy	570,188	570,188
Dislocated Worker Set Aside for Adult	17.278	Henkels & McCoy	426,569	426,569
Rapid Response Incumbent Worker Training	17.278	Pace Labels	6,100	
		W. E. Black Termite and Pest Control	535	
		TrailerLogic LLC	2,686	
		Fastech LLC	9,096	
		Bowers EMS	28,348	46,765
Total Paid to Vendors by Workforce Development Programs				2,446,731
Total Paid to Vendors/Pass-through Agencies				\$ 4,466,914

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  
South Carolina Appalachian Council of Governments  
Greenville, 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 South Carolina Appalachian Council of Governments, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise South Carolina Appalachian Council of Governments' basic financial statements, and have issued our report thereon dated October 9, 2013.

**Internal Control Over Financial Reporting**

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

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S.C. Association of Certified Public Accountants



The Board of Directors  
South Carolina Appalachian Council of Governments  
October 9, 2013

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

October 9, 2013

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Board of Directors  
South Carolina Appalachian Council of Governments  
Greenville, South Carolina

We have audited South Carolina Appalachian Council of Governments' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of South Carolina Appalachian Council of Governments' major federal programs for the year ended June 30, 2013. South Carolina Appalachian 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.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of South Carolina Appalachian Council of Governments' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about South Carolina Appalachian Council of Governments' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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The Board of Directors  
South Carolina Appalachian Council of Governments  
October 9, 2013

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

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

In our opinion, South Carolina Appalachian 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, 2013.

### **Report on Internal Control Over Compliance**

Management of South Carolina Appalachian Council of Governments is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered South Carolina Appalachian Council of Governments' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of South Carolina Appalachian Council of Governments' internal control over compliance.

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

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

The Board of Directors  
South Carolina Appalachian Council of Governments  
October 9, 2013

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*McKinley, Cooper & Co., LLC*

October 9, 2013

**SOUTH CAROLINA APPALACHIAN COUNCIL OF GOVERNMENTS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2013**

**Section I. Summary of Auditors' Results**

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified None
- Reportable condition(s) identified that are not considered to be material weaknesses None reported

Noncompliance material to financial statements noted None

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified None
- Reportable condition(s) identified that are not considered to be material weaknesses None reported

Type of auditors' report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 None

Identification of major Federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
	<u>Aging Cluster</u>
93.045	Title III-C1 and C2– Congregate Meals
93.044	Title III-B – Special Aging Programs
93.053	Title III-C1 and C2 – NSIP
93.052	Title III-E Services
17.258-17.260, 17.278	Workforce Investment Act

(continued)



**SOUTH CAROLINA APPALACHIAN COUNCIL OF GOVERNMENTS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2013**

Dollar threshold used to distinguish between Type A and Type B programs	\$ 300,000
Auditee qualified as low-risk auditee	Yes

**Section II. Financial Statement Findings**

None reported

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

None reported

**SOUTH CAROLINA APPALACHIAN COUNCIL OF GOVERNMENTS**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2013**

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