

COUNTY COUNCIL OF BEAUFORT COUNTY
ADMINISTRATION BUILDING

BEAUFORT COUNTY GOVERNMENT ROBERT SMALLS COMPLEX
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JOSHUA A. GRUBER
DEPUTY COUNTY ADMINISTRATOR
SPECIAL COUNSEL

THOMAS J. KEAVENY, II
COUNTY ATTORNEY

SUZANNE M. RAINEY
CLERK TO COUNCIL

AGENDA

COMMUNITY SERVICES COMMITTEE

Monday, February 29, 2016

3:30 p.m.

Executive Conference Room, Administration Building
Beaufort County Government Robert Smalls Complex
100 Ribaut Road, Beaufort

Committee Members:

William McBride, Chairman
Gerald Dawson, Vice Chairman
Rick Caporale
Steve Fobes
Alice Howard
Roberts "Tabor" Vaux

Staff Support:

Monica Spells, Assistant County Administrator
Civic Engagement and Outreach

1. CALL TO ORDER – 3:30 P.M.
2. UPDATE / LOWCOUNTRY COUNCIL OF GOVERNMENTS ([backup](#))
Ms. Sabrena P. Graham, Executive Director
3. UPDATE / LOWCOUNTRY AREA VOLUNTEER INCOME TAX ASSISTANCE (VITA) COALITION ([backup](#))
Ms. Danielle Breidung, Program Coordinator
4. UPDATE / INTERIM AGREEMENT WITH LOVE HOUSE LEARNING ACADEMY TO PROVIDE AFTER SCHOOL PROGRAMMING AND SENIOR CITIZEN SERVICES FOR A SIX-MONTH TRIAL BASIS ([backup](#))
Mr. Phil Foot, Assistant County Administrator, Public Safety
5. CONSIDERATION OF REAPPOINTMENTS AND APPOINTMENTS
 - A. Beaufort Memorial Hospital Board
 - B. Disabilities and Special Needs Board
 - C. Library Board
6. ADJOURNMENT



**Lowcountry Council of Governments
Historical Payments from Beaufort County General Fund**

	Fiscal Year						2016 To	2016
	2010	2011	2012	2013	2014	2015	Date	<i>Appropriated</i>
Per Capita Dues	\$ 72,562	\$ 72,562	\$ 97,340	\$ 93,129	\$ 97,340	\$ 97,340	\$ 73,005	\$ 97,340
HOME Consortium Match	\$ 56,000	\$ 56,000	\$ 56,000	\$ 56,000	\$ 56,000	\$ 56,000	\$ 42,000	\$ 56,000
Metropolitan Planning Org ³	\$ -	\$ -	\$ -	\$ 4,920	\$ 16,251	\$ 20,421	\$ -	\$ 21,542
Building Codes ¹	\$ 11,437	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Traffic/Trans. Engineering ²	\$ -	\$ -	\$ 23,000	\$ -	\$ -	\$ -	\$ -	\$ -
Total	<u>\$ 139,999</u>	<u>\$ 128,562</u>	<u>\$ 176,340</u>	<u>\$ 154,049</u>	<u>\$ 169,591</u>	<u>\$ 173,761</u>	<u>\$ 115,005</u>	<u>\$ 174,882</u>

Note 1: This payment was related to the FEMA Plan Update - Flood Portion of Hazard Mitigation Plan. Beaufort County paid LCOG \$25,000 for this project. The other payments occurred prior to Fiscal Year 2010.

Note 2: This payment was related to Beaufort County's local match for the Lowcountry Regional Travel Demand Model.

Note 3: The fiscal year 2015 payment was related to the Land Use Study.



Lowcountry
Council of Governments

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015

**LOWCOUNTRY COUNCIL OF GOVERNMENTS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015**

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FINANCIAL SECTION



CROWLEY WECHSLER & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS

www.CWACPAS.com

BEAUFORT ~ MOUNT PLEASANT

Richard D. Crowley, CPA CVA
Lisa T. Wechsler, CPA CFE

Member:
American Institute of CPAs
South Carolina Association of CPAs

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Lowcountry Council of Governments
Yemassee, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, and each major fund of Lowcountry Council of Governments (LCOG) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Lowcountry Council of Governments, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Change in Accounting Principle

As discussed in Note 12 to the financial statements, LCOG adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, and the historical pension information on pages 3–7 and 30–32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise LCOG's basic financial statements. The combining and individual fund financial schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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 combining and individual fund financial schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial 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 6, 2015, on our consideration of LCOG's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lowcountry Council of Governments' internal control over financial reporting and compliance.



Crowley Wechsler & Associates LLC
Beaufort, South Carolina
October 6, 2015

Lowcountry Council of Governments Management's Discussion and Analysis

As management of Lowcountry Council of Governments (LCOG), we offer readers of LCOG's financial statements this narrative overview and analysis of the financial activities of LCOG for the fiscal year ended June 30, 2015.

Financial Highlights

- LCOG implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which resulted in the restatement of beginning net position. The result is a decrease in net position at July 1, 2014 of \$2,982,692. As a result of implementation of GASB Statement No. 68, the liabilities of LCOG exceed its assets at the close of the most recent fiscal year by \$1,656,168 (net position). Of this amount, \$388,130 represents the investment in capital assets less depreciation and debt on those assets. The remaining balance of (\$2,044,298) represents unrestricted net position. LCOG's total net position increased by \$39,726.
- As of the close of the current fiscal year LCOG's governmental funds reported a combined ending fund balance of \$976,792, an increase of \$105,670.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to LCOG's basic financial statements. LCOG's basic financial statements comprise three components: 1) agency-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.

Agency-wide (governmental-wide) financial statements. The agency-wide financial statements are designed to provide readers with a broad overview of LCOG's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of LCOG's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases and decreases in the net position may serve as a useful indicator of whether the financial position of LCOG is improving or deteriorating.

The statement of activities presents information showing how LCOG's net position changed during the most recent fiscal year. Changes in net position are reported on a full accrual basis, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The agency-wide financial statements distinguish functions of LCOG that are supported by charges for services and operating or capital grants and contributions (governmental activities). The governmental activities of LCOG include programs related to community and economic development, workforce investment, home program, planning, and aging. LCOG currently has no business type activities. The supplemental statements by program present the detail to support the agency-wide statement of activities.

The agency-wide financial statements can be found on pages 8 through 9 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been grouped for specific activities. LCOG like other public agencies uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the programs of LCOG can be divided into governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the agency-wide financial statements. However, unlike the

agency-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a LCOG's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the agency-wide financial statements, it may be useful to compare the two for similar activities and programs. By doing so, readers may better understand the long-term impact of the agency's near-term 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 assist in this comparison of governmental programs and governmental activities.

LCOG maintains six individual governmental programs. Information is presented by expenditure category in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund. Data from these programs are combined into a single, aggregated presentation.

LCOG adopts an annual budget. A statement comparing actual to budgeted revenues and expenditures has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 10 to 13 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the agency-wide and fund financial statements. The notes to the financial statements can be found on pages 14 to 29 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information on LCOG's program costs by expense categories. There is also a schedule of fringe benefits costs and indirect costs.

Agency-wide (government-wide) Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a public agency's financial position. In the case of Lowcountry Council of Governments, liabilities exceeded assets by (\$1,656,168), at the close of the most recent fiscal year. The following table reflects the condensed agency-wide statement of net position. Comparable data is provided from the 2014 annual financial report.

LOWCOUNTRY COUNCIL OF GOVERNMENTS NET POSITION		
	Governmental Activities	
	2015	2014
Current and Other Assets	\$ 1,879,233	\$ 1,999,275
Capital Assets	1,025,516	1,105,392
Total Assets	<u>2,904,749</u>	<u>3,104,667</u>
Deferred Outflows of Resources	259,282	-
Long-Term Liabilities	3,662,702	689,717
Other Liabilities	902,441	1,128,152
Total Liabilities	<u>4,565,143</u>	<u>1,817,869</u>
Deferred Inflows of Resources	255,056	-
Net Position		
Net Investment in Capital Assets	388,130	415,675
Unrestricted	(2,044,298)	871,123
Total Net Position	<u>\$ (1,656,168)</u>	<u>\$ 1,286,798</u>

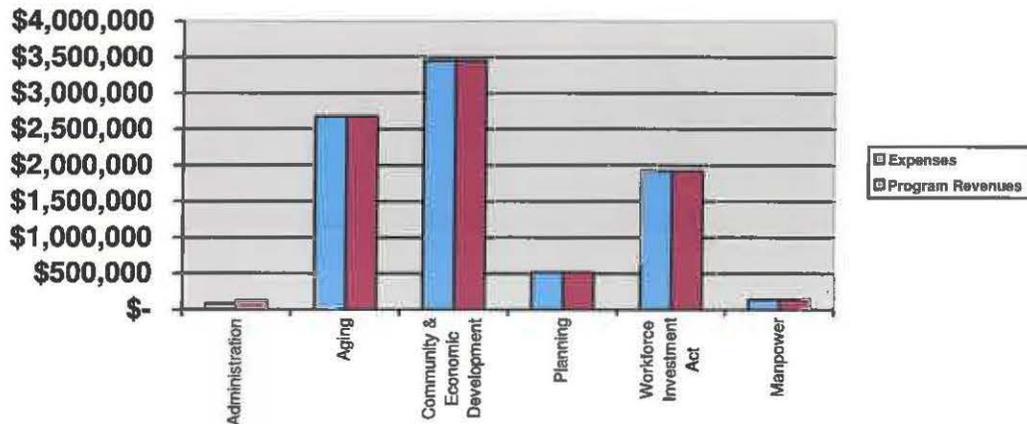
During the fiscal year 2015, the Council's net position decreased by \$2,149,249 which was primarily the result of the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The largest portion of LCOG's net position of (\$2,044,298) is unrestricted. The \$388,130 represents the net investment in capital assets (e.g. land, building and improvements, furniture and equipment, and vehicles); less any related debt used to acquire those assets that is still outstanding. These capital assets are not available for future spending. Although LCOG's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. At June 30, 2015, LCOG had outstanding long-term obligations of \$637,386 for the office building mortgage and \$3,025,316 for the net pension liability. The net pension liability is the result of the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

At the end of the current fiscal year, Lowcountry Council of Governments is able to report positive balances in all categories of net position.

Governmental activities. LCOG's total net position increased by \$39,726. Key elements of this increase are as shown in the following table.

LOWCOUNTRY COUNCIL OF GOVERNMENTS CHANGE IN NET POSITION			
	Governmental Activities		
	2015	2014	
Revenues:			
Program Revenues:			
Operating Grants and Contributions	\$ 6,916,555	\$ 6,264,616	
Total Revenues	<u>6,916,555</u>	<u>6,264,616</u>	
Expenses:			
Administration	82,067	48,758	
Aging	2,683,193	2,115,373	
Community and Economic Development	1,525,207	1,389,917	
Planning	520,404	538,150	
Workforce	1,922,912	1,858,478	
Manpower	143,046	266,579	
Total Expenses	<u>6,876,829</u>	<u>6,217,255</u>	
Change in Net Position	39,726	47,361	
Net Position - ending	1,286,798	1,239,437	
Restatement of net position for GASB 68	(2,982,692)	-	
Net Position - ending	<u>\$ (1,656,168)</u>	<u>\$ 1,286,798</u>	

Expenses and Program Revenues – Governmental Activities



Financial Analysis of the Agency's Funds

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

Governmental funds. The focus of LCOG's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing LCOG's financing requirements. In particular, unreserved fund balance may serve as a useful measure of an agency's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, LCOG's governmental funds reported combined ending fund balances of \$976,792, an increase of \$105,670. The major governmental fund consists of the general fund.

Department directors are responsible for successfully implementing their program and project budgets, and the finance director is an integral member of the management team. Additionally, no significant unanticipated expenditures were required during the year.

Capital Assets and Debt Administration

Capital Assets. LCOG's investment in capital assets for its governmental type activities as of June 30, 2015 amounts to \$1,691,899 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment, and vehicles. Depreciation expense was \$79,876 for the year.

LOWCOUNTRY COUNCIL OF GOVERNMENTS CAPITAL ASSETS - NET OF DEPRECIATION		
	Governmental Activities	
	2015	2014
Land and Improvements	\$ 75,000	\$ 75,000
Buildings and Improvements	1,361,336	940,646
Furniture and Equipment	153,169	27,820
Vehicles	102,394	61,926
Total	\$ 1,691,899	\$ 1,105,392

Additional information on LCOG's capital assets can be found in Note 5 on page 21 of this report.

Long-term obligations. At the end of the current fiscal year, LCOG had long-term obligations outstanding in the amount of \$3,662,702. The debt was attributable to the renovations of the building.

LOWCOUNTRY COUNCIL OF GOVERNMENTS LONG-TERM OBLIGATIONS OUTSTANDING		
	Governmental Activities	
	2015	2014
Mortgage Payable	\$ 637,386	\$ 689,717
Net Pension Liability*	3,025,316	-
Total	\$ 3,662,702	\$ 689,717

*Net pension liability is the result of the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which represents LCOG's proportionate share of the state pension plan's unfunded actuarially determined liability.

Additional information on LCOG's long-term debt can be found in Note 7 on page 22 of this report.

Economic Factors and Next Year's Budgets

Management is proud that Lowcountry Council of Governments continues to be financially sound and stable.

LCOG operates primarily on grant funds that are received on a reimbursement basis. When reimbursements are slow or delayed while awaiting project activity, it challenges our financial resources. Cash flow is monitored very closely and we do it very well. We have determined a reserve amount that would be ideal to have on hand to minimize our cash flow woes. It will take a few years to establish this reserve. However, the increase in fund balance of \$105,670 is a step in that direction.

The Executive Director and Executive Board of the COG participated in a planning retreat in April, 2015. The full board adopted a vision statement and strategic plan/goals for the upcoming fiscal year. Much work has been done to ensure the board and staff have a good understanding of the COGs financials and programs. The board's goals were incorporated into next year's budget.

We project a very good program year for all of our programs.

Restructuring in the LGOA office has affected positive changes to our local programs and more money for senior services. The Aging Program received additional state support again this year.

Community and Economic Development had a very active fall grant round submitting nine applications in what is normally a very light round.

LCOG is a partner to the Lowcountry Promise Zone initiative. Staff is involved in the strategic planning efforts spearheaded by Southern Carolina Alliance. As a partner, we seek to do a substantial amount of grant writing for Promise Zone projects in our region and perhaps for the entire Promise Zone area.

An additional staff person may be needed in Community and Economic Development to assist with grants administration if several grants are awarded and for grant research and writing for Promise Zone projects.

The Planning Department completed the Joint Land Use Study before the June 30 deadline and have already received a second grant award from Department of Defense Community Planning Assistance Funds to implement the study recommendations for the Air Station and Recruit Depot.

Implementation of the new regulations for WIOA, Workforce Investment and Opportunity Act, has begun. A new board has been seated and board policies updated. The workforce development program budget for next year has been cut more than \$200,000. The program cannot absorb this cut without significant adjustments. However, all areas in the region will continue to be served. Also under the new WIOA regulations, we are required to competitively procure all workforce services: Operator, Adult-Dislocated Worker Services and Youth Services, except Administration.

The new Executive Director has been on board nine months now. The transition has been a very smooth one. We have launched a new initiative - telling our story throughout the region. LCOG remains an advocate for the region at the state and local level, committed to helping the people and communities in the region to prosper and grow.

Requests for information

This financial report is designed to provide a general overview of Lowcountry Council of Governments finances for all those with an interest in the agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Lowcountry Council of Governments, Post Office Box 98, Yemassee, South Carolina, 29945-0098.

BASIC FINANCIAL STATEMENTS

**LOWCOUNTRY COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
JUNE 30, 2015**

	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	COMPONENT UNIT DEVELOPMENT CORPORATION
ASSETS		
Cash	\$ 213,483	\$ 311,901
Accounts Receivable	733,816	-
Work-in-Process Contracts	661,914	-
Prepaid Expenses	15,301	-
Restricted Cash	254,719	-
Notes and Leases Receivable	-	300,860
Capital assets not being depreciated	75,000	-
Capital assets being depreciated	950,516	131,802
Total Assets	2,904,749	744,563
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows on Net Pension Liability	259,282	-
Total Deferred Outflows of Resources	259,282	-
Total Assets and Deferred Outflows of Resources	\$ 3,164,031	\$ 744,563
LIABILITIES		
Salaries and Benefits	\$ 78,400	\$ -
Accounts Payable	424,359	-
Unearned Income	399,682	251,482
Noncurrent Liabilities		
Due within one year	54,893	-
Due in more than one year	3,607,809	-
Total Liabilities	4,565,143	251,482
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows on Net Pension Liability	255,056	-
Total Deferred Inflows of Resources	255,056	-
NET POSITION		
Net Investment in Capital Assets	388,130	-
Restricted	-	142,278
Unrestricted	(2,044,298)	350,803
Total Net Position	(1,656,168)	493,081
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 3,164,031	\$ 744,563

The notes to the financial statements are an integral part of this statement.

**LOWCOUNTRY COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

Functions/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	PRIMARY	COMPONENT	
				GOVERNMENTAL ACTIVITIES	UNIT DEVELOPMENT CORPORATION	
Primary Government						
Administration	\$ 82,067	\$ -	\$ 121,793	\$ 39,726	\$ -	
Aging	2,683,193	-	2,683,193	-	-	
Community and Economic Development	1,525,207	-	1,525,207	-	-	
Planning	520,404	-	520,404	-	-	
Workforce Investment Act	1,922,912	-	1,922,912	-	-	
Manpower	143,046	-	143,046	-	-	
Total Primary Government	<u>6,876,829</u>	<u>-</u>	<u>6,916,555</u>	<u>39,726</u>	<u>-</u>	
Component Units						
Development Corporation	<u>\$ 2,866</u>	<u>\$ 11,950</u>	<u>\$ -</u>	<u>-</u>	<u>9,084</u>	
Change in Net Position				39,726	9,084	
Net Position, Beginning of Year				1,286,798	483,997	
Prior Period Restatement- see note 12				(2,982,692)		
Net Position, End of Year				<u>\$ (1,656,168)</u>	<u>\$ 493,081</u>	

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The notes to the financial statements are an integral part of this statement.

**LOWCOUNTRY COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

ASSETS	<u>GENERAL FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Assets		
Cash	\$ 213,483	\$ 213,483
Restricted Cash	254,719	254,719
Accounts Receivable	733,816	733,816
Work-in-Process Contracts	661,914	661,914
Prepaid Expenses	15,301	15,301
Total Assets	\$ 1,879,233	\$ 1,879,233
LIABILITIES AND FUND BALANCES		
Liabilities		
Salaries and Benefits	\$ 78,400	\$ 78,400
Accounts Payable	424,359	424,359
Unearned Income	399,682	399,682
Total Liabilities	902,441	902,441
Fund Balances		
Nonspendable	15,301	15,301
Unassigned	961,491	961,491
Total Fund Balances	976,792	976,792
Total Liabilities and Fund Balances	\$ 1,879,233	\$ 1,879,233

The notes to the financial statements are an integral part of this statement.

**LOWCOUNTRY COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

Total net position reported for governmental activities in the statement of net position is different because:

Total fund balances for governmental funds	\$	976,792
--	----	---------

Capital assets used in LCOG's activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land and improvements	\$	75,000	
Buildings and improvements, net of \$475,709 accumulated depreciation		885,627	
Vehicles, net of \$60,946 accumulated depreciation		41,448	
Furniture and equipment, net of \$129,728 accumulated depreciation		<u>23,441</u>	
Total Capital Assets			1,025,516

Deferred outflows and inflows of resources represents amounts applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources:

Related to pensions		259,282	
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Deferred inflows of resources:

Related to pensions		<u>(255,056)</u>	
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Total deferred outflows and inflows of resources			4,226
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Long-term liabilities applicable to the LCOG's activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities --both current and long-term--are reported in the statement of net position. Balances at June 30, 2015 are:

Mortgages Payable		(637,386)	
Net Pension Liability		<u>(3,025,316)</u>	
Total Long-Term Liabilities			<u>(3,662,702)</u>

Total net position of governmental activities	\$	<u>(1,656,168)</u>
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The notes to the financial statements are an integral part of this statement.

**LOWCOUNTRY COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>GENERAL FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES		
Federal	\$ 4,596,250	\$ 4,596,250
State	1,190,385	1,190,385
Local	922,864	922,864
Other	207,056	207,056
Total Revenues	<u>6,916,555</u>	<u>6,916,555</u>
EXPENDITURES		
Administration	16,123	16,123
Aging	2,683,193	2,683,193
Community and Economic Development	1,525,207	1,525,207
Planning	520,404	520,404
Workforce Investment Act	1,922,912	1,922,912
Manpower	143,046	143,046
Total Expenditures	<u>6,810,865</u>	<u>6,810,865</u>
Net change in fund balances	105,670	105,670
Fund Balances, beginning of year	871,122	871,122
Fund Balances, end of year	<u>\$ 976,792</u>	<u>\$ 976,792</u>

The notes to the financial statements are an integral part of this statement.

**LOWCOUNTRY COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

The change in net position reported for governmental activities in the statement of activities is different because:

Net change in fund balances -- total governmental funds	\$	105,670
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$0) was less than depreciation (\$79,876) in the current period.</p>		
		(79,876)
<p>Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.</p>		
		52,331
<p>Governmental funds reports 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.</p>		
Pension contributions	\$	(211,955)
Cost of benefits earned net of employee contributions		173,556
Net change in pension contributions		<u>(38,399)</u>
Total change in net position of governmental activities	\$	<u>39,726</u>

The notes to the financial statements are an integral part of this statement.

**LOWCOUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lowcountry Council of Governments (LCOG) was organized under provisions of Article 2 Act 487 of the 1967 South Carolina General Assembly, as amended in 1971. It does not have stockholders or equity holders and is not subject to income taxes. In general, LCOG has the power to carry on such planning activities and to develop such studies and programs as it deems to be in the interest of the lowcountry area, which includes Beaufort, Colleton, Hampton, and Jasper counties.

REPORTING ENTITY

LCOG is an autonomous government whose appointed board controls its operations and fiscal accountability. LCOG is a separate reporting entity and is not a component unit of any other governmental entity.

Generally accepted accounting principles, as established by the Governmental Accounting Standards Board, require that the financial reporting entity's financial statements include the financial operation of the primary government organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The basic criteria for including organizations as component units within the reporting entity include imposition of will, and financial benefit or burden on a primary government and selection of governing authority. Based on the above criteria, the Lowcountry Regional Development Corporation (LRDC) must be included in the reporting entity. Complete financial statements for LRDC may be obtained at the offices of LCOG, P.O. Box 98, Yemassee, S.C. 29945-0098.

LRDC is a non-profit 501(c)(6) corporation that strives to stimulate and support economic and community development in Beaufort, Colleton, Hampton and Jasper Counties, South Carolina by offering, among other things, attractive lease agreements on business sites to induce businesses to locate in the Lowcountry.

LRDC has a September 30 fiscal year end and the financial data for this component unit is as of September 30, 2015 and for the fiscal year then ended.

The accompanying financial statements present the combined financial positions and combined results of operations of the various fund types controlled by the appointed board and the executive director.

Federal, state and local governments fund all of the operating budgets. The operating revenues and expenditures are included in the General Fund. The accounting policies of LCOG conform to generally accepted accounting principles, as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting.

**LOWCOUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information about the reporting government as a whole, except for its fiduciary activities. Governmental activities are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. LCOG reports only governmental activities, as there are no business type activities.

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.

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 presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

LCOG reports the following major governmental funds:

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

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

Indirect expenses are allocated to programs based on the ratio to direct salaries within the individual programs.

**LOWCOUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Deposits and Investments

LCOG'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.

LCOG is authorized by state statute to invest in the following:

- (1) Obligations of the United States and its agencies;
- (2) General obligations of the State of South Carolina and its political units;
- (3) Savings and loan associations to the extent that the same are insured by an agency of the Federal Government;
- (4) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above and are held by a third party as escrow agent or custodian, at a market value not less than the amounts of the certificates of deposit plus interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the Federal Government.

Inventories and Prepaid Items

Inventories of the general fund consist of supplies held for consumption and are immaterial to the financial statements and accordingly are not recorded.

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

Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by LCOG as property and equipment with an initial, individual cost of more than \$5,000 and an 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. LCOG does not have any significant infrastructure assets that should be recorded at this time.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25 years
Furniture and Equipment	5 – 15 years

**LOWCOUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expenses/expenditures) until then. The government reports deferred outflows related to its net pension liability in the statement of net position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (expenses/expenditures) until then. The government reports deferred inflows related to its net pension liability in the statement of net position.

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources.

**LOWCOUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances – Continued

Fund Equity

In the fund financial statements, governmental funds report:

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

- Nonspendable fund balance – amounts that are not in a spendable form or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grants, bondholders and higher levels of government) through constitutional provisions or enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

Government-wide and fund financial statements must be presented using an all-inclusive format. That is, the results of the current period's activities are to be reported as an addition to (or a deduction from) equity at the beginning of the period to arrive at the closing equity balance. Thus changes in net position on the government-wide statement of activities is added to (or deducted from) net position at the beginning of the fiscal year to arrive at net position at the end of the fiscal year.

Net position is defined as the difference between assets, liabilities, and deferred inflows/outflows of resources in the government-wide statement of net pension.

The government-wide statement of net position reports all government assets; therefore, a significant portion of the net position reported there typically reflects a government's net investment in capital assets.

To draw financial statement users' attention to this important information, GAAP requires the amount of the net position invested in capital assets to be reported as a separate category of net position. Net investment in capital assets includes all capital assets less accumulated depreciation and outstanding principal of related debt.

**LOWCOUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances - Continued

Restrictions may be imposed on a portion of LCOG's net position by parties outside the government (such as creditors, grantors, contributors). In some cases, such restricted assets are directly associated with particular liabilities (for instance, restricted assets associated with revenue bonds). An amount equal to these restricted assets, less any related liabilities, is reported as restricted net position.

Comparative Data/Reclassifications

Comparative total data for the prior year has not been presented. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Expenses/Expenditures

Consistent with the current financial resources measurement focus, the governmental fund statement of activities report expenditures rather than expenses. Expenditures in the fund financial statements are presented by character for the governmental funds. The character of an expenditure is based upon the periods it is presumed to benefit. Expenditures that primarily benefit the present period (current expenditures) are distinguished from those presumed to benefit both the present and future periods (debt service expenditures and capital outlay expenditures). GAAP also provides for a fourth character classification, intergovernmental expenditures, for situations where one governmental entity provides resources to another.

Government-wide expenses are reported by function. The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. As a result, there are important differences between the expenditures reported on the governmental fund financial statements and those expenses reported on the government-wide financial statements. For example, the governmental funds report capital outlay expenditures, while the government-wide financial statements report depreciation.

BUDGET AND BUDGETARY ACCOUNTING

Prior to the start of each fiscal year, LCOG approves an operating budget prepared in accordance with generally accepted accounting principles. LCOG's executive committee approves any revisions to the budget during the year.

CERTAIN CONCENTRATIONS

During the year ended June 30, 2015 LCOG received approximately 67% and 17%, respectively, of its total revenues from federal and state financial assistance grants.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results may differ from these estimates.

**LOWCOUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances - Continued

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**LOWCOUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

COST ALLOCATION METHOD

LCOG has elected, in accordance with Office of Management and Budget Circular A-87, to allocate allowable indirect costs and fringe benefits to the applicable federal, state and local grants and contracts. Using gross salaries as a basis, LCOG applies cognizant agency approved indirect, fringe, and release rates in properly allocating cost based on the actual expenditures during the current fiscal year. During the year, applicable grant programs have been charged with an employee benefits rate of 67.48% and an indirect cost rate of 66.75% on the wages charged to the program.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits: The reconciled cash in banks for LCOG at June 30, 2015 were \$116,114 and the bank balance was \$245,906. All deposits are covered by federal depository insurance. At June 30, 2015, LCOG had a reconciled book balance of \$351,888 in the South Carolina Local Government Investment Pool with \$351,888 on deposit. These deposits are part of a fund invested by the Office of State Treasurer for local governments. As such, collateral is not identified for each deposit, but rather for the fund as a whole and is fully collateralized. South Carolina Local Government Investment Pool is classified as a risk Category A.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, LCOG will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. LCOG does not maintain a deposit policy regarding custodial credit risk.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2015 was as follows:

Administration	\$	22,004
Aging		479,076
Workforce		232,736
Total Accounts Receivable	\$	733,816

NOTE 4 – WORK-IN-PROCESS CONTRACTS

LCOG has entered into contracts with the municipalities and counties in its service district to provide administration, professional and technical services under various community development block grants, economic development grants and planning grants. LCOG's accumulated costs including direct time, fringe benefits and indirect overhead in these contracts follows:

Community and Economic Development	\$	289,968
Home Investments		215,589
Planning		166,357
Total		671,914
Less: Allowance for Uncollectible Accounts		(10,000)
Net Work-in-Progress Contracts	\$	661,914

**LOWCOUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 5 – PROPERTY AND EQUIPMENT

A summary of changes in the LCOG's property and equipment is as follows:

	June 30, 2014	Increases	Decreases	June 30, 2015
Governmental Activities				
<i>Capital Assets, not being depreciated</i>				
Land and Improvements	\$ 75,000	\$ -	\$ -	\$ 75,000
Total Capital Assets, not being depreciated	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>75,000</u>
<i>Capital Assets, being depreciated</i>				
Buildings and Improvements	1,361,336	-	-	1,361,336
Furniture and Equipment	153,169	-	-	153,169
Vehicles	102,394	-	-	102,394
Total Capital Assets, being depreciated	<u>1,616,899</u>	<u>-</u>	<u>-</u>	<u>1,616,899</u>
Less Accumulated Depreciated for:				
Buildings and Improvements	420,690	55,019	-	475,709
Furniture and Equipment	125,349	4,379	-	129,728
Vehicles	40,468	20,478	-	60,946
Total Accumulated Depreciation	<u>586,507</u>	<u>79,876</u>	<u>-</u>	<u>666,383</u>
Total Capital Assets, being depreciated, net	<u>1,030,392</u>	<u>(79,876)</u>	<u>-</u>	<u>950,516</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,105,392</u>	<u>\$ (79,876)</u>	<u>\$ -</u>	<u>\$ 1,025,516</u>

Depreciation expense was \$79,876 for the year ended June 30, 2015. This amount was allocated to the administrative function.

NOTE 6 – DEFERRED INCOME

Deferred income at June 30, 2015 was as follows:

Aging	\$ 55,242
Community and Economic Development	555
Planning	278,661
Workforce	65,224
Total	<u>\$ 399,682</u>

**LOWCOUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 – LONG-TERM OBLIGATIONS

A schedule of changes on long-term obligations follows:

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2015</u>
Bldg. Expansion Mortgage	\$ 689,717	\$ -	\$ 52,331	\$ 637,386
Net Pension Liability	3,151,790	297,680	424,154	3,025,316
Total	<u>\$ 3,841,507</u>	<u>\$ 297,680</u>	<u>\$ 476,485</u>	<u>\$ 3,662,702</u>

On November 19, 2009, Jasper County obtained a loan to assist LCOG with funding a building expansion. This loan is structured as a Building Lease Purchase. Jasper County assigned the County's right, title and interest in the building project to Branch Banking and Trust (BB&T). The loan is collateralized by land together with the building located on the land. BB&T holds a first lien leasehold mortgage on the land and the building. LCOG is responsible for the repayment of the debt. Jasper County is not responsible for repayment and none of the County's assets are pledged for the repayment of the loan.

A summary of long-term debt is as follows:

Mortgage payable on LCOG's building expansion dated November 19, 2009 had an original balance of \$900,000 and is repayable in monthly payments of \$7,019 over a fifteen-year term including interest at 4.79%.	<u>Balance</u>
	\$ 637,386
	\$ 637,386

Approximate maturities of long-term debt for the next five fiscal years and thereafter are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 54,893	\$ 29,336	\$ 84,229
2017	57,581	26,648	84,229
2018	60,400	23,829	84,229
2019	63,358	20,871	84,229
2020	66,460	17,769	84,229
2021-2025	334,694	37,317	372,011
Total	<u>\$ 637,386</u>	<u>\$ 155,770</u>	<u>\$ 793,156</u>

**LOWCOUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 – LONG-TERM OBLIGATIONS - CONTINUED

Pension Plan

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Systems in conducting that review. PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the South Carolina Retirement Systems' Pension Trust Funds. The CAFR is publicly available on the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

General Information about the Pension Plan

Plan Description

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 employees of the state, its public school districts, and political subdivisions.

Membership

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

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

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. A brief summary of 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 requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

**LOWCOUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 – LONG-TERM OBLIGATIONS - CONTINUED

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

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

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the SCRS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9% of earnable compensation for SCRS. An increase in the contribution rates adopted by the board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

Required employee contribution rates for fiscal year 2014-2015 are as follows:

SCRS

Employee Class Two	8.00% of earnable compensation
Employee Class Three	8.00% of earnable compensation
Employer Incidental Death Benefit	Employer Incidental Death Benefit

Required employer contributions for fiscal year 2014-2015 are as follows:

SCRS

Employer Class Two	10.75% of earnable compensation
Employer Class Three	10.75% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

Net Pension Liability

At June 30, 2015, LCOG reported a liability of \$3,025,316 for its proportionate share of the net pension liability. The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2013. The net pension liability of each defined benefit pension plan was therefore determined based on the July 1, 2013 actuarial valuations, using membership data as of July 1, 2013, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2015, using generally accepted actuarial procedures. The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position.

**LOWCOUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 – LONG-TERM OBLIGATIONS - CONTINUED

For the year ended June 30, 2015, LCOG recognized pension expense of \$211,955. At June 30, 2015, LCOG reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 85,725	\$ -
Net difference between projected and actual earnings on pension plan investments		255,056
Contributions subsequent to the measurement date	173,557	-
Total	\$ 259,282	\$ 255,056

The following schedule reflects the amortization of remaining deferred outflows/(inflows) of resources at June 30, 2015. Average remaining services lives of all employees provided with pension through the pension plans at June 30, 2015 was 4.233 years for SCRS.

Measurement Period Ending June 30,	SCRS
2015	\$ (37,249)
2016	(37,249)
2017	(37,249)
2018	(57,586)
Net Balance of Deferred Outflows/(Inflows) of Resources	\$ (169,333)

Actuarial Assumptions and Methods

Actuarial valuations 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 during the valuation process 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. The last experience study was performed on data through June 30, 2010, and the next experience study is scheduled to be conducted after the June 30, 2015 annual valuation is complete.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2013, valuations for SCRS and PORS.

	SCRS	PORS
Actuarial Cost Method	Entry Age	Entry Age
Actuarial Assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	Levels off at 3.5%	Levels off at 4.0%
Includes inflation at	2.75%	2.75%
Benefits adjustments	Lesser of 1% or \$500	Lesser of 1% or \$500

**LOWCOUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 – LONG-TERM OBLIGATIONS - CONTINUED

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000.

<u>Former Job Class</u>	<u>Males</u>	<u>Females</u>
Educators and Judges	RP-2000 Males (with White Collar adjustment) multiplied by 110%	RP-2000 Females (with White Collar adjustment) multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety, Firefighters and Member of the South Carolina National Guard	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table on the following page. For actuarial purposes, the 7.50% assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75% real rate of return and a 2.75% inflation component.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Short Term	5.0%	0.09	0.03
Domestic Fixed Income	13.0%	7.40	0.26
Global Fixed Income	9.0%	4.90	0.27
Global Public Equity	31.0%	7.80	2.42
Global Tactical Asset Allocation Alternatives	10.0%	5.10	0.51
	32.0%	35.40	2.39
Total Expected Real Return	<u>100.0%</u>		<u>5.88</u>
Inflation for Actuarial Purposes			<u>2.75</u>
Total Expected Nominal Return			<u><u>8.80</u></u>

**LOWCOUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 – LONG-TERM OBLIGATIONS - CONTINUED

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. 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 State Code of Laws. Based on those assumptions, each 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 total pension liability. The following table presents the sensitivity of the net pension liability to changes in the discount rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1.0% Decrease (6.5%)	Discount Rate (7.5%)	1.0% Increase (8.5%)
SCRS	\$ 3,914,946	\$ 3,025,316	\$ 2,283,109

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At June 30, 2015, LCOG had made all required contributions to the pension plan and had no outstanding payables.

Compensated Absences

Unused vacation leave liabilities are reported in the applicable governmental type activities columns in the government-wide financial statements. With sufficient notification of employment termination, unused vacation will be paid. LCOG employees can accumulate annual leave up to forty-five (45) days for subsequent use or for payment upon termination, death or retirement. Employer share of retirement and social security is added to the accrued leave liability. LCOG has no financial liability for its unused sick leave. The accumulated unpaid vacation earned as of June 30, 2015 totaled \$78,027. Compensated absences are paid from the general fund.

All vested annual leave pay is accrued as expense in the current year.

**LOWCOUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 – LONG-TERM OBLIGATIONS - CONTINUED

Post Employment Benefits

Description of Plan

LCOG contributes to the Retiree Medical Plan which is a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the South Carolina Public Employee Benefit Authority (PEBA) Insurance Benefits. A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System and Police Officers Retirement System is issued and publicly available by writing the SC PEBA, Post Office Box 11960, Columbia, South Carolina 29211-1960.

Basic Provisions

Generally, retirees are eligible for the health and dental benefits if they have established at least 10 years of retirement service credit. For new hires May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15-24 years of service for 50% funding. Benefits are effective when employee retires under the state retirement system.

Funding Policy

Employer contribution rates are 5.0%, 4.92%, and 4.55% for the years ended June 30, 2015, 2014, and 2013, respectively. Contributions to SCRS for the years ended June 30, 2015, 2014, and 2013 were \$79,613, \$78,486, and \$69,437, respectively, equal to the actuarially required contributions for each year.

NOTE 8 – FUND BALANCES

The fund balances of the governmental funds are as follows as of June 30, 2015:

	General Fund
Fund Balances:	
Nonspendable:	
Prepaid Expenses	\$ 15,301
Unassigned	961,491
Total	\$ 976,792

NOTE 9 – CONTINGENCIES AND COMMITMENTS

LCOG participates in a number of state and federally assisted programs. These programs are subject to compliance audits by the state or federal government and their representatives. LCOG believes that the amount, if any, of program expenditures that may be disallowed by the granting agencies is not material.

NOTE 10 – RELATED PARTY TRANSACTIONS

LCOG has entered into an agreement with LRDC, a component unit, in which LCOG agreed to furnish office space, technical assistance and personnel necessary to perform the duties of LRDC. LCOG charged \$0 in expenses to LRDC during the year June 30, 2015. LCOG has a receivable of \$0 as of June 30, 2015.

**LOWCOUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 11 – OPERATING LEASE OBLIGATIONS

LCOG has various equipment and facilities under operating leases expiring at various dates through June 2017. Minimum future rental payments for each of the next five years and in the aggregate for the leases are as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
2016	\$ 14,660
2017	3,275
Total	<u>\$ 17,935</u>

NOTE 12 – RESTATEMENT OF BEGINNING NET POSITION

In accordance with generally accepted accounting principles for fiscal year 2015 LCOG made prior period adjustments due to the adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which require the restatement of the June 30, 2015 net position in Governmental Activities. The result is a decrease in net position at July 1, 2014 of \$2,982,692.

Net Position June 30, 2014, as Previously Reported	\$ 1,286,798
Pension Liability, Net	<u>(2,982,692)</u>
Net Position, July 1, 2014, as restated	<u>\$ (1,695,894)</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

**LOWCOUNTRY COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Federal	\$ 4,155,283	\$ 4,567,201	\$ 4,596,250	\$ 29,049
State	1,459,909	1,191,682	1,190,385	(1,297)
Local	961,987	911,845	922,864	11,019
Other	<u>82,638</u>	<u>263,887</u>	<u>207,056</u>	<u>(56,831)</u>
Total Revenues	<u>6,659,817</u>	<u>6,934,615</u>	<u>6,916,555</u>	<u>(18,060)</u>
EXPENDITURES				
Administration	165,118	158,874	16,123	142,751
Aging	2,499,427	2,867,054	2,683,193	183,861
Community and Economic Development	1,295,321	1,427,251	1,525,207	(97,956)
Planning	532,576	506,261	520,404	(14,143)
Workforce Investment Act	1,876,813	1,832,131	1,922,912	(90,781)
Manpower	<u>290,562</u>	<u>143,044</u>	<u>143,046</u>	<u>(2)</u>
Total Expenditures	<u>6,659,817</u>	<u>6,934,615</u>	<u>6,810,885</u>	<u>123,730</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	105,670	<u>\$ 105,670</u>
Fund Balances, beginning of year			<u>871,122</u>	
Fund Balances, end of year			<u>\$ 976,792</u>	

**LOWCOUNTRY COUNCIL OF GOVERNMENTS
 SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 STATE PENSION PLAN
 LAST TEN FISCAL YEARS**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Portion of The Net Pension Liability	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.017572%
Proportionate Share of the Net Pension Liability	NA	NA	NA	NA	NA	NA	NA	NA	NA	\$ 3,025,315
Covered-Employee Payroll	NA	NA	NA	NA	NA	NA	NA	NA	NA	\$ 1,592,262
Proportionate Share of the New Pension Liability as a Percentage of Its Covered-Employee Payroll	NA	NA	NA	NA	NA	NA	NA	NA	NA	190.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	NA	NA	NA	NA	NA	NA	NA	NA	NA	59.90%

**LOWCOUNTRY COUNCIL OF GOVERNMENTS
SCHEDULE OF CONTRIBUTIONS
STATE PENSION PLAN
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Contractually Required Contribution	NA	NA	NA	NA	NA	NA	NA	NA	NA	\$ 173,506
Contributions in Relation to the										
Contractually Required Contribution	NA	NA	NA	NA	NA	NA	NA	NA	NA	173,506
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	NA	NA	NA	NA	NA	NA	NA	NA	NA	\$ 1,592,262
Contributions as a Percentage of										
Covered-Employee Payroll	NA	NA	NA	NA	NA	NA	NA	NA	NA	10.90%

SUPPLEMENTARY INFORMATION

**LOWCOUNTRY COUNCIL OF GOVERNMENTS
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - GENERAL FUND BY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>ADMINISTRATION</u>	<u>AGING</u>	<u>COMMUNITY AND ECONOMIC DEVELOPMENT</u>	<u>PLANNING</u>	<u>WORKFORCE INVESTMENT ACT</u>	<u>MANPOWER</u>	<u>TOTAL</u>
Revenues							
Federal	\$ -	\$ 1,309,376	\$ 983,240	\$ 432,088	\$ 1,871,546	\$ -	\$ 4,596,250
State	42,664	1,147,721	-	-	-	-	1,190,385
Local	149,396	-	507,840	71,517	51,065	143,046	922,864
Other	36,228	-	-	-	-	-	36,228
Required Match	(95,601)	55,542	28,977	11,082	-	-	-
Over Match	(10,894)	(274)	5,150	5,717	301	-	-
Outside Match	-	170,828	-	-	-	-	170,828
Total Revenues	<u>121,793</u>	<u>2,683,193</u>	<u>1,525,207</u>	<u>520,404</u>	<u>1,922,912</u>	<u>143,046</u>	<u>6,916,555</u>
Expenditures							
Salaries and Related Costs	1,109,094	250,865	168,238	107,905	494,759	143,046	2,273,907
Automobile and Related Costs	(8,166)	8,670	2,427	180	11,088	-	14,199
Building and Related Costs	124,757	1,926	-	-	74,751	-	201,434
Advertising	983	1,760	7,987	819	1,195	-	12,744
Contracts	36,944	2,044,675	1,104,408	257,411	585,654	-	4,029,092
Dues, Subscriptions, and Publications	9,892	1,765	25	1,355	1,479	-	14,516
Equipment Leasing and Maintenance	19,951	125	850	500	29,010	-	50,436
Insurance and Bonding	11,142	-	-	-	-	-	11,142
Meetings	3,634	452	13	513	427	-	5,039
Legal Fees	900	8,200	60	-	-	-	9,160
Miscellaneous	12,609	61	95	-	173	-	12,938
Postage and Shipping	9,886	-	74	-	489	-	10,449
Printing	8,852	4,496	102	163	16,395	-	30,008
Supplies	8,470	9,783	2,710	5	19,068	-	40,036
Travel and Related Costs	29,443	10,904	10,132	1,895	16,906	-	69,280
Building and Equipment Purchases	9,236	2,784	2,262	1,517	7,406	-	23,205
Bad Debt	-	-	-	3,300	-	-	3,300
Fringe Benefits	(689,501)	169,284	113,531	72,816	333,870	-	-
Indirect Costs	(682,003)	167,443	112,293	72,025	330,242	-	-
Total Expenditures	<u>16,123</u>	<u>2,683,193</u>	<u>1,525,207</u>	<u>520,404</u>	<u>1,922,912</u>	<u>143,046</u>	<u>6,810,885</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 105,670</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,670</u>

**LOWCOUNTRY COUNCIL OF GOVERNMENTS
SCHEDULE OF FRINGE BENEFITS RATE
FOR THE YEAR ENDED JUNE 30, 2015**

Fringe Benefits	
Vacation, Holiday and Sick Pay	\$ 238,407
SC Retirement System	236,430
Social Security	110,564
Unemployment Insurance	23,662
Workmen's Compensation Insurance	7,684
Health Insurance Benefits	<u>241,814</u>
 Total Fringe Benefits	 <u><u>\$ 858,561</u></u>
 Chargeable Salaries	
Total Salaries	\$ 1,615,989
Less: Vacation, Holiday and Sick Pay	(238,407)
Less: Manpower	<u>(105,282)</u>
 Total Chargeable Salaries	 <u><u>\$ 1,272,300</u></u>
 Fringe Benefit Allocation Rate	 <u><u>67.48%</u></u>

**LOWCOUNTRY COUNCIL OF GOVERNMENTS
SCHEDULE OF INDIRECT COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

Indirect Costs	
Salaries	\$ 250,043
Fringe Benefit Allocation	168,732
Advertising	983
Auto Cost Allocation	10,935
Building Depreciation	52,037
Building Maintenance, Telephone, and Utilities	40,528
Contracts	34,194
Depreciation - Equipment	4,380
Dues and Subscriptions	9,892
Equipment	5,977
Equipment Maintenance	19,951
Insurance	11,142
Legal Fees	900
Lodging	9,202
Meetings	3,634
Mileage	10,243
Miscellaneous	9,536
Per Diem	2,309
Postage	9,886
Printing	8,852
Registration	3,939
Supplies	8,470
Software	2,839
Transportation Costs	<u>3,728</u>
 Total Allocable Indirect Costs	 <u>\$ 682,332</u>
 Total Direct Salaries	
Total Salaries	\$ 1,615,989
Less: Vacation, Holiday, and Sick Pay	(238,407)
Less: Manpower	(105,282)
Less: Indirect Salaries	<u>(250,043)</u>
 Total Direct Salaries	 <u>\$ 1,022,257</u>
 Indirect Cost Allocation Rate	 <u>66.75%</u>

COMPLIANCE SECTION

**LOWCOUNTRY COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Commerce		
Economic Development-Support for Planning Organizations	11.302	\$ 67,614
U.S. Department of Defense		
Community Planning Assistance - Joint Land Use Study	12.610	131,353
U.S. Department of Housing and Urban Development		
<i>Passed through Beaufort County, South Carolina</i>		
Home Investments Partnership Program	14.239	915,626
U.S. Department of Labor		
<i>Passed through the S.C. Department of Employment and Workforce:</i>		
WIA Cluster		
WIA Adult Program	17.258	563,557
WIA Youth Program	17.259	570,784
WIA Dislocated Workers	17.278	737,205
Total WIA Cluster		<u>1,871,546</u>
U.S. Department of Transportation		
<i>Passed through the S.C. Department of Transportation</i>		
Highway Planning and Construction	20.205	198,976
Capital Earmark (Section 5309)	20.500	34,933
Veteran's Transportation Sections 5312	20.514	13,929
Transit Program Cluster		
Job Access Reserve Commute	20.516	9,999
New Freedom Program	20.521	9,999
Total Transit Program Cluster		<u>19,998</u>
Environmental Protection Agency		
<i>Passed through the S.C. Department of Health & Environmental Control:</i>		
Water Quality Management Planning	66.454	6,675
U.S. Department of Health and Human Services		
<i>Passed through the S.C. Lieutenant Governor's Office on Aging:</i>		
Aging Cluster		
Special Programs for the Aging - Title III, Part B-Grants for Supportive Services and Senior Centers	93.044	415,150
Special Programs for the Aging - Title III, Part C-Nutrition Services	93.045	529,265
Nutrition Services Incentive Program	93.053	81,295
Total Aging Cluster		<u>1,025,710</u>
Title VI Elder Abuse	93.041	2,725
Special Programs for the Aging - Title VII, Chapter 2 - Ombudsman Services for Older Individuals	93.042	10,550
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	17,232
Special Programs for the Aging - Title IV, and Title II - Discretionary Projects	93.048	14,269
National Family Care Giver Support, Title III, Part E	93.052	166,459
Medicare Enrollment Assistance Program	93.071	42,544
Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs	93.734	7,190
SHIAP Insurance Counseling	93.799	22,694
U. S. Department of Homeland Security		
Disaster Prevention and Relief	97.017	2,546
Pre Disaster Mitigation	97.047	23,678
Total Expenditures of Federal Awards		<u>\$ 4,596,247</u>

* - Major Program

See accompanying notes to schedule of federal expenditures.

**LOWCOUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lowcountry Council of Government presented on the modified accrual basis of accounting. 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*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the financial statements.



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

To the Board of Directors
Lowcountry Council of Governments
Yemassee, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, and each major fund of the Lowcountry Council of Governments, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Lowcountry Council of Governments' basic financial statements, and have issued our report thereon dated October 6, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Lowcountry 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 the Lowcountry Council of Governments' internal control. Accordingly, we do not express an opinion on the effectiveness of the Lowcountry 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 may exist that have not been identified.

P.O. BOX 481
1411 QUEEN STREET
BEAUFORT, SC 29901
TEL 843.379.1065 FAX 843.379.1066

P.O. BOX 2569
941 HOUSTON NORTHCUTT BLVD.
MOUNT PLEASANT, SC 29465
TEL 843.971.0882 FAX 843.971.0884

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lowcountry 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.

Crowley Wechsler & Associates LLC

Crowley Wechsler & Associates LLC
Beaufort, South Carolina
October 6, 2015



Richard D. Crowley, CPA CVA
Lisa T. Wechsler, CPA CFE

CROWLEY WECHSLER & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

www.CWACPAS.com

BEAUFORT ~ MOUNT PLEASANT

Member:
American Institute of CPAs
South Carolina Association of CPAs

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

To the Board of Directors
Lowcountry Council of Governments
Yemassee, South Carolina

Report on Compliance for Each Major Federal Program

We have audited the Lowcountry 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 the Lowcountry Council of Governments' major federal programs for the year ended June 30, 2015. The Lowcountry 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Lowcountry 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 the Lowcountry Council of Governments' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Lowcountry 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, 2015.

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Report on Internal Control over Compliance

Lowcountry 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 the Lowcountry 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 the Lowcountry 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 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.

Crowley Wechsler & Associates LLC

Crowley Wechsler & Associates LLC
Beaufort, South Carolina
October 6, 2015

**LOWCOUNTRY COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

SECTION I – SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No	
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> None Reported	

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No	
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> 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?

 Yes X No

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
17.258, 17.259, 17.278	WIA Cluster
12.610	Community Planning Assistance
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? X Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

**LOWCOUNTRY COUNCIL OF GOVERNMENTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2015**

Audit report dated October 6, 2014 for the period ended June 30, 2014.
Issued by Crowley Wechsler & Associates LLC.

There were no auditing findings for the year ended June 30, 2014.

Lowcountry Area
Volunteer Income
Tax Assistance
(VITA) Coalition

Beaufort County Community Services Committee
February 29, 2016

What is VITA?

An IRS program that provides free tax help to:

- People who generally make \$54,000 or less,
- Persons with disabilities, and
- Limited English speaking taxpayers who need assistance in preparing their own tax returns.

VITA in the Lowcountry



Social and Economic Impact - 2015

45 IRS-certified volunteers spent **3,008** hours:

- Operating **11** VITA sites
- Filing **2,197** tax returns
- Yielding an average tax refund of **\$1,320**
- Returning **\$3,035,871** to local taxpayers' pockets

Social and Economic Impact - February 2016

46 IRS-certified volunteers have spent **1,129** hours:

- Operating **11** traditional VITA sites
- Filing **641** tax returns
- Yielding an average tax refund of **\$2,100**
- Returning **\$1,221,708** to local taxpayers' pockets

New (and Improved) Initiatives in 2016

- EITC Events in January
- Self-Prep Stations
- Drop-off tax preparation
- VITA-specific phone number and email address
- Paperless program administration: e-newsletters, volunteer sign-up sheets and timesheets, training, and shared resources

Questions?

Contact Information

Danielle Breidung, Program Coordinator

Lowcountry Area VITA Coalition

Phone: 843-321-9071

Email: lowcountryvitacoalition@gmail.com

Website: vitalowcountry.org



United Way of the Lowcountry, Inc.

Paxo 7/11/15

MEMORANDUM OF UNDERSTANDING

THIS AGREEMENT ("Agreement") is effective as of this 11 day of Aug, 2015, by and between Beaufort County ("County"), a body politic and political subdivision of the State of South Carolina, P.O. Box 1228, Beaufort, SC, 29901, and the Love House Learning Academy ("Academy"), 423 Parris Island Gateway, Beaufort, SC 29906. Both entities may be collectively referred to herein as "Parties." In consideration of the mutual covenants set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties to this Agreement hereby agree as follows:

Description of Services

Love House Learning Academy shall provide after school care for children at the locations below during such days that school is in session and intercession care when school is not in session, at times mutually agreed upon by Love House Learning Academy and Beaufort County Parks and Leisure Services

- i. Charles Lind Brown Activity Center, 1001 Hamar St., Beaufort SC 29902
- ii. Burton Wells Recreation Center, 1 Middleton Recreation Drive, Beaufort, SC
- iii. Port Royal Recreation Center, 1514 Richmond, Avenue, Port Royal, SC
- iv. Bluffton Recreational Center, 61 Ulmer Road, Bluffton, SC 29910

Love House Learning Academy shall provide services for senior citizens of Beaufort County at the following locations, with the understanding that additional locations may be added and listed locations may change, as mutually agreed upon by Love House Academy and Parks and Leisure Services, depending on program needs:

- i. Port Royal Recreation Center, 1514 Richmond Ave., Port Royal
- ii. Booker T. Washington Recreation Center, 182 Booker T. Washington Cr., Yemassee
- iii. Scott Recreation Center, 242 Scott Hill Rd., St Helena Island

Service locations may be added and listed locations may change upon mutual agreement of the parties and shall be memorialized in an addendum to this agreement.

Grant of License

For the Term and subject to the terms and conditions set forth in this Agreement, County grants to Academy a limited, non-transferable and non-exclusive license (the "License") to use the Charles Lind Brown Activity Center, Burton Wells Recreation Center, Port Royal Recreation Center, Booker T. Washington Recreation Center, Scott Recreation Center and Bluffton Recreational Center (herein collectively referred to as the "Premises" or "Licensed Premises"). The License permits the Academy and its invitees to use the Licensed Premises only during the Term and at other times that County may authorize in its sole discretion. This Agreement does not create or convey any legal title, leasehold or other legal, equitable or beneficial property interest in the Licensed Premises to the Academy. County is granting the License to the

Academy solely for the Academy' use of the Licensed Premises for the provision of services described above. Any other use of the Licensed Premises is strictly prohibited unless the Academy obtains prior written consent of County.

Responsibilities of the Parties

a. County Responsibilities:

- a. County shall provide facility access, utilities and maintenance for after school care and intersession care (as needed) at the following locations:
 - i. Charles Lind Brown Activity Center, 1001 Hamar St., Beaufort
 - ii. Burton Wells Recreation Center, 1 Middleton Recreation Dr., Beaufort
 - iii. Port Royal Recreation Center, 1514 Richmond Ave., Port Royal
 - iv. Bluffton Recreation Center, 61 Ulmer Rd., Bluffton

- b. County shall provide facility access, utilities and maintenance for senior citizen services programs at the following locations:
 - i. Port Royal Recreation Center, 1514 Richmond Ave., Port Royal
 - ii. Booker T. Washington Recreation Center, 182 Booker T. Washington Cr., Yemassee
 - iii. Scott Recreation Center, 242 Scott Hill Rd., St Helena Island

- c. County will make reasonable accommodations, as necessary, to ensure that Academy can maximize the use of the facility in the delivery of after school and senior services.

- d. County will advertise registration in after school programs through the Parks and Leisure Services web site, social media, and other normal means of communicating such announcements.

- e. County shall provide an after school program subsidy in the amount of \$5,000.00.

- f. County shall provide a senior citizen subsidy in the amount of \$60,000.00.

- g. County will provide access to certain Beaufort County Vehicles ("Vehicles") specifically listed below for purposes of providing transportation from elementary schools to after school locations and where feasible for transportation for senior citizen services programs. Academy must coordinate and obtain approval from Beaufort County Parks and Leisure services prior to use. Prior to use Beaufort County shall require proof of valid driver's license, CDL license when applicable and acceptable driving record. Beaufort County shall be responsible for maintenance and repair of vehicles associated with general use.
 - i. 038282 - 2012 CHEVROLET EXPRESS VAN - 1GAZG1FG9C1181071
 - ii. 20233 - DODGE MAXI 3500 RAM VAN - 2B5WB35Z21K521744
 - iii. 038267 - Year 2013 FORD F350 WAGON - 1FBSS3BL3DDA56349

- iv. 23334 - Year 2008, CHVRL, TRAILBLAZER 4X4 SUV - 1GNDT13SX82246251
- v. 22916 - 2004 CHVRL MICROBIRD BUS - 22PAS - 1GBJG3IU541206275
- vi. 22917 - 2004 CHVRL MICROBIRD BUS - 22PAS - 1GBJG3IU341205433
- vii. 22918 - 2004 CHVRL MICROBIRD BUS - 22PAS - 1GBJG3IU841204651
- viii. 22919 - 2004 CHVRL MICROBIRD BUS - 22PAS - 1GBJG3IU141204815
- ix. 15711 - 1993 INTERNATIONAL BUS - 1HVBBPLN4PH497255
- x. 20087 - 2000 CHEVRL TRIAD ACTIVITY BUS - 1GBJG31F6Y1243200

b. Academy Responsibilities:

a. After School Care

- i. Academy shall provide after school care for children at the locations identified within "description of services" during such days that school is in session and intercession care when school is not in session. Times shall be mutually agreed upon by Love House Learning Academy and Beaufort County Parks and Leisure Services.
- ii. Academy shall conduct registration for services, to include reasonable attempts to advertise and make after school programs available to any child, without regard to race, creed, color or religion.
- iii. Academy shall set after school tuition at a rate not to exceed 85.00 per participant, per month.
- iv. Academy shall provide after school staff with proper training, adequate supervision and compensation. It is mutually agreed that Academy, its agents and personnel, are independent contractors and will exercise complete control over their actions, and the actions of their employees, staff, agents or contractors, in performing the services described herein. Employees of Academy shall not be considered employees of Beaufort County for any purpose.

b. Senior Citizen Services

- i. Academy shall provide services for senior citizens of Beaufort County at the locations identified within "description of services" during times mutually agreed upon by Love House Learning Academy and Parks and Leisure Services. Senior services will include, but are not limited to social interaction, general enrichment activities, and assistance as needed.
- ii. Academy shall conduct registration for services, to include reasonable attempts to advertise and make senior service programs available to any individual, without regard to race, creed, color or religion.
- iii. Academy shall provide senior citizen staff with proper training, adequate supervision and compensation. It is mutually agreed that Academy, its agents and personnel, are independent contractors and will exercise complete control over their actions, and the actions of their employees,

staff, agents or contractors, in performing the services described herein. Employees of Academy shall not be considered employees of Beaufort County for any purpose.

Insurance

Prior to the provision of services, Academy shall obtain and maintain at its expense comprehensive general liability insurance coverage of at least \$1,000,000.00 per occurrence, \$2,000,000.00 in aggregate coverage, and if at any time Academy shall hire employees, it shall provide the statutory limits on Workers Compensation coverage (the "Policy"); provided, however, that these limits may be modified as necessary in the County's discretion. Academy shall deliver a certificate evidencing Academy's compliance as to insurance coverage to County at least two (2) weeks prior to the commencement of providing services. The certificate of insurance must name the County as an additional insured under the Policy.

Term

The Parties agree that the Academy shall be entitled to use of the facilities for the purposes and terms described above for the "Initial Term." The Initial Term shall commence August 17, 2015 and terminate on December 18, 2015.

During the Initial Term, Parties will agree to engage in a good faith effort to provide a reasonable opportunity to redress any disputes that may arise. Academy shall have the right to request a conference at any time during the Initial Period to address disputes or concerns. County shall have the right to terminate this agreement at any time upon of 30 days written notice for convenience or cause. In such event the County shall pay a prorated amount of the amounts due to Academy contemplated herein.

Wavier, Release and Indemnification

In consideration of the privilege of access to and use of the Premises and Vehicles, Academy agrees to be solely and completely responsible for any injury to person, property and reputation that is suffered by Academy or its Invitees, or anyone by reason of the acts or omissions of Academy or its Invitees, or resulting in any way from the exercise or violation of this Agreement or the presence of Academy or its Invitees on the Premises or during use of Vehicles. Academy understands that the presence of Academy and its Invitees on the Premises or during use of Vehicles can expose such persons to damage from both known risk and unanticipated risk. Acknowledging that such risk exists, Academy assumes all risk of injury to the person, property or reputation of Academy and its Invitees, and waives in advance any and all claims for injury, damage or loss Academy, its Invitees or insurers may have against County and/or its officers, directors, representatives agents and/or employees (the "County Group") arising out of or in any way related to Academy's exercise of any rights under this Agreement, including any right of subrogation that Academy or its insurers may have against any member of the County Group. Further, Academy specifically releases and discharges each member of the County Group from any and all liability, injury, loss, damage, attorneys' fees, costs and/or right of subrogation Academy, its Invitees or insurers may have for or relating to any injury to person,

property or reputation suffered by Academy, its Invitees or insurers. Academy agrees to defend, indemnify and hold harmless each member of the County Group from any and all liability, losses, damages, attorneys' fees and cost for injury to person, property or reputation suffered by the Academy or its Invitees which (a) arises out of a violation of this Agreement, or (b) results in any way from the presence of the Academy or its Invitees on the Licensed Premises or use of Vehicles.

Maintenance of the Premises

Academy shall maintain order on the Licensed Premises and shall not conduct or permit any activities on the Licensed Premises which (a) are prohibited by any applicable law, regulation, rule or ordinance; (b) endanger the health or safety of any persons or property; (c) violate any rules, regulations, policies, practices or procedures of County; or (d) cause adverse publicity about County. County shall not be obligated by this Agreement to provide any additional services, equipment or facilities other than those specifically identified above. The Academy shall use care in its enjoyment of the Licensed Premises. Following the provision of services, Academy shall return the Licensed Premises to the same condition as the Licensed Premises was received by Academy from County. If Academy fails to return the Licensed Premises in the same condition as when received, there may be an additional charge to Academy.

Miscellaneous

(a) Entire Agreement. This Agreement constitutes the entire understanding between the parties to this Agreement with respect to the subject matter of this Agreement and shall be deemed to supersede all prior agreements, whether written or oral, and the terms and provisions of any such prior agreements shall be deemed to have been merged into this Agreement. In the Event of a conflict between the terms and conditions of this Agreement and those contained in other documents, the terms of this Agreement shall control.

(b) Modification and Wavier. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both parties. No waiver of any breach or violation of any of the provisions of this Agreement shall constitute or shall be deemed to constitute a waiver of any other breach or violation of any provision of this Agreement, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

(c) Assignment. Academy may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of County.

(d) Intellectual Property, Advertising and Signs. This Agreement does not grant Academy any right or license to use any trademarks, service marks, copyrights or other intellectual property rights of County and any such use by Academy is strictly prohibited. Any advertising for the Event, including any sponsorship advertising of or during the Event, shall be subject to the pre-approval of County in each instance, and County may refuse approval in its sole and absolute discretion. The placement of displays and signage of Academy or the Event are limited to the name of the Event unless otherwise agreed by County, in writing.

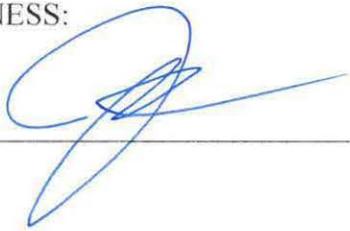
(e) Governing Law and Choice of Forum. In the Event of any dispute under this Agreement, the laws of the State of South Carolina shall govern the validity, performance, enforcement, interpretation and any other aspect of this Agreement, without regard to principles of conflicts of laws thereunder. The parties agree to submit to the exclusive jurisdiction and venue of the courts of Beaufort County, South Carolina for any action arising out of this Agreement.

(f) Remedies. All rights and remedies provided in this Agreement shall be cumulative, and shall not be exclusive of one another or of any remedies available at law or in equity. In no circumstances shall County be liable for consequential damages.

(g) Termination. County shall have the right to immediately terminate this Agreement if it determines in its sole discretion that any term of the Agreement has been violated by Academy.

IN WITNESS WHEREOF, each party acknowledges that a duly authorized representative of such party has executed this Agreement as of the date set forth below, and acknowledges that such party has read, understands and agrees to the terms and conditions of this Agreement.

WITNESS:

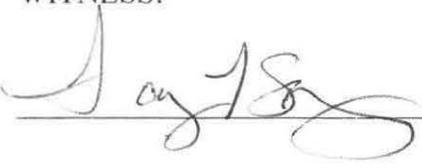


BEAUFORT COUNTY

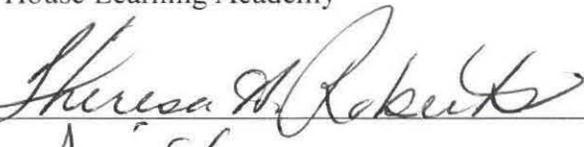
By: 
Gary Kubic, Beaufort County Administrator

Date: August 13, 2015

WITNESS:



Love House Learning Academy

By: 
Theresa M. Roberts

Its: Director

Date: 8/11/15