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Pursuant to Ordinance #08-17, Any citizen of the County may sign to speak in person at the Council Meeting (before the Council Meeting's Regular Meeting start time) on the **Public Comments Sign in Sheet** on the Podium to address Council on matters pertaining to County Services and Operations. Presentations will be limited to three (3) minutes per person and total public input will be limited to 30 minutes. Written Public Comments may also be submitted by 1PM on the date of the Council Meeting by emailing your comment to: comments@jaspercountysc.gov.

To participate in a **Public Hearing for a specific agenda item**, you may either email written public comments to comments@jaspercountysc.gov by **1:00PM on Monday, April 17, 2023**; or you can speak in person at the Council Meeting by signing in on the **Public Hearing Sign In Sheet** located outside the Council Chambers Doors prior to the start of the meeting.

Instructions may also be found at the Jasper County website www.jaspercountysc.gov

FOR MORE INFORMATION, PLEASE CALL (843) 717-3696



JASPER COUNTY COUNCIL WORKSHOP AND COUNCIL MEETING

Jasper County Clementa C. Pinckney Government Bldg.
358 3rd Avenue Ridgeland, SC 29936
Monday, April 17, 2023

AGENDA

4:30PM

Budget Workshop:

14th Circuit Public Defender's Office – **Stephanie Smart-Gittings, Public Defender**
Beaufort Jasper EOC – **James Williams, Executive Director**
Lowcountry RTA /Palmetto Breeze Transit – **Mary Lou Franzoni, Executive Director**
USCB – **Al M. Panu, Chancellor**
Election Commission – **Jeanine Bostick**

5:30PM

1. Call to Order by Chairman Sauls

Clerk's Report of Compliance with the Freedom of Information Act.

In compliance with the Freedom of Information Act, notice of meetings and agendas were posted and furnished to all news media and persons requesting notification

2. Executive Session SECTION 30-4-70.

(a) A public body may hold a meeting closed to the public for one or more of the following reasons:

(2) Discussion of negotiations incident to proposed contract arrangements and proposed purchase or sale of property, the receipt of legal advice where the legal advice related to pending, threatened, or potential claim or other matters covered by the attorney-client privilege, settlement of legal claims, or the position of the public agency in other adversary situations involving the assertion against the agency of a claim – **Election Matters; Bailey Park; Professional Services—Pratt Memorial Library; Airport Matters**

(5) Discussion of matters relating to the proposed location, expansion, or the provision of services encouraging location or expansion of industries or other businesses in the area served by a public body –Jasper Ocean Terminal****

ANY EXECUTIVE SESSION MATTER ON WHICH DISCUSSION HAS NOT BEEN COMPLETED MAY HAVE DISCUSSION SUSPENDED FOR PURPOSES OF BEGINNING THE OPEN SESSION AT ITS SCHEDULED TIME, AND COUNCIL MAY RETURN TO EXECUTIVE SESSION DISCUSSION AFTER THE CONCLUSION OF THE OPEN SESSION AGENDA ITEMS. **PLEASE BE ADVISED THERE MAY BE VOTES BASED ON ITEMS FROM THE EXECUTIVE SESSION.**

- 3: Return to Open Session at 6:30PM
 - 3.1 Action coming out of Executive Session
4. Pledge of Allegiance and Invocation:
5. Discussion of Consent Agenda and Agenda Items:
6. Approval of Agenda:

PRESENTATIONS AND PROCLAMATIONS

7. Proclamations:

Chairman Sauls - Proclamation to the family of Rev. Samuel Gregory recognizing his contributions to Jasper County

8. Presentations:

Heather Rath – Legislative Update

PUBLIC HEARINGS AND ACTION ITEMS

9. **David Tedder** – **Public Hearing Only** of an ordinance to amend Chapter 6 of the County Code of Ordinances (Buildings and Building Regulations) to Update References, Fees and Matters Related Thereto (*Matter tabled on 04.03.2023 until a workshop*) No vote will be taken on this item.

10. **David Tedder** – Consideration of the **3rd reading** of Ordinance **#O-2023-06** of to extend the date by which certain property subject to a Development Agreement entered into by the County and Conduit Street Partners, LLC (CSP) must be conveyed by the property's current owner to the developer thereof, to allow for additional time for the developer to complete the full entitlement of the property, and matters related thereto. (*1st reading 03.20.2023; 2nd reading 04.03.2023*)

CITIZEN COMMENTS

11. **Open Floor to the Public per Ordinance 08-17** Any citizen of the County may sign to speak in person at the Council Meeting (before the Council Meeting's 6:30PM start time on the Sign In Sheet on the Podium), to address Council on matters pertaining to County Services and Operations. Presentations will be limited to three (3) minutes per person and total public input will be limited to 30 minutes.

12: Resolutions:

Andrew Fulghum and Smittie Cooler – Resolution #R-2023-04 supporting the South Carolina American Revolution Sestercentennial Commission and recognizing and approving the Jasper County 250 Committee.

13. Administrator's Report

CONSENT AGENDA

14. **Rose Dobson** – Presentation and consideration of bids for up to five (5) 25 ft. containers and one (1) compactor.

15. **Danny Lucas** – Consideration of the **3rd reading** of Ordinance #O-2023-05 to authorize Jasper County to Enter Into A Memorandum of Understanding/Lease Agreement with Jasper-Ridgeland Youth Baseball, Inc. ("JRYB") for the use of Athletic Facilities. (*1st reading 03.06.2023; 2nd reading 04.03.2023*)

16: **Danny Lucas** – Consideration of the recommended CDBG Needs Assessment for 2023.

17. Approval of the minutes of March 6, 2023:

END OF CONSENT AGENDA

18. Council Members Comments

19. Possible Return to Executive Session to Continue Discussion on Matters Regarding Agenda Item II.

20. Adjournment:

***Council may act on any item appearing on the agenda including items discussed in executive session.**

In accordance with South Carolina Code of Laws, 1976, Section 30-4-80(d), as amended, notification of the meeting was posted on the County Council Building at a publicly accessible place and on the county website at least 24 hours prior to the meeting. A copy of the agenda was given to the local news media and posted at the meeting location twenty-four hours prior to the meeting.

Special Accommodations Available Upon Request to Individuals with Disabilities
(843) 717-3696

AGENDA ITEM:

Budget Workshop

14th Circuit Public Defenders Office

Office of the Public Defender
Fourteenth Judicial Circuit
Stephanie Smith, Judicial Defender



BEAUFORT COUNTY
Human Services Building
1905 Duke Street, Room 210
Post Office Box 525
Beaufort, SC 29902
(843) 255-5805 (Phone)
(843) 255-9494 (Fax)

ALLENDALE, HAMPTON & JASPER COUNTIES
1 Courthouse Square
80 Elm Street, Room 133
Post Office Box 506
Hampton, SC 29924
(803) 914-2240 (Phone)

COLLETON COUNTY
319 N. Lucas Street
Walterboro, SC 29488
(843) 549-1633 (Phone)
(843) 549-2912 (Fax)

February 6, 2023

Andrew Fulgham
Jasper County Administrator
Post Office Box 1149
Ridgeland, SC 29936

RE: FY 2023/2024

Dear Mr. Fulgham,

As you and the Jasper County Council are aware, the 6th Amendment to the United States and South Carolina Constitution requires the County and its Municipalities to provide indigent persons charged with criminal offenses with a competent attorney who can provide effective assistance of Counsel to them as they journey through the tedious criminal justice system. The Public Defender's Office has been responsible for providing this service to you for decades. You are not taxed with the responsibility of hiring attorneys and support staff and providing the equipment they need to represent their clients. You are, however responsible for adequately funding the Public Defender's Office so that competent attorneys can be hired, trained and provided the resources necessary to provide effective assistance of counsel to those persons charged with criminal offenses

It is a privilege to serve the citizens of Jasper County as your 14th Judicial Circuit Chief Public Defender. I am graced with a great team of lawyers, investigators, and administrative assistants who thrive in their positions and not only provide competent, professional and courteous service to their clients, but provide the highest quality of representation. This service however, can't be provided without adequate and timely distribution of funds.

As you are aware, the Appropriations Act, provides that no county shall be permitted to contribute less money than the amount the county contributed in the prior fiscal year. This correspondence serves as a formal request for the budgeted revenue for the Public Defender's Office be increased to the amount of \$190,000.00. Like many agencies and courts around the state, Covid-19 and the closures that followed increased the case load for the Jasper County Public Defender's Office. My current immediate need is to compensate the valuable staff members currently employed with my office, and recruit and retain attorneys. In order to recruit

and retain employees in the Jasper County Public Defender's Office, I am requesting additional funding to provide raises.

As you prepare for your budget meetings, let this serve as a formal request for an increase in our budget.

With kind regards, I am,

Sincerely,



Stephanie Smart-Gittings
14th Circuit Public Defender

cc: Kimberly Burgess, Jasper County Finance Director, via email

Employee Number	Last Name	First Name	Position Number	Position Number Description	Org Code	Hourly Rate	Annual Pay	County
9995	ADAMS	AMBER	65127	SR. ADM'N SPECIALIST	21100011	26.2500	54,600.00	Beaufort
10393	ADKINS	SHORTAISHA	65115	INVESTIGATOR	21100011	20.8000	43,264.00	Colleton
10583	ANDERSON	CARLES	65125	ASST PUBLIC DEFENDER	21100011	37.2700	67,121.60	Colleton
9896	BALL	TIMOTHY	65112	INVESTIGATOR	21100011	21.8400	45,427.20	Beaufort
10078	BROWN	JOESETTA	65131	ADMINISTRATIVE ASSISTANT	21100011	15.1500	31,512.00	Beaufort
9847	CARMODY	CAROLYN	65120	ASST PUBLIC DEFENDER	21100011	32.2700	67,121.60	Hampton
10864	CHARLES	ROXANNE	65103	ASST PUBLIC DEFENDER	21100011	31.7500	65,998.40	Colleton Magistrate
10418	CHEARS	NANCY	65139	INVESTIGATOR	21100011	25.2500	52,520.00	Beaufort
10364	DIGGS	TAYLOR	65100	ASST PUBLIC DEFENDER	21100011	33.8900	70,491.20	Beaufort
10140	DREW	SHERA	65114	ADMINISTRATIVE ASSISTANT	21100011	17.6700	36,753.60	Beaufort
8315	ESTRADA	JOANNA	65117	JUDICIAL ASSISTANT	21100011	26.2500	54,600.00	Beaufort
9002	FLEMING	EVE	65119	ASST PUBLIC DEFENDER	21100011	48.0800	100,006.40	Beaufort
10658	FUTCH	HILLARY	65121	ASST PUBLIC DEFENDER	21100011	31.7400	66,019.20	Jasper
9575	GIBBES	COURTNEY	65106	DEPUTY CHIEF PUBLIC DEFENDER	21100011	58.1200	120,889.60	Beaufort
8899	GBART DOCTOR	SHATARA	65174	JUDICIAL TECHNICIAN I	21100011	20.8000	43,264.00	Hampton
10216	HALL	PATRICK	65135	ASST PUBLIC DEFENDER	21100011	36.0600	75,004.80	Jasper
10142	HAMILTON	COLIN	65137	ASST PUBLIC DEFENDER	21100011	33.8900	70,491.20	Beaufort
7424	HARRIS	ROBERT	65111	INVESTIGATOR	21100011	24.0100	49,940.80	Beaufort
6727	HUGHES	ROBERT	65108	ASST PUBLIC DEFENDER	21100011	26.5500	55,224.00	Attentale
10419	JAMES	JOSHUA	65138	INVESTIGATOR	21100011	25.2500	52,520.00	Beaufort
9681	JONES	BRIANA	65113	INVESTIGATOR	21100011	20.8000	43,264.00	Jasper
6034	JORDAN	KIMBERLY	65107	ASST PUBLIC DEFENDER	21100011	37.8700	78,769.60	Beaufort
10659	KANALY	NICHOLAS	65136	ASST PUBLIC DEFENDER	21100011	33.3300	69,326.40	Jasper
8363	KINARD	ABBIE	65134	ADMINISTRATIVE ASSISTANT	21100011	17.6700	36,753.60	Beaufort Bond Court
6726	MATHEWS	DAVID	65109	PUBLIC DEFENDER	21100011	43.6519	90,295.90	Colleton
11006	MCFADDEN	JACOB	65126	PUBLIC DEFENDER	21100011	40.8700	85,009.60	Beaufort
10382	MEYER	JOHN	65101	ASST PUBLIC DEFENDER	21100011	33.8900	70,491.20	Beaufort Municipal
7045	PATTERSON	KATRENA	65123	INVESTIGATOR	21100011	22.7300	47,278.40	Beaufort
10319	PAULK	MATTHEW	65110	ASST PUBLIC DEFENDER	21100011	33.8900	70,491.20	Beaufort
5877	PETROFF	JENNIFER	65118	ADMINISTRATIVE ASSISTANT	21100011	19.2300	39,998.40	Beaufort Municipal
6729	PLEXICO	STEPHEN	65102	ASST PUBLIC DEFENDER	21100011	43.7918	91,086.84	Jasper
10109	PRICE	HEATHER	65133	SENTENCING SPECIALIST	21100011	21.2100	44,116.80	Beaufort
8897	RIOS	PHILIP	65122	ASST PUBLIC DEFENDER	21100011	37.3600	77,708.80	Beaufort
10355	SALAS	MICHAEL	65128	ASST PUBLIC DEFENDER	21100011	33.8900	70,491.20	Beaufort
9385	SINGLETON	STEPHANIE	65116	LEGAL ASSISTANT	21100011	15.3847	32,000.28	Colleton
10526	TOLLEY	JUAN	65104	ASST PUBLIC DEFENDER	21100011	50.4900	105,019.20	Beaufort
5407	WALKER	MATTHEW	65105	ASST PUBLIC DEFENDER	21100011	38.4700	80,017.60	Colleton
10097	WILSON	JALEESA	65130	ASST PUBLIC DEFENDER	21100011	33.8900	70,491.20	Beaufort
10908	WILSON	SANDRA	65129	ADMINISTRATIVE ASSISTANT	21100011	19.2300	39,998.40	Beaufort

AGENDA ITEM:

Budget Workshop

Beaufort Jasper EOC

Jasper County Budget Worksheet Report

Budget Year 2024

2023 Amended Budget 2023 Actual Amount 2024 Agency Request

Account Description

Fund 010 - GENERAL FUND
Department 090 - AGENCY APPROPRIATIONS

4512 BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC. 5,000.00 5,000.00 \$35,000.00

EXPLANATION:

Beaufort-Jasper EOC's mission is to assist low-income households become self-sufficient through education, providing services and counseling to the constituents of Jasper County. We are seeking support to fund in the areas of Emergency Assistance to Alleviate Family Crisis caused by lack of affordable housing, high utilities, emergency food and medical needs etc. Offering rehabilitation to assist in maintaining proper living situations. Our Youth Leadership Program aimed to develop the youth population (ages 14-21) that lack job skills, leadership characteristics, and barriers to enter higher education and the workforce and transportation assistance to allow constituents access to health appointments, bus pass or ride share to work, assist with vehicle repair, gasoline, etc.

Requested by:

James Williams

Date:

8/27/23

Email address:

aholmes@thebjcs.org

Best Contact info:

(843) 929-7350

Beaufort Jasper EOC

Jasper County 2023 - 2024 Budget Request



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Mission Statement

The mission of the Beaufort-Jasper Economic Opportunity Commission is to plan and implement human service programs for socially and economically challenged individuals. The agency will advocate on behalf of our customers in such a manner that their quality of life will be enhanced and less dependent upon governmental services; with the ultimate being, to have them become self-sufficient and productive citizens.

EOC pledges to continue serving as a source of information and hope in the community, as well as a coordinated vehicle for the delivery of human service programs.

COMMUNITY SERVICES PROGRAM POLICIES

INTRODUCTION

During President Kennedy's administration in the 1960's there was a movement in government that began to address poverty in America. When Lyndon Johnson became President, he initiated the War on Poverty during his State of the Union Address on January 8, 1964. Pursuant to legislation that was introduced to accomplish the War on Poverty, Community Action was born. For over fifty years Community Action has undergone many changes, and even threats to its existence, during the various Presidential Administrations. However, its supporters have grown and continue to grow and legislators are more appreciative now and more aware than ever of the progress that has been accomplished on behalf of impoverished Americans as a direct result of Community Action.

Beaufort Jasper EOC Community Services provides multiple services to low-income residents of both, Beaufort and Jasper counties of South Carolina. These services include, but are not limited to. rent and utility assistance, homeless services, emergencies, and other determined needs.

Staff also participates, attends and on occasion plans and hosts monthly Inter-Agency meetings and maintain directories in the bi-county areas, specifically Beaufort and Jasper counties of South Carolina. These meetings include members of other human service agencies as well as members of various community groups. The meetings provide an opportunity for agencies to share information regarding new programs, new funding sources, to share ideas and to establish linkages.

Case managers provide all direct services listed above plus energy awareness, employment assistance and budget counseling. These services are provided within our bi-county service delivery area. The Beaufort Jasper Economic Opportunity Commission, Inc. currently has offices in both Beaufort and Ridgeland.

Beaufort Jasper EOC's Mission

Our mission has been and continues to be to unite low-income residents and community resources to overcome the challenges of poverty by planning and implementing human service programs for socially and economically challenged individuals. The agency will advocate on behalf of our customers in such a manner that their quality of life will be enhanced and less dependent upon governmental subsidies. The ultimate goal is for them to become self-sufficient and productive citizens.

History of Beaufort Jasper EOC

The Beaufort-Jasper Economic Opportunity Commission is an equal opportunity agency, service provider, employer and private, non-profit organization, that was chartered March 11, 1966 to serve low-income persons in the areas of Energy, Housing, Education and Job Training, Child Development/Head Start, Food and Nutrition. The agency began as a Neighborhood Youth Corps Program, under the sponsorship of the Charleston County Economic Opportunity Commission; which, at the time was directed by James Clyburn who is now a U.S. Congressman. The agency's major goals are to assist in alleviating poverty, hunger and promote self-sufficiency in its service delivery area. The agency has consistently promoted the strengthening of families and advocated the wellbeing of children in these communities. Funds to support these projects are received from governmental sector as well as the private sector. Through the years, this agency has been involved in apprising low-income individuals of benefits and services of which they are eligible.

Through cooperation, we have all learned effective and successful ways to achieve common goals. However, progress has not been easy. There have been many disappointments, crises, funding cutbacks and a lot of opposition; yet when it was necessary to do so, we were able to work together for realization of many successful accomplishments.

Since 1966, the Agency has brought billions of dollars into the local area and has successfully operated various self-help programs for and provided necessary services to very low-income residents of Beaufort and Jasper Counties. Much of our realized success can be credited to the fact that it employs some very dedicated and capable staff members who implement the wishes of our Board of Directors. Our board which has equal representation from local government, business and representatives of the poor enables us to be conscious of and responsive to the needs of our constituency. This allows us to implement programs that provide the services that our customers need and modify them when necessary to maximize the results.

Our most successful efforts have been in the provision of improved human services, inclusive of, but not limited to Employment and Job Training Assistance, Housing Rehabilitation Assistance, Transportation Assistance, Pre-School Educational and Nutritional Programs, Community Canteens, Emergency and Energy Assistance, Community Organization and Issues Awareness, and Career Enhancement Assistance. A very important by-product of our work has been the less tangible accomplishments; continuing to serve as an advocate for the socio-economically disadvantaged of our service delivery areas.

2023/2024 BUDGET REQUEST



JASPER COUNTY BUDGET REQUEST

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.

1905 Duke Street, Suite 250, P.O. Drawer 9, Beaufort, SC 29901-0009
(843) 255-7220 Fax: (843) 255-7231 Website: www.thebejoc.org

Total Budget Request \$35,000.00

STATEMENT OF NEED

Beaufort-Jasper EOC's very low income and low income customers are characterized as the "have-nots", because they experience continuous unemployment and/or under employment. Many of these people, although they are homeowners, suffer the most because they attempt to pay high property taxes, insurance and high utility bills, etc., while living in substandard housing that may be either health and/or life threatening. Also, due to extensive large-scale housing development in this coastal area, a large number of these substandard homeowners are unable to afford the cost of moving into affordable standardized housing that is now being offered in the bi-county area.

The ability to just survive, while enduring such overwhelming situations, is a daily ordeal for our customers; most of whom are elderly, handicapped or female heads of household with children. These are the people who will comprise our priority listing for the provision of housing preservation activities in Jasper County.

Jasper County Council has a thorough understanding of the many precarious issues from a common sense perspective ...the good people of Jasper County can beat the challenges with your help. Beaufort Jasper EOC pledges to continue providing hope by empowering, encouraging and educating residents to achieve self-sufficiency throughout Jasper County of South Carolina, which is inclusive of a wide range of services and activities on your behalf.

According to data from the U.S. Energy Information Administration (EIA), the average annual electricity consumption for a U.S. residential utility customer was 10,632 kilowatt-hours (kWh), an average of about 886 kWh per month, and pays an average price of 14 cents per kWh. It also means the average American faces an electricity bill of **at least \$148 every month, and over \$1,700 every year**. While it's hard enough dealing with an expensive bill, it's even more difficult to prepare for these unpredictable spikes in your budget. Unlike your mortgage or insurance payment, your electricity bills can be higher or lower from one month to the next. The aforesaid combined with the rising food and gas prices and current slowdown in the economy, Jasper county resident's ability to pay their bills has been affected tremendously. Furthermore, the dropping of home prices has affected the entire county in the last few years. Consequently, many homes have lost about sixty (60%) percent of its value making it difficult to sell and/or

even refinance it since the equity once had is now gone. Reality is...many Jasper county residents owe more on their mortgages than their home is actually worth. As a result of the aforesaid many Jasper county residents are homeless, in threat of becoming homeless. living in over-crowded situations. experiencing crises situations as a result of their specific set of circumstances and are unable to keep and/or maintain some basic needs, such as, food, water, shelter, and clothing.



Emergency Assistance - \$15,000

Low income households lack the resources to alleviate family crisis caused by an emergency including, but not limited to:

- Lack of affordable housing
- Rent/Lot Rent
- Mobile Home Set-up (*move mobile home or assist with set-up / not to exceed \$1,000 per family*)
- Drain field/septic tank/*failure of sewer system/ water pipe leaks/ hot water heater*
- *Heating/cooling system repairs/* needs at an average cost of \$250 to \$500 per households. For emergency repairs needs that exceeds the \$500 threshold, they will be leveraged with other available resources (*i.e., State Housing Trust Funds, USDA Rural Development – formerly FmHA, etc.*) when and where possible/necessary.
- Utilities
- Private Road Repair
- Fire/Burn-out
- Bed Bugs or other Special Infestations
- Unexpected reduction in income
- Medical Emergency
- Prescription Medication
- Emergency Food
- Natural Disaster
- Protection from domestic violence and other identified unmet needs in support of employment (*i.e., uniform, supplies, transportation, certifications, educational training childcare, minor car repair, car insurance, gasoline purchases, etc.*)

In view of the above, Beaufort Jasper EOC proposes to assist 30 to 60 Families with emergency funds of \$250.00 to \$500, from local (Jasper County) funding, to be leveraged with other available resources (*i.e., state funds, private organizations' funds, etc.*) to have the families' emergency crises situation ameliorated (*i.e., energy assistance, utility assistance, rent/mortgage assistance, prescription medication, food, clothing/uniforms, transportation, etc.*). The average emergency cost is approximately \$1,000.00 per household of which \$250 - \$500 will come from Jasper County Emergency Assistance funds (*allocated by Jasper County Council*) and the balance from other available resources/funding. In view of the above, we are requesting \$15,000.00 from Jasper County to provide emergency assistance to eligible Jasper County residents in an effort to prevent homelessness, displacement, hunger, medication needs, or

provide other needs for survival and self-sufficiency which may address, lodging, rental/mortgage assistance, cost associated with transportation, child care and/or uniforms in support of employment; driver's license, medication, eye glasses, emergency dental, natural and/or state disaster, fire, escape from domestic violence, and to set-up, arrange and provide supplies, nutriment, for credit and budgeting workshops for Jasper County residents and any other need deemed necessary and obtainable.

During the 2021 Program Year, Beaufort Jasper EOC expended the following dollars in Jasper County:

NUMBER OF INDIVIDUALS SERVED	PURPOSE	PER FAMILY/VISIT	TOTAL FUNDS EXPENDED
18	RENT	Max \$1,000	\$9,381.00
78	FOOD FOR SENIORS	\$200 To \$400 Per Senior HH size	\$12,000.00
490	ENERGY BILL FOR ELECTRIC OR PROPANE	\$200 To \$1000 Per Family	\$218,614.20
3	HOTEL/DISPLACED	\$300 Per Family	\$1200.00
700	SENIOR FARMERS MARKET COUPONS	\$25 Per Senior	\$17,500.00

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Housing Rehabilitation - \$10,000.00

This is not just a trendy subject, but a national concern... Individuals and families are at risk of being homeless, losing housing, live in unsafe or housing that is unaffordable and that very low income and low-income households need safe, decent, affordable housing in stable neighborhoods that are free of health and safety hazards. Many owner-occupied homes in low-income areas are or are at risk of becoming unsafe or unaffordable unless there is an intervention to stop the deterioration and as a result many families are at risk of being displaced, ill, and/or residing in unsafe housing due to living in substandard housing conditions. As the bi-counties housing stock has continued to age (along with an aging population), home restoration, maintenance and repairs have increased in importance. The objective of this program is the rehabilitation of housing to bring all systems up to standard (e.g., electrical, plumbing, roofing, etc.) and save existing housing stock for not only the elderly but their heirs as well. In the 2019 program year alone, the agency rehabilitated a total of four (4) substandard owner-occupied homes in Jasper County at a total cost of \$119,895.91 (an average of \$29,973.97 per home). Currently, the agency is rehabilitating two (2) owner occupied home in Jasper County that exceeds the aforesaid average cost per home.

Realizing that Jasper County is one of the very poorest counties in the state, is distinctly rural and sharply marked some of the most deplorable housing conditions among the "have-nots", we

have spent most of our housing resources in Jasper County for the past three years (*since 2017*). During the 2022/2023 Program Year, Beaufort Jasper EOC proposes to assist a minimum of ten (10) and anticipates utilizing resources totaling approximately \$120,000 to \$130,000 leveraged with other available housing resources (*i.e., state funds, private organizations' funds, federal funds, etc.*); in an effort to address health and safety measures and bring the homes up to local county's building codes' standards. The average cost of housing rehabilitation services for owner occupied dwellings in Jasper County is between \$25,000 - \$40,000.00 per home. **Therefore, we are requesting \$10,000.00 from Jasper County Council to leverage with other funding to provide Housing Rehabilitation Services for owner occupied dwellings in Jasper County (\$1,000.00 X 10 owner occupied dwellings of very low-income homeowners).**



Youth Leadership Program and Devices - \$3,000.00

Beaufort Jasper EOC service delivery area has youth populations (*ages 14 – 21*) that lack job skills, youth leadership characteristics and soft skills due to facing cultural barriers, skills deficits and a lack of neighborhood services aimed at assisting youth transitions to higher education and the labor market such as...getting their first job, learning key job finding skills, networking, volunteer and skill development opportunities, resume writing, interview skills and workplace culture. As well as exposure to higher education, military careers, etc.

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With your help, we would like to expose and reintroduce others to the YLP program through orientation, Classroom training, Character Building (6 Pillars of Character), Employability Skills, Work Experience, Pre/Post/Program evaluations and a test of the aforesaid principles that they must pass, prior to being placed in a work experience training position. During the summer work experience youth are paid at a rate of \$8 per hour at a minimum of 100 hours. (Youth Leadership - \$2,000)

For youth ages 0 to 14 and up, the agency would like to offer device boxes, which aids in an information gap effort that impede information flow not only for children but unemployed adults as well. Devices connects to a TV to an external source signal, compressing digital signal into TV content in a form that can be displayed on the TV screen. that includes educational channels, foreign language, access to the unemployment office, employment opportunities, budget saving efforts and much more utilizing a device that can be tailored to the families specific needs and/or situation. With your help, we would like to expose and/or introduce devices to families in an effort to bring the services that they need directly into their home at a cost of \$150 max. (Devices - \$1,000)



Transportation - \$7,000.00

Identified Problem. Access to just about everything associated with upward mobility and economic progress—jobs, quality food, and goods (at reasonable prices), healthcare, and schooling—relies on the ability to get around in an efficient way, and for an affordable price. **Situation.** When a person's access to physical transportation impaired - whether in cost or physical location - it makes the process of doing simple things such as getting to work on time much more difficult, if not impossible. **Need.** People with little or no transportation share a high rate of poverty and are virtually stranded from stores, resources, organizations, & jobs that they need, which prevent them from securing employment, financial assistance, real ID's, etc. BJEOC proposes to assist Jasper county customers/households with transportation assistance in the form of one of the following services not to exceed \$500: *bus pass, Uber/cab transport, EOC transport, vehicle repair, car insurance, gasoline, REAL ID, etc.* Beaufort Jasper EOC will utilize the agency's outreach vehicle to deliver outreach programs and services, when and where possible.

**BEAUFORT-JASPER ECONOMIC
OPPORTUNITY COMMISSION, INC.**

FINANCIAL STATEMENTS AND SCHEDULES
December 31, 2021

(With Independent Auditors' Report Thereon)

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
FINANCIAL STATEMENTS
December 31, 2021
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BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
FINANCIAL STATEMENTS
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MARTIN · SMITH

& COMPANY CPAs

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Beaufort-Jasper Economic Opportunity Commission, Inc.
Beaufort, South Carolina

Opinion

We have audited the accompanying statement of financial position of the Beaufort-Jasper Economic Opportunity Commission, Inc. ("the Commission") (a non-profit organization) as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Beaufort-Jasper Economic Opportunity Commission, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Beaufort-Jasper Economic Opportunity Commission, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management 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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility for the Audit of the Financial Statements

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

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In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Other Matters

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the financial statements taken as a whole. The accompanying supplementary schedules required by the individual funding agencies, and Schedule of Expenditures of Federal Awards, as required by the provisions of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), are presented for purposes of additional analysis and are not a required part of the financial statements of Beaufort-Jasper Economic Opportunity Commission, Inc. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements taken as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United State of America, the statement of financial position of Beaufort-Jasper Economic Opportunity Commission, Inc. as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended (not presented herein), and we expressed an unmodified opinion on those financial statements. That audit was conducted for purposes of forming an opinion on the financial statements as a whole. The 2020 grant activity included throughout the supplementary schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2020 grant activity included throughout the supplementary schedules is fairly stated in all material respects in relation to the financial statements from which it has been derived.

To the Board of Directors
Beaufort-Jasper Economic Opportunity Commission, Inc.
Page 3

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 15, 2022, on our consideration of the Beaufort-Jasper Economic Opportunity Commission, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of law, 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 and should be considered in assessing the results of our audit.

Martin Smith and Company CPAs PA

Greenville, South Carolina
March 15, 2022

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 468,722
Grants receivable	<u>90,326</u>
Total current assets	559,048

PROPERTY AND EQUIPMENT

1,375,245

Total assets	<u>\$ 1,934,293</u>
--------------	---------------------

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 328,482
Total current liabilities	<u>328,482</u>

Total liabilities	<u>328,482</u>
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NET ASSETS

Without donor restrictions	<u>1,605,811</u>
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Total net assets	<u>1,605,811</u>
------------------	------------------

Total liabilities and net assets	<u>\$ 1,934,293</u>
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The accompanying notes to financial statements are an integral part of this statement.

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Grant income	\$ 11,233,954	\$ -	\$ 11,233,954
In-kind revenue	1,502,890	-	1,502,890
Other revenue	24,464	-	24,464
Net assets released from restrictions	-	-	-
Total support and revenue	<u>12,761,308</u>	<u>-0-</u>	<u>12,761,308</u>
EXPENSES			
Program services:			
Community Services Block Grant (CSBG)	413,668	-	413,668
Low-Income Home Energy Assistance Program (LIHEAP)	2,125,412	-	2,125,412
Head Start	7,846,648	-	7,846,648
Head Start Disaster Assistance	248,636	-	248,636
DSS Child Care Food Program	129,911	-	129,911
Rural Development - Housing Preservation Grant	17,116	-	17,116
Other programs	45,736	-	45,736
Total program services	<u>10,827,127</u>	<u>-0-</u>	<u>10,827,127</u>
Management and general	826,183	-	826,183
Fundraising	-	-	-
Total expenses	<u>11,653,310</u>	<u>-0-</u>	<u>11,653,310</u>
Changes in net assets before return of funds to grantors	1,107,998	-	1,107,998
Return of funds to grantors	<u>(2,624)</u>	<u>-</u>	<u>(2,624)</u>
Changes in net assets	1,105,374	-0-	1,105,374
Net assets, beginning of year	<u>500,437</u>	<u>-0-</u>	<u>500,437</u>
Net assets, end of year	<u>\$ 1,605,811</u>	<u>\$ -0-</u>	<u>\$ 1,605,811</u>

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

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
 For the Year Ended December 31, 2021

	Program Services										Supporting Services	Total
	Rural					Development -						
	CSBG	LIHEAP	Head Start	Head Start Disaster Assistance	DSS Child Care Program	Child Food Preservation Grant	Housing Preservation	Other Programs	Management and General	and General		
Salaries and wages	\$ 123,312	\$ 292,575	\$ 3,852,679	\$ -	\$ 9,129	\$ -	\$ -	\$ -	\$ 559,054	\$ 4,836,749		
Fringe benefits	28,751	68,033	1,114,604	-	2,028	-	264	-	103,302	1,316,982		
Professional fees	-	-	-	-	-	-	-	-	20,000	20,000		
Travel	10,456	2,390	-	-	-	-	-	-	19,918	32,764		
Maintenance and repairs	-	-	-	-	-	-	-	-	11,847	11,847		
Consumable supplies	-	-	418,510	41,948	-	-	-	-	20,188	480,646		
Postage, publishing, and printing	-	-	-	-	-	-	-	-	1,480	1,480		
Telephone	-	-	-	-	478	-	-	-	5,042	5,520		
Dues and subscriptions	-	-	-	-	-	-	-	-	6,983	6,983		
Insurance and bonding	-	-	-	-	-	-	1,164	-	18,782	19,946		
Contractual	-	-	173,320	7,000	-	14,643	-	-	14,718	209,681		
Client assistance	223,225	1,522,249	-	-	117,199	-	14,844	-	-	1,877,517		
Outreach	-	49,474	-	-	-	-	-	-	-	49,474		
Other expenses	17,494	168,741	690,284	199,688	1,077	2,473	17,617	-	44,869	1,142,243		
Donated facilities	-	-	1,502,890	-	-	-	-	-	-	1,502,890		
Depreciation	10,430	21,950	94,361	-	-	-	11,847	-	-	138,588		
Total	\$ 413,668	\$ 2,125,412	\$ 7,846,648	\$ 248,636	\$ 129,911	\$ 17,116	\$ 45,756	\$ 826,183	\$ 11,653,310			

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

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2021

Cash flows from operating activities:	
Increase in net assets	\$ 1,105,374
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Depreciation	138,588
(Increase) decrease in operating assets:	
Grants receivable	(24,194)
Other receivables	67,674
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	<u>91,411</u>
Net cash provided by operating activities	<u>1,378,853</u>
Cash flows from investing activities:	
Purchases of property and equipment	<u>(1,104,545)</u>
Net cash used in investing activities	<u>(1,104,545)</u>
Cash flows from financing activities:	
Borrowings under debt agreements	<u>-</u>
Net cash used in financing activities	<u>-</u>
Net increase in cash	274,308
Cash, beginning of the year	<u>194,414</u>
Cash, end of the year	<u>\$ 468,722</u>
Supplementary cash flow information:	
Interest paid	<u>\$ -0-</u>
Taxes paid	<u>\$ -0-</u>

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

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

Beaufort-Jasper Economic Opportunity Commission, Inc. ("the Commission") is a multi-county representative organization formulated to help communities within their area of service in South Carolina mobilize their resources to combat, alleviate the effects of, and plan for the future eradication of poverty. The Commission administers a variety of programs as shown in the Statement of Functional Expenses. The Commission is a private, not-for-profit organization.

Nature of Business:

The Commission is a not-for-profit corporation whose principal activities consist of administering programs that are funded by grants from various governmental agencies, the acceptance of which requires compliance with the prescribed grant conditions and other requirements including, but not limited to, the furnishing of certain amounts of cash or non-cash contributions to the programs from non-federal sources.

The Commission offers several primary programs. The Head Start programs provide comprehensive health, educational, nutritional, social, and other services primarily to economically disadvantaged pre-school children and their families. The Community Services Block Grant ("CSBG") provides direct crisis intervention designed to promote economic stability to at risk households whose basic security needs are threatened, to reduce undue hardships and threats to health and well-being of eligible households through emergency intervention for eviction prevention, medication, utility assistance, transportation, child care and to facilitate opportunities to households to become self-sufficient relative to education, employment, housing and health care. The Low-Income Heat and Energy Assistance Program ("LIHEAP") enables the State of South Carolina to assist eligible households with the rising cost of home energy and with energy conservation. The DSS Child Care Food Program provides daily subsidized food service in non-residential daycare settings.

Basis of Accounting:

The Commission uses the accrual method of accounting whereby revenues are recognized when earned and expenses are recorded when incurred.

Basis of Presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board ("FASB") in its *Accounting Standards Codification* ("ASC"). Under this guidance, the Commission is required to report information regarding its financial position and activities according to two classes of net assets.

Accordingly, net assets of the Commission and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Commission and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. The Commission has no net assets with donor restrictions at December 31, 2021.

Cash and Cash Equivalents:

For purposes of the Statement of Cash Flows, the Commission considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment:

Property and equipment are stated at cost, less accumulated depreciation, and are primarily depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation is computed using the following useful lives:

Building and improvements	40 years
Furniture and equipment	3 to 10 years
Vehicles	5 to 15 years

The Commission's policy is to capitalize and depreciate assets that have a useful life of at least three years and that costs \$1,000 or more. In addition, the Commission's policy is to capitalize and depreciate improvements or repairs to assets which extend the useful life of the asset for at least three years, if the cost of the improvement or repair exceeds \$1,000.

Acquisitions of non-expendable property are treated in the financial statements as property and equipment, and in the supplementary schedules as expenditures of program funds in the period incurred. Non-expendable property for financial statement purposes is property having a useful life of more than a year and costing above a certain dollar limit, which varies by funding source. Property acquired is considered to be owned by the Commission while used in the program for which it was purchased or in future authorized programs; however, the grantor has a reversionary interest in the property and its disposition is subject to federal regulations.

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is computed generally using the straight-line method based on the estimated useful lives of the assets, normally from five to twenty years. Major additions are capitalized, and major items retired are removed from the accounts. Major renewals and improvements, maintenance, and repairs, which do not improve or extend the life of the assets are expensed.

Income Taxes:

The Commission has been determined by the Internal Revenue Service to be exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Commission has been classified as a publicly supported organization, which is not a private foundation under Section 509(a) of the Code. The Commission files an information return Form 990 with the Internal Revenue Service.

The Commission has adopted the provisions of the *Accounting for Uncertainty in Income Taxes* topic of FASB ASC. This guidance addresses the accounting uncertainty in income taxes recognized in an organization's financial statements and prescribes a threshold of more-likely-than-not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. It also provides related guidance on measurement classification, interest and penalties, and disclosure. As a result of the implementation of this guidance, the Commission has determined that it has no uncertain tax positions requiring accrual and disclosure.

Indirect Administrative Costs:

Expenses for the management and operations of the Commission are allocated to the indirect administrative cost pool. The costs are not directly associated with the operations of the Commission's various grant programs. Indirect administrative costs are charged to each program on the basis of a predetermined percentage of the salaries and wages charged directly to each program. In both the determination and allocation of indirect administrative costs, the Commission follows the principles set forth in Uniform Guidance.

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Interest Earnings:

The federal government allows interest to be earned on idle deposits while requiring no excess funds on hand. Since the Commission is a sub-recipient of state block grant funds and is on the advance method of funding payments, there are periodically idle funds the Commission maintains in interest-bearing accounts. The Commission accrues all interest in the unrestricted funds and allocates interest to the appropriate programs based on average monthly balances.

Expense Allocation:

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort; occupancy-related expenses which are allocated based on square footage required by the various programs; and other shared expenses which are allocated by a reasonable, budgeted basis, consistently applied.

Compensated Absences:

Vacation, holiday, sick leave pay and other paid absences are included in salaries and wages, and are charged to grants, contracts, and other agreements as part of the regular charge for salaries and wages.

Budgeting:

The Commission operates each federal program under legally adopted budgets which restrict the total expenditures to the budgetary limit. The legal level of control in most programs is the total budgeted amount with particular line-item expenditure limits.

Donated Assets / Donated Services:

The Commission receives donated facility use and other non-cash items. These items are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Use of Estimates:

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

2) **CASH**

As of December 31, 2021, the Commission maintained cash balances at one financial institution. Accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At December 31, 2021, the Commission's bank balance was \$768,336. The uninsured portion of its balance was fully collateralized.

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

3) PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2021, consists of land, buildings, furniture and equipment, and vehicles which were purchased by the following programs:

	<u>Land and Buildings</u>	<u>Furniture and Equipment</u>	<u>Vehicles</u>	<u>Total</u>
Administration	\$ -	\$ 23,943	\$ -	\$ 23,943
Non-federal	155,731	10,555	186,678	352,964
CSBG	-	7,787	50,513	58,300
Head Start	471,588	755,977	726,178	1,953,743
LIHEAP	-	37,739	152,851	190,590
	<u>627,319</u>	<u>836,001</u>	<u>1,116,220</u>	<u>2,579,540</u>
Less:				
Accumulated depreciation	<u>(47,613)</u>	<u>(236,400)</u>	<u>(920,282)</u>	<u>(1,204,295)</u>
Net Book Value	<u>\$ 674,932</u>	<u>\$ 599,601</u>	<u>\$ 195,938</u>	<u>\$ 1,375,245</u>

Depreciation on property and equipment was \$138,588 for the year ended December 31, 2021.

Property and equipment purchased by grants is restricted to use for grantor purposes, and the title to such goods is subject to reversion to the grantor if grant activity ceases.

4) EMPLOYEE BENEFIT PLAN

All employees are eligible to participate in the Commission's retirement plan immediately. The plan is a defined contribution plan qualified under Section 403(b) of the Internal Revenue Code. The Commission matches employee deferrals up to 7% of gross salaries for qualified employees. Employees make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Commission's contribution for the year ended December 31, 2021 was \$203,430.

5) CONTINGENCIES

Funds from various federal grant programs are often subject to expense for designated purposes only and are subject to audits of various federal and state agencies. The Commission can be required to replace any funds not expended for the purposes required by the grants. No losses have been accrued since amounts, if any, which may be due to federal and state agencies, have not been determined, but the Commission believes that any such amount in the aggregate would not have a material adverse effect on its financial position. The continuation of support from these federal grants is dependent on the future appropriations from the federal budget. The Commission's ability to continue these programs is significantly contingent upon continuation of this support.

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

6) INDIRECT COST RATE AGREEMENT

The Commission has a negotiated fixed rate for reimbursement of its indirect costs from its cognizant agency, the U.S. Department of Health and Human Services. This rate provides that all programs will reimburse the Commission using the fixed rate. The indirect cost rate is applied to a base of direct salaries and wages, including vacation, holidays, sick leave pay, and other paid absences, but excludes fringe benefits. The indirect cost rate for December 31, 2021 was 19.2%.

7) FAIR VALUES OF FINANCIAL INSTRUMENTS

The Commission has adopted the provisions of the *Fair Value Measurement and Disclosures* topic of FASB ASC. This guidance defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

This guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value. Level 1 inputs represent fair values obtained using quoted prices in active markets. Level 2 inputs represent fair values obtained from observable market data but not from quoted market prices. Level 3 inputs represent unobservable inputs that are supported by little or no market activity and are generally based on the entity's own assumptions.

The following methods and assumptions are used to estimate the fair value of each financial instrument:

Cash, accounts payable, accrued expenses - the carrying values approximate fair value due to their short maturities.

Grants and other receivables - the carrying values approximate fair value due to their short maturities.

8) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Commission has financial assets of cash and grants receivable of \$559,048 as of December 31, 2021. All of the financial assets are available for general use during the coming year. That is, there are no amounts not available for general expenditure within one year. Additional funds are received under grant agreements upon request from the Commission to the grantors as the funds are obligated in accordance with each program's administrative and operational expenses.

The Commission has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. It monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash.

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

9) **REVENUE RECOGNITION**

The Commission adopted the provisions of the *Revenue from Contracts with Customers* topic of FASB ASC in the first previous fiscal year. This guidance replaced most existing revenue recognition in U. S. GAAP and required expanded disclosure relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The adoption of this ASC did not have a significant impact on the Commission's financial statements. Based on the Commission's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

The Commission reports revenues based on the following categories: grant income, in-kind revenue, and other revenue. The Commission has determined that these categories can be used to meet the objective of the disaggregation disclosure requirements, which is to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. The following table disaggregates the Commission's revenue based on type and on the timing of satisfaction of performance obligations for the year ended December 31, 2021:

	<u>Grant Income</u>	<u>In-Kind Revenue</u>	<u>Other Revenue</u>
Performance obligations satisfied at a point in time	\$ -	\$ -	\$ -
Performance obligations satisfied over time	<u>11,233,954</u>	<u>1,502,890</u>	<u>24,464</u>
Total	<u>\$ 11,233,954</u>	<u>\$ 1,502,890</u>	<u>\$ 24,464</u>

Contract assets would include unbilled amounts resulting from sales under contracts when the percentage-of-completion cost-to-cost method of revenue recognition is utilized, and revenue recognized exceeds the amount billed to the customer. Contract liabilities would include billings in excess of revenue recognized. Contract assets and contract liabilities were \$-0- for the year ended December 31, 2021. Grants receivable totaled \$90,326 as of December 31, 2021.

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

10) OTHER

In December 2019, an outbreak of novel coronavirus ("COVID-19") originated in China and spread to other countries, including the U.S. In March 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. declared a state of emergency, and limited most aspects of business, education, travel, and personal physical interactions. Beginning in March 2020, many of the Commission's programs were forced to move to remote services and activities within certain programs were delayed. These necessary actions did cause revenue funding to be delayed and additional expenses to be incurred.

With the substantial improvements in experience with COVID-19 regionally and nationally, the Commission has been operating normally beginning in the summer of 2021. However, there remains some uncertainty. Future significant impacts could include continued possible adjustments to the Commission's operations and could include disruptions or restrictions on employees' ability to work. Changes in the operating environment may also increase operating costs. Management of the Commission is carefully monitoring this situation and has budgeted so as to enable it to maintain its financial stability.

In response to the pandemic, Congress passed the Coronavirus Aid, Relief, and Economic Security Act ("the CARES Act"), which, among other provisions, provided additional funding for several of the Commission's primary programs, including CSBG, Head Start, LIHEAP, and Emergency Shelter programs. The Commission determined eligibility for participation in this additional funding, made application, and was awarded additional funding under these programs. Management anticipates continued opportunities for further funding under the CARES Act and new legislation.

11) SUBSEQUENT EVENTS

In preparing these financial statements, the Commission has evaluated events and transactions for potential recognition or disclosure through March 15, 2022, the date the financial statements were available to be issued. There were no such events requiring recording or disclosure for the year ended December 31, 2021.

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
SCHEDULE OF EXPENSES
COMMUNITY SERVICES BLOCK GRANT PROGRAM
(Including Supplemental and Cares Act Grants)
For the Year Ended December 31, 2021

	<u>CSBG</u>	<u>CSBG Cares Act Supplemental</u>	<u>Total</u>
Salaries and wages	\$ 123,312	\$ -	\$ 123,312
Fringe benefits	28,751	-	28,751
Travel	10,456	-	10,456
Client assistance	56,560	166,665	223,225
Other expenses	17,494	-	17,494
Indirect costs	<u>23,676</u>	<u>-</u>	<u>23,676</u>
Grant expenses	<u>\$ 260,249</u>	<u>\$ 166,665</u>	<u>426,914</u>
Adjustments to GAAP:			
Depreciation			10,430
Indirect costs			<u>(23,676)</u>
Total expenses			<u>\$ 413,668</u>

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
SCHEDULE OF GRANT BUDGET AND EXPENSES
COMMUNITY SERVICES BLOCK GRANT PROGRAM (2021)
Grant Period Ended December 31, 2021

	<u>Budget</u>	<u>Expenses</u>	<u>Under or (Over) Budget</u>
CASE MANAGEMENT			
Salaries and wages	\$ 173,615	\$ 123,312	\$ 50,303
Fringe benefits	38,235	28,751	9,484
Travel	25,652	10,429	15,223
Other expenses	27,963	17,494	10,469
Indirect costs	33,334	23,676	9,658
	<u>298,799</u>	<u>203,662</u>	<u>95,137</u>
SUPPORT SERVICES			
Client assistance	<u>40,436</u>	<u>40,436</u>	<u>-</u>
DISCRETIONARY			
Travel	27	27	-
Client assistance	16,124	16,124	-
	<u>16,151</u>	<u>16,151</u>	<u>-</u>
Totals	\$ <u>355,386</u>	\$ <u>260,249</u>	\$ <u>95,137</u>

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
SCHEDULE OF GRANT BUDGET AND EXPENSES
COMMUNITY SERVICES BLOCK GRANT - CARES ACT SUPPLEMENTAL GRANTS
Grant Period Ended December 31, 2021

	<u>Budget</u>	<u>Expenses</u>	<u>Under or (Over) Budget</u>
PROGRAM OPERATIONS - BEAUFORT COUNTY			
Client assistance	\$ <u>54,517</u>	\$ <u>23,300</u>	\$ <u>31,217</u>
PROGRAM OPERATIONS - JASPER COUNTY			
Client assistance	<u>30,000</u>	<u>12,000</u>	<u>18,000</u>
SUPPORT SERVICES			
Client assistance	<u>296,293</u>	<u>131,365</u>	<u>164,928</u>
Totals	\$ <u>380,810</u>	\$ <u>166,665</u>	\$ <u>214,145</u>

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
SCHEDULE OF EXPENSES
LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM
(Including LIHEAP Supplemental, Cares Act and Project Share Grants)
For the Year Ended December 31, 2021

	<u>LIHEAP</u>	<u>LIHEAP Supplemental</u>	<u>LIHEAP Cares Act</u>	<u>LIHEAP WAP</u>	<u>Project Share</u>	<u>Total</u>
Salaries and wages	\$ 268,050	\$ -	\$ 24,525	\$ -	\$ -	\$ 292,575
Fringe benefits	64,768	-	3,265	-	-	68,033
Equipment	-	56,051	-	-	-	56,051
Travel	1,242	-	1,148	-	-	2,390
Client assistance	473,487	290,000	711,415	9,263	38,084	1,522,249
Outreach	6,000	35,000	8,474	-	-	49,474
Other expenses	21,810	43,949	100,117	-	2,865	168,741
Indirect costs	51,466	-	4,709	-	-	56,175
Grant expenses	\$ 886,823	\$ 425,000	\$ 853,653	\$ 9,263	\$ 40,949	2,215,688
Adjustments to GAAP:						
Depreciation						21,950
Equipment						(56,051)
Indirect costs						(56,175)
Total expenses						\$ 2,125,412

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
SCHEDULE OF GRANT BUDGET AND EXPENSES
LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM (2021)
Grant Period Ended December 31, 2021

	<u>Budget</u>	<u>Expenses</u>	<u>Under or (Over) Budget</u>
ADMINISTRATION			
Travel	\$ 223	\$ 63	\$ 160
Other expenses	5,370	4,516	854
Indirect costs	51,546	51,466	80
	<u>57,139</u>	<u>56,045</u>	<u>1,094</u>
PROGRAM OPERATIONS			
Salaries and wages	268,467	268,050	417
Fringe benefits	78,406	64,768	13,638
Travel	11,913	1,179	10,734
Outreach	6,000	6,000	-
Other expenses	28,830	17,294	11,536
	<u>268,050</u>	<u>357,291</u>	<u>36,325</u>
ENERGY ASSISTANCE			
Client assistance	646,135	473,487	172,648
Totals	<u>\$ 971,324</u>	<u>\$ 886,823</u>	<u>\$ 210,067</u>

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
SCHEDULE OF GRANT BUDGET AND EXPENSES
LOW-INCOME HOME ENERGY ASSISTANCE SUPPLEMENTAL GRANT
Grant Period Ended December 31, 2021

	<u>Budget</u>	<u>Expenses</u>	<u>Under or (Over) Budget</u>
ADMINISTRATION			
Equipment	\$ 50,000	\$ 56,051	\$ (6,051)
Client assistance	290,000	290,000	-
Outreach	35,000	35,000	-
Other expense	<u>50,000</u>	<u>43,949</u>	<u>6,051</u>
Totals	<u>\$ 425,000</u>	<u>\$ 425,000</u>	<u>\$ -0-</u>

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
SCHEDULE OF GRANT BUDGET AND EXPENSES
LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM CARES ACT
Grant Period Ended December 31, 2021

	<u>Budget</u>	<u>Expenses</u>	<u>Under or (Over) Budget</u>
ADMINISTRATION			
Salaries and wages	\$ 45,384	\$ 9,810	\$ 35,574
Fringe benefits	13,095	1,835	11,260
Travel	902	459	443
Other expenses	3,114	667	2,447
Indirect costs	8,714	1,884	6,830
	<u>71,209</u>	<u>14,655</u>	<u>56,554</u>
PROGRAM OPERATIONS			
Salaries and wages	27,816	14,715	13,101
Fringe benefits	7,946	1,430	6,516
Travel	2,000	689	1,311
Outreach	31,030	8,474	22,556
Other expenses	99,530	99,450	80
Indirect costs	5,341	2,825	2,516
	<u>173,663</u>	<u>127,583</u>	<u>46,080</u>
ENERGY ASSISTANCE			
Client assistance	<u>821,817</u>	<u>711,415</u>	<u>110,402</u>
Totals	<u>\$ 1,066,689</u>	<u>\$ 853,653</u>	<u>\$ 213,036</u>

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
SCHEDULE OF GRANT BUDGET AND EXPENSES
LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM
WEATHERIZATION ASSISTANCE PROGRAM
Grant Period Ended December 31, 2021

	<u>Budget</u>	<u>Expenses</u>	<u>Under or (Over) Budget</u>
ADMINISTRATION			
Salaries and wages	\$ 26,018	\$ -	\$ 26,018
Fringe benefits	9,907	-	9,907
Other expenses	13,138	-	13,138
Indirect costs	4,996	-	4,996
	<u>54,059</u>	<u>-0-</u>	<u>54,059</u>
PROGRAM OPERATIONS			
Salaries and wages	\$ 60,710	\$ -	\$ 60,710
Fringe benefits	23,026	-	23,026
Travel	2,300	-	2,300
Outreach	7,501	-	7,501
Other expenses	34,200	-	34,200
Indirect costs	11,656	-	11,656
	<u>139,393</u>	<u>-0-</u>	<u>139,393</u>
ENERGY ASSISTANCE			
Client assistance	<u>320,108</u>	<u>9,263</u>	<u>310,845</u>
Totals	<u>\$ 513,560</u>	<u>\$ 9,263</u>	<u>\$ 504,297</u>

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
PROJECT SHARE
SCHEDULE OF EXPENSES
For the Year Ended December 31, 2021

	<u>1/21 - 6/21</u>	<u>7/21 - 12/21</u>	<u>Total</u>
Client assistance	\$ 12,023	\$ 26,061	\$ 38,084
Other expenses	<u>2,570</u>	<u>295</u>	<u>2,865</u>
Totals	\$ <u>14,593</u>	\$ <u>26,356</u>	\$ <u>40,949</u>

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
HEAD START PROGRAM
SCHEDULE OF EXPENSES

For the Year Ended December 31, 2021

	<u>1/21 - 8/21</u>	<u>9/21 - 12/21</u>	<u>Total</u>
Personnel	\$ 2,386,907	\$ 1,465,772	\$ 3,852,679
Fringe benefits	682,352	432,252	1,114,604
Equipment	123,137	7,923	131,060
Consumable supplies	247,498	171,012	418,510
Contractual	123,961	49,359	173,320
Other expenses	495,901	194,383	690,284
Indirect costs	459,326	281,524	740,850
Donated facilities	<u>982,423</u>	<u>520,467</u>	<u>1,502,890</u>
 Grant expenses	 <u>\$ 5,501,505</u>	 <u>\$ 3,122,692</u>	 <u>8,624,197</u>
 Adjustments to GAAP:			
Depreciation			94,361
Equipment			(131,060)
Indirect costs			<u>(740,850)</u>
 Total expenses			 <u>\$ 7,846,648</u>

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
HEAD START PROGRAM
SCHEDULE OF GRANT EXPENSES
For the Eight Months Ended August 31, 2021

	<u>PA-22</u>	<u>PA-20</u>	<u>PA-25</u>	<u>PA-21</u>	<u>USDA</u>	<u>Non-federal</u>	<u>Total</u>
Personnel	\$ 1,731,005	\$ -	\$ 655,902	\$ -	\$ -	\$ -	2,386,907
Fringe benefits	489,263	-	182,263	-	10,826	-	682,352
Equipment	58,137	-	65,000	-	-	-	123,137
Consumable supplies	94,540	-	152,223	-	735	-	247,498
Contractual	53,864	35,420	12,008	22,669	-	-	123,961
Other expenses	268,008	-	185,138	-	38,172	4,583	495,901
Indirect costs	332,455	-	125,928	-	943	-	459,326
Donated facilities	688,331	-	294,092	-	-	-	982,423
Totals	\$ 3,715,603	\$ 35,420	\$ 1,672,554	\$ 22,669	\$ 50,676	\$ 4,583	\$ 5,501,505

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
HEAD START PROGRAM 04CH4765-05-00
SCHEDULE OF GRANT BUDGET AND EXPENSES
Grant Period Ended August 31, 2021

	<u>Expenses</u>		<u>Total Grant Expenses</u>	<u>Budget</u>	<u>Under or (Over) Budget</u>
	<u>9/20 - 12/20</u>	<u>1/21 - 8/21</u>			
PA-22					
Personnel	\$ 842,550	\$ 1,731,005	\$ 2,573,555	\$ 2,573,557	\$ 2
Fringe benefits	262,590	489,263	751,853	751,912	59
Equipment	-	58,137	58,137	60,000	1,863
Consumable supplies	27,957	94,540	122,497	139,645	17,148
Contractual	250	53,864	54,114	54,182	68
Other expenses	65,652	268,008	333,660	316,382	(17,278)
Indirect costs	161,767	332,455	494,222	494,223	1
Federal funds	<u>1,360,766</u>	<u>3,027,272</u>	<u>4,388,038</u>	<u>4,389,901</u>	<u>1,863</u>
Donated facilities	<u>344,165</u>	<u>688,331</u>	<u>1,032,496</u>	<u>1,032,496</u>	<u>-</u>
Non-federal funds	<u>344,165</u>	<u>688,331</u>	<u>1,032,496</u>	<u>1,032,496</u>	<u>-</u>
Totals	<u>\$ 1,704,931</u>	<u>\$ 3,715,603</u>	<u>\$ 5,420,534</u>	<u>\$ 5,422,397</u>	<u>\$ 1,863</u>
PA-20					
Contractual	<u>\$ 12,699</u>	<u>\$ 35,420</u>	<u>\$ 48,119</u>	<u>\$ 48,119</u>	<u>\$ -</u>
Federal funds	<u>\$ 12,699</u>	<u>\$ 35,420</u>	<u>\$ 48,119</u>	<u>\$ 48,119</u>	<u>\$ -0-</u>

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
HEAD START PROGRAM 04CH4765-05-00
SCHEDULE OF GRANT BUDGET AND EXPENSES
Grant Period Ended August 31, 2021

	<u>Expenses</u>		<u>Total Grant Expenses</u>	<u>Budget</u>	<u>Under or (Over) Budget</u>
	<u>9/20 - 12/20</u>	<u>1/21 - 8/21</u>			
<u>PA-25</u>					
Personnel	\$ 334,943	\$ 655,902	\$ 990,845	\$ 990,845	\$ -
Fringe benefits	100,605	182,263	282,868	282,868	-
Equipment	-	65,000	65,000	65,000	-
Consumable supplies	8,812	152,223	161,035	161,035	-
Contractual	250	12,008	12,258	12,258	-
Other expenses	31,546	185,138	216,684	216,684	-
Indirect costs	64,315	125,928	190,243	190,243	-
Federal funds	<u>540,471</u>	<u>1,378,462</u>	<u>1,918,933</u>	<u>1,918,933</u>	<u>-</u>
Donated facilities	<u>147,046</u>	<u>294,092</u>	<u>441,138</u>	<u>441,138</u>	<u>-</u>
Non-federal funds	<u>147,046</u>	<u>294,092</u>	<u>441,138</u>	<u>441,138</u>	<u>-</u>
Totals	<u>\$ 687,517</u>	<u>\$ 1,672,554</u>	<u>\$ 2,360,071</u>	<u>\$ 2,360,071</u>	<u>\$ -0-</u>
<u>PA-21</u>					
Contractual	<u>\$ 16,334</u>	<u>\$ 22,669</u>	<u>\$ 39,003</u>	<u>\$ 39,003</u>	<u>\$ -</u>
Federal funds	<u>\$ 16,334</u>	<u>\$ 22,669</u>	<u>\$ 39,003</u>	<u>\$ 39,003</u>	<u>\$ -0-</u>
Grand Total - Federal funds			<u>\$ 6,394,093</u>	<u>\$ 6,395,956</u>	<u>\$ 1,863</u>

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
HEAD START PROGRAM
SCHEDULE OF GRANT EXPENSES
 For the Four Months Ended December 31, 2021

	PA-22	PA-20	PA-25	PA-21	Early Head Start		USDA	Non-federal	Total
					Cares Act	Cares Act			
Personnel	\$ 921,510	\$ -	\$ 379,375	\$ -	\$ 131,074	\$ 9,477	\$ 24,336	\$ -	\$ 1,465,772
Fringe benefits	270,326	-	99,070	-	33,263	5,539	24,054	-	432,252
Equipment	-	-	-	-	7,923	-	-	-	7,923
Travel	-	3,498	-	1,819	-	-	-	-	5,317
Consumable supplies	11,722	-	17,589	-	96,205	45,496	-	-	171,012
Contractual	21,279	15,544	2,843	9,693	-	-	-	-	49,359
Other expenses	81,659	-	40,444	-	19,890	1,811	39,849	5,413	189,066
Indirect costs	177,025	-	72,840	-	25,166	1,820	4,673	-	281,524
Donated facilities	365,060	-	155,407	-	-	-	-	-	520,467
Totals	\$ 1,848,581	\$ 19,042	\$ 767,568	\$ 11,512	\$ 313,521	\$ 64,143	\$ 92,912	\$ 5,413	\$ 3,122,692

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
HEAD START PROGRAM
SCHEDULE OF GRANT BUDGET AND EXPENSES
Head Start Grant No. 04CH4765-05-00
For the Four Months Ended December 31, 2021

	<u>Approved Budget</u>	<u>Actual</u>	<u>COB Balance Current Year</u>
EXPENSES			
<u>PA-22</u>			
Direct costs:			
Personnel	\$ 2,531,536	\$ 921,510	\$ 1,610,026
Fringe benefits	812,930	270,326	542,604
Travel	25,500	-	25,500
Consumable supplies	67,060	11,722	55,338
Contractual	76,780	21,279	55,501
Other expenses	332,744	81,659	251,085
Subtotal	<u>3,846,550</u>	<u>1,306,496</u>	<u>2,540,054</u>
Indirect costs	486,055	177,025	309,030
Federal funds	<u>4,332,605</u>	<u>1,483,521</u>	<u>2,849,084</u>
Donated facilities	1,095,181	365,060	730,121
Non-federal funds	<u>1,095,181</u>	<u>365,060</u>	<u>730,121</u>
Totals	<u>\$ 5,427,786</u>	<u>\$ 1,848,581</u>	<u>\$ 3,579,205</u>
<u>PA-20</u>			
Direct costs:			
Travel	\$ 11,418	\$ 3,498	\$ 7,920
Contractual	<u>36,701</u>	<u>15,544</u>	<u>21,157</u>
Federal funds	<u>\$ 48,119</u>	<u>\$ 19,042</u>	<u>\$ 29,077</u>

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
HEAD START PROGRAM
SCHEDULE OF GRANT BUDGET AND EXPENSES
Head Start Grant No. 04CH4765-05-00
For the Four Months Ended December 31, 2021

	<u>Approved Budget</u>	<u>Actual</u>	<u>COB Balance Current Year</u>
EXPENSES			
<u>PA-25</u>			
Direct costs:			
Personnel	\$ 1,101,808	\$ 379,375	\$ 722,433
Fringe benefits	345,843	99,070	246,773
Travel	2,300	-	2,300
Consumable supplies	44,867	17,589	27,278
Contractual	6,399	2,843	3,556
Other expenses	303,111	40,444	262,667
Subtotal	<u>1,804,328</u>	<u>539,321</u>	<u>1,265,007</u>
Indirect costs	<u>21,547</u>	<u>72,840</u>	<u>(51,293)</u>
Federal funds	<u>1,825,875</u>	<u>612,161</u>	<u>1,213,714</u>
Donated facilities	<u>466,220</u>	<u>155,407</u>	<u>310,813</u>
Non-federal funds	<u>466,220</u>	<u>155,407</u>	<u>310,813</u>
Totals	<u>\$ 2,292,095</u>	<u>\$ 767,568</u>	<u>\$ 1,524,527</u>
<u>PA-21</u>			
<u>Head Start Training and Technical Assistance</u>			
Direct costs:			
Travel	\$ 10,766	\$ 1,819	\$ 8,947
Contractual	<u>28,237</u>	<u>9,693</u>	<u>18,544</u>
Federal funds	<u>\$ 39,003</u>	<u>\$ 11,512</u>	<u>\$ 27,491</u>

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
HEAD START PROGRAM - CARES ACT
SCHEDULE OF GRANT BUDGET AND EXPENSES
Head Start Grant No. 04CH4765-05-00
For the Four Months Ended December 31, 2021

	<u>Expenses</u>		<u>Total Grant Expenses</u>	<u>Budget</u>	<u>Under or (Over) Budget</u>
	<u>9/20 - 12/20</u>	<u>1/21 - 8/21</u>			
EXPENSES					
Direct costs:					
Personnel	\$ 14,203	\$ 131,074	\$ 145,277	\$ 145,277	\$ -
Fringe benefits	4,288	33,263	37,551	37,551	-
Equipment	-	7,923	7,923	-	(7,923)
Consumable supplies	65,953	96,205	162,158	147,990	(14,168)
Other expenses	6,018	19,890	25,908	27,082	1,174
Subtotal	<u>90,462</u>	<u>288,355</u>	<u>378,817</u>	<u>357,900</u>	<u>(20,917)</u>
Indirect costs	<u>2,731</u>	<u>25,166</u>	<u>27,897</u>	<u>27,897</u>	<u>-</u>
Totals	<u>\$ 93,193</u>	<u>\$ 313,521</u>	<u>\$ 406,714</u>	<u>\$ 385,797</u>	<u>\$ (20,917)</u>

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
EARLY HEAD START PROGRAM - CARES ACT
SCHEDULE OF GRANT BUDGET AND EXPENSES
Head Start Grant No. 04CH4765-05-00
For the Four Months Ended December 31, 2021

	<u>Expenses</u>		<u>Total Grant Expenses</u>	<u>Budget</u>	<u>Under or (Over) Budget</u>
	<u>9/20 - 12/20</u>	<u>1/21 - 8/21</u>			
EXPENSES					
Direct costs:					
Personnel	\$ 12,485	\$ 9,477	\$ 21,962	\$ 21,962	\$ -
Fringe benefits	3,051	5,539	8,590	8,590	-
Consumable supplies	-	45,496	45,496	66,413	20,917
Other expenses	2,464	1,811	4,275	4,275	-
Subtotal	<u>18,000</u>	<u>62,323</u>	<u>80,323</u>	<u>101,240</u>	<u>20,917</u>
Indirect costs	<u>2,397</u>	<u>1,820</u>	<u>4,217</u>	<u>4,217</u>	<u>-</u>
Totals	<u>\$ 20,397</u>	<u>\$ 64,143</u>	<u>\$ 84,540</u>	<u>\$ 105,457</u>	<u>\$ 20,917</u>

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
HEAD START PROGRAM - DISASTER ASSISTANCE
SCHEDULE OF GRANT BUDGET EXPENSES
For the Year Ended December 31, 2021

	<u>Budget</u>	<u>Expenses</u>	<u>Under or (Over) Budget</u>
Equipment	\$ 1,013,015	\$ 378,003	\$ 635,012
Consumable supplies	232,441	190,493	41,948
Contractual	7,000	-	7,000
Other expenses	<u>588,710</u>	<u>389,022</u>	<u>199,688</u>
Grant expenses	<u>\$ 1,841,166</u>	<u>\$ 957,518</u>	<u>883,648</u>
Adjustments to GAAP:			
Equipment			<u>(635,012)</u>
Total expenses			<u>\$ 248,636</u>

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
DSS CHILD CARE FOOD PROGRAM
SCHEDULE OF EXPENSES
For the Year Ended December 31, 2021

	<u>Program Year Ending</u> <u>September 30,</u>		<u>Total</u>
	<u>2021</u>	<u>2022</u>	
Salaries and wages	\$ 9,129	\$ -	\$ 9,129
Fringe benefits	1,838	190	2,028
Telephone	478	-	478
Client assistance	117,199	-	117,199
Other expenses	1,077	-	1,077
Indirect costs	<u>1,748</u>	<u>-</u>	<u>1,748</u>
 Grant expenses	 <u>\$ 131,469</u>	 <u>\$ 190</u>	 <u>131,659</u>
 Adjustment to GAAP:			
Indirect costs			<u>(1,748)</u>
 Total expenses			 <u>\$ 129,911</u>

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
DSS CHILD CARE FOOD PROGRAM
SCHEDULE OF GRANT BUDGET AND EXPENSES
Grant Period Ended September 30, 2021

	<u>Expenses</u>		<u>Total Grant Expenses</u>	<u>Budget</u>	<u>Under or (Over) Budget</u>
	<u>10/20 - 12/20</u>	<u>1/21 - 9/21</u>			
Salaries and wages	\$ 3,672	\$ 9,129	\$ 12,801	\$ 14,353	\$ 1,552
Fringe benefits	977	1,838	2,815	3,045	230
Travel	-	-	-	6,327	6,327
Telephone	-	478	478	1,550	1,072
Insurance and bonding	68	-	68	200	132
Other expenses	114	1,077	1,191	3,745	2,554
Indirect costs	705	1,748	2,453	3,245	792
	<u>5,536</u>	<u>14,270</u>	<u>19,806</u>	<u>\$ 32,465</u>	<u>\$ 12,659</u>
Total administrative					
Client assistance	<u>35,167</u>	<u>117,199</u>	<u>152,366</u>		
Totals	<u>\$ 40,703</u>	<u>\$ 131,469</u>	<u>\$ 172,172</u>		

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
DSS CHILD CARE FOOD PROGRAM (9/22)
SCHEDULE OF GRANT BUDGET AND EXPENSES
For the Three Months Ended December 31, 2021

	<u>Budget</u>	<u>Expenses</u>	<u>Under or (Over) Budget</u>
Salaries and wages	\$ 7,948	\$ -	\$ 7,948
Fringe benefits	2,685	190	2,495
Travel	6,392	-	6,392
Telephone	505	-	505
Insurance and bonding	200	-	200
Other expenses	2,849	-	2,849
Indirect costs	<u>622</u>	<u>-</u>	<u>622</u>
Total administrative	\$ <u>21,201</u>	<u>190</u>	\$ <u>21,011</u>
Client assistance		<u>-</u>	
Totals		\$ <u>190</u>	

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
RURAL DEVELOPMENT - HOUSING PRESERVATION GRANT
SCHEDULE OF EXPENSES
For the Year Ended December 31, 2020

Contractual/construction	\$ 14,643
Administrative	2,473
Non-federal share	<u>-</u>
Grant expenses	<u>17,116</u>
Adjustments to GAAP:	
Non-federal share	<u>-</u>
Total expenses	<u>\$ 17,116</u>

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
RURAL DEVELOPMENT - HOUSING PRESERVATION GRANT (3/21)
SCHEDULE OF GRANT BUDGET AND EXPENSES
For the Fifteen Months Ended December 31, 2021

	<u>Expenses</u>			<u>Budget</u>	<u>Under or (Over) Budget</u>
	<u>10/20 - 12/20</u>	<u>1/21 - 12/21</u>	<u>Total Grant Expenses</u>		
Contractual/construction	\$ 33,967	\$ 14,643	\$ 48,610	\$ 70,798	\$ 22,188
Administrative	4,343	2,473	6,816	7,867	1,051
Non-federal share	32,369	-	32,369	78,665	46,296
 Grant expenses	 \$ <u>70,679</u>	 \$ <u>17,116</u>	 \$ <u>87,795</u>	 \$ <u>157,330</u>	 \$ <u>69,535</u>

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
OTHER PROGRAMS
SCHEDULE OF EXPENSES
For the Year Ended December 31, 2021

	<u>Non- Federal</u>	<u>Jasper County Funds</u>	<u>Jasper County Funds</u>	<u>Jasper County Funds - CARES Act</u>	<u>Total</u>
Fringe benefits	\$ 264	\$ -	\$ -	\$ -	\$ 264
Insurance and bonding	1,164	-	-	-	1,164
Client assistance	-	588	418	13,838	14,844
Other expenses	<u>17,617</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,617</u>
 Grant expenses	 <u>\$ 19,045</u>	 <u>\$ 588</u>	 <u>\$ 418</u>	 <u>\$ 13,838</u>	 <u>33,889</u>
 Adjustments to GAAP:					
Depreciation					<u>11,847</u>
 Total expenses				 <u>\$</u>	 <u>45,736</u>

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
MANAGEMENT AND GENERAL
SCHEDULE OF BUDGET AND EXPENSES
For the Year Ended December 31, 2021

	<u>Budget</u>	<u>Expenses</u>	<u>Under or (Over) Budget</u>
Salaries and wages	\$ 559,054	\$ 559,054	\$ -
Fringe benefits	103,302	103,302	-
Professional fees	20,000	20,000	-
Travel	19,918	19,918	-
Maintenance and repairs	11,847	11,847	-
Consumable supplies	20,188	20,188	-
Postage, publishing, and printing	1,480	1,480	-
Telephone	5,042	5,042	-
Dues and subscriptions	6,983	6,983	-
Insurance and bonding	18,782	18,782	-
Contractual	14,749	14,718	31
Other expenses	44,869	44,869	-
	<u> </u>	<u> </u>	<u> </u>
Total administrative	\$ 826,214	\$ 826,183	\$ 31

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
Schedule of Findings and Questioned Costs
For Fiscal Year Ended December 31, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: **Unmodified**

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes No

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

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

Identification of major programs:

CFDA Numbers
93.600, 93.356

Name of Federal Program or Cluster
Head Start Cluster

Dollar threshold used to distinguish between type A and type B programs: **\$750,000**

Auditee qualified as low-risk auditee? Yes No

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
Schedule of Findings and Questioned Costs
For Fiscal Year Ended December 31, 2021

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
Schedule of Prior Year Findings and Questioned Costs
For Fiscal Year Ended December 31, 2021

Findings Related to Financial Statements:

None.

Findings and Questioned Costs Related to Major Federal Programs:

2020-001

Deadline Exceeded

Condition: The Commission did not meet the deadline for submission of its data collection form and reporting package to the Federal Audit Clearinghouse for the fiscal year ended December 31, 2019. The data collection form and reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors' report or nine months after the end of the audit period. Therefore, the deadline for submission of the required information for the fiscal year ended December 31, 2019 was June 5, 2020. The data collection form and reporting package were not submitted by that date.

Criteria: 2 CFR 200.512

Cause: The Commission engaged its independent audit firm to assist in the preparation and submission of its data collection report and reporting package. That firm did upload and certify the data collection form and reporting package on the Federal Audit Clearinghouse on May 20, 2020. However, during this time period the COVID-19 pandemic was causing significant operational challenges to the Commission and its clients and management was focused on meeting those challenges. Therefore, the Commission did not certify the data collection form and reporting package and did not submit the certified information by the June 5, 2020 deadline.

Effect: The Commission did not meet the deadline of 30 calendar days after receipt of the auditors' report.

Recommendation: Establish procedures to verify that the data collection form and reporting package have been properly submitted on a timely basis.

Status: The Commission implemented procedures to monitor communications with its audit firm and the Federal Audit Clearinghouse to ensure timely submission of complete and accurate reports to federal entities. The Commission submitted its data collection form and reporting package on a timely basis for the fiscal year ended December 31, 2020. The finding is not repeated in the current year.

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2021

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
Department of Health and Human Services			
Direct Award			
Head Start Cluster:			
Head Start	93.600	04CH01775001	\$ 4,685,292
Early Head Start	93.600	04CH01175002	1,937,687
Early Head Start - Disaster Relief	93.356	04TD00017001	957,518
COVID-19 Early Head Start - CARES Act	93.600	04HE00025001C5	116,372
COVID-19 Early Head Start - American Recovery Act	93.600	04HE00025001C6	51,267
		Total Head Start Cluster	<u>7,748,136</u>
Total Department of Health and Human Services			<u>7,748,136</u>
Passed through SC Office of Economic Opportunity			
Community Services Block Grant	93.569		218,589
COVID-19 - Community Services Block Grant - CARES Act	93.569		105,000
Low Income Heat and Energy Assistance	93.568		1,425,724
LIHEAP - Supplemental	93.568		425,000
LIHEAP - Water Assistance Program	93.568		100,000
COVID-19 - Low Income Heat and Energy Assistance	93.568		869,950
COVID-19 - Low Income Heat and Energy Assistance	93.568		102,150
Total SC Office of Economic Opportunity			<u>3,246,413</u>
Total Department of Health and Human Services			<u>10,994,549</u>
US Department of Agriculture			
Passed through SC Division of Social Services			
Child Care Food Program	10.558		158,600
Total US Department of Agriculture			<u>158,600</u>
Total Federal Assistance Expended			<u>\$ 11,153,149</u>

** The Commission disbursed no amounts of federal awards to subrecipients during the year ended December 31, 2021.

See accompanying Notes to Schedule of Expenditures of Federal Awards.

BEAUFORT-JASPER ECONOMIC OPPORTUNITY COMMISSION, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2021

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the Commission under programs of the federal government for the year ended December 31, 2021. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Because the schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Commission.

(2) Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is presented such that expenditures are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, whereby certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule, if any, represent adjustments or credits in the normal course of business to amounts reported as expenditures in previous years.

(3) Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for timing differences relating to revenues and expenditures received or made subsequent to the filing of federal financial reports.

(4) Indirect Cost Rate

The Commission has elected not to use the 10% de minimus cost rate allowed under the Uniform Guidance.



MARTIN · SMITH

& COMPANY CPAs

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

To the Board of Directors
Beaufort-Jasper Economic Opportunity Commission, Inc.
Beaufort, South Carolina

We have audited the financial statements of Beaufort-Jasper Economic Opportunity Commission, Inc. ("the Commission") as of and for the year ended December 31, 2021, and have issued our report thereon dated March 15, 2022. 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.

Compliance and Other Matters

As part of obtaining assurance about whether Beaufort-Jasper Economic Opportunity Commission, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Beaufort-Jasper Economic Opportunity Commission, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Beaufort-Jasper Economic Opportunity Commission, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of internal control over financial reporting.

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material 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.

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 Beaufort-Jasper Economic Opportunity Commission, Inc.'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martin Smith and Company CPAs PA

March 15, 2022

Member: American Institute of Certified Public Accountants • South Carolina Association of Certified Public Accountants
1212 Haywood Road, Bldg. 100 • Greenville, South Carolina 29615 • (864) 232-1040



MARTIN · SMITH

& COMPANY CPAs

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

To the Board of Directors
Beaufort-Jasper Economic Opportunity Commission, Inc.
Beaufort, South Carolina

Report on Compliance for Each Major Federal Program

We have audited the compliance of Beaufort-Jasper Economic Opportunity Commission, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021. Beaufort-Jasper Economic Opportunity Commission, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of Beaufort-Jasper Economic Opportunity Commission, Inc.'s management.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Beaufort-Jasper Economic Opportunity Commission, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Beaufort-Jasper Economic Opportunity Commission, Inc.'s compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, Beaufort-Jasper Economic Opportunity Commission, Inc. complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Report on Internal Control Over Compliance

The management of Beaufort-Jasper Economic Opportunity Commission, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirement of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Beaufort-Jasper Economic Opportunity Commission, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Beaufort-Jasper Economic Opportunity Commission, Inc.'s internal control over compliance.

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To the Board of Directors
Beaufort-Jasper Economic Opportunity Commission, Inc.
Page 2

A deficiency in an entity's internal control over compliance 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, by Beaufort-Jasper Economic Opportunity Commission, Inc.'s internal controls 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 the internal control over compliance was for the limited purpose described above and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. Given these limitations, we noted no matters involving the internal control over compliance that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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

Martin Smith and Company CPAs PA

Greenville, South Carolina
March 15, 2022

AGENDA ITEM:

Budget Workshop

Lowcountry RTA/Palmetto Breeze

Jasper County Budget Worksheet Report

Budget Year 2024

Account Description	2023 Amended Budget	2023 Actual Amount	2024 Agency Request
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Fund: 010 - GENERAL FUND
 Department: 090 - AGENCY APPROPRIATIONS

4430 PALMETTO BREEZE	18,500.00	18,500.00	<u>\$42,801</u>
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EXPLANATION:

LATA requests funding to support the provision of Public Transportation. The amount requested represents Jasper County's share of the required local funds used to match the federal section 5311 grant.

Requested by: Kristine Hepburn
 Date: 3-9-2023
 Email address: Khepburn@palmetto.breezetransit.com
 Best Contact Info: 682757-5784



March 9, 2023

Ms. Kimberly Burgess
Director of Administrative Services
Jasper County
358 Third Avenue, Suite 304
PO Box 1149
Ridgeland, SC 29936

Dear Ms. Burgess:

The Lowcountry Regional Transportation Authority DBA Palmetto Breeze appreciates the opportunity to submit this budget request to Jasper County. Palmetto Breeze respectfully requests **\$42,801** for Fiscal Year 2024 to support the provision of public transportation throughout our region, including Jasper County, this is revised from the previous request due to an error in the table that represents ridership and population.

This amount represents the amount that will be needed to match the Federal and State grant that funds the rural service and is based on a comparative analysis of past grant funding.

HISTORY

Lowcountry RTA has been a rural (Section 5311) transportation provider since its inception in the late 1970s. The South Carolina Department of Transportation administers the rural grant programs that combined with fares and both state and local matching funds, account for the revenue necessary to operate the system. Historically, the local match has been provided by Allendale, Beaufort, Colleton, Hampton, and Jasper Counties, as well as the Town of Hilton Head Island. In February 2017, Lowcountry RTA was approved by the FTA as a direct recipient of urban (Section 5307) funds, designated to serve the Hilton Head Island/Bluffton Urbanized Area. Beginning with Fiscal Year 2022, Lowcountry RTA partnered with Jasper County Emergency Services to provide emergency transportation services, including a registry and call center, for County residents in the event of a disaster, such as a hurricane.

CURRENT LOCAL MATCH NEEDS

The most recent rural (Section 5311) grant project (for State Fiscal Year 2023) has a total project cost of \$2,600,280. The grant funding for this project consists of \$1,666,224 in Federal funds and \$327,897 in State Mass Transit funds. This leaves a total of \$606,159 in local matching funds that must be raised for the project. Traditionally, these funds have been provided from the general funds of the five counties in the region (Allendale, Beaufort, Colleton, Hampton, and Jasper) based on a blend of each jurisdiction's respective share of the total ridership and total population (as indicated in Table 1 below).



Table 1

	FY22 Ridership	% of Ridership	2020 Population	% of Population	FY 22-23 appropriation	Local Match Required
Allendale County	19,285	22.04%	8,039	2.86%	\$ 33,339	\$ 62,015
Beaufort County	39,553	45.21%	187,117	66.56%	229,809	278,351
Town of Hilton Head Island					50,000	50,000
Colleton County	4,789	5.47%	38,604	13.73%	33,564	47,831
Hampton County	17,787	20.33%	18,561	6.60%	46,584	67,073
Jasper County	6,076	6.94%	28,791	10.24%	25,264	42,801
	87,490	100.00%	281,112	100.00%	418,560	548,071
Allendale Scooter					11,000	11,000
Walterboro Works					47,088	47,088
					\$ 476,648	\$ 606,159

LOCAL COMMITMENT

Like most public transit systems, Lowcountry RTA relies on local, state, and federal funding to subsidize expenses and we appreciate the commitment that Jasper County has made by investing in the regional transportation system. The funding provided by the County plays a vital role in the continuation of existing services in the region, as well as the future development of the additional services. The funding provided this fiscal year will go towards covering our operating costs, including operator's wages, fuel, preventative maintenance of capital assets, and the materials and supplies necessary to provide public transportation throughout Jasper County and the rest of the region.

Please feel free to contact me directly at (843) 757-5784 or by email at khepburn@palmettobreezetransit.com should you have any questions or concerns regarding this request.

Sincerely,

Kristine Hepburn
Finance Director

Lowcountry Regional Transportation Authority Palmetto Breeze

***Auditor's Discussion & Analysis (AD&A)
Financial & Compliance Audit Summary
June 30, 2021***



**Presented by:
Trey Scott, CPA**

**MAULDIN
& JENKINS**
CPAs & ADVISORS

Lowcountry Regional Transportation Authority

Auditor's Discussion & Analysis (AD&A)

June 30, 2021

PURPOSE OF AUDITOR'S DISCUSSION AND ANALYSIS

- ◆ **Engagement Team and Firm Information.**

- ◆ **Overview of:**
 - **Audit Opinion;**
 - **Financial Statements, Footnotes and Supplementary Information;**
 - **Compliance Reports;**
 - **Audit Scopes & Procedures.**

- ◆ **Required Communications under Government Auditing Standards.**

- ◆ **Accounting Recommendations and Related Matters.**

- ◆ **Answer Questions.**

Lowcountry Regional Transportation Authority

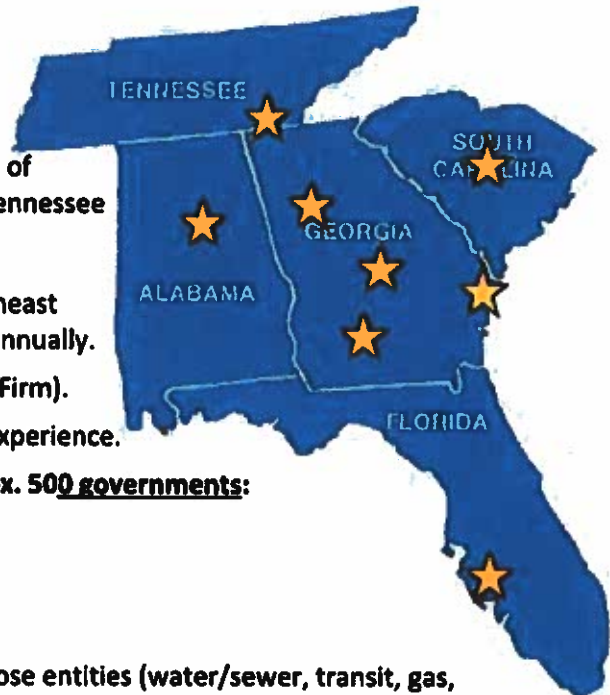
Auditor's Discussion & Analysis (AD&A)

June 30, 2021

MAULDIN & JENKINS – GOVERNMENTAL PRACTICE

General Information:

- Founded in ~1918. Approx. 375 personnel. Large regional Southeastern firm.
- Ten offices across the five southeastern states of Alabama, Florida, Georgia, South Carolina & Tennessee



Governmental Sector:

- Serve more governmental entities in the Southeast than any other firm with over 110,000 hours annually.
- Largest industry niche served by Firm (28% of Firm).
- Over 100 people with current governmental experience.
- In past three (3) years, we have served approx. 500 governments:
 - ✓ 138 cities;
 - ✓ 58 counties;
 - ✓ 67 school systems and 40 charter schools;
 - ✓ 50 state entities;
 - ✓ 50 stand-alone business-type special purpose entities (water/sewer, transit, gas, electric, and airports, etc.);
 - ✓ 148 stand-alone governmental special purpose entities (housing, development, industrial, other educational, health & welfare, retirement, libraries, etc.);
 - ✓ 100+ water & sewer systems, 25 airport operations, 10 gas systems, 15 electrical utilities, & 10 transit services;
 - ✓ 11 Communities in the Municipal Electric Authority of Georgia (MEAG); and
 - ✓ 131 governments awarded the GFOA's and/or ASBO's Financial Reporting Certificates.
- Experience performing forensic audit services and information technology consultations.
- Experience performing municipal bond debt issuance attestation services serving approx. 50 clients with over \$11 billion in aggregate publicly issued debt instruments.
- Considered to be in the Top 20 total number of Single Audits conducted in U.S.A.
- Experience auditing a part of the State of Georgia including as much as approx. 30% of the State's General Fund, and a substantial number of the State's component units.

Engagement Team Leaders Include:

- Trey Scott – Engagement Lead Partner – 13 years' experience, 100% governmental
- David Irwin – Quality Assurance Partner – 17 years' experience, 100% governmental



Lowcountry Regional Transportation Authority

Auditor's Discussion & Analysis (AD&A)

June 30, 2021

MAULDIN & JENKINS – ADDITIONAL INFORMATION

Other Industries & Services by Mauldin & Jenkins:

Each of Mauldin & Jenkins' offices provides a wide variety of services to a broad range of clientele. We have partners and managers who are responsible for specialized practice areas of auditing and accounting, taxes and management advisory services. Their purpose, as leaders in the particular practice area, is to establish policies with respect to technical matters in these specific areas and ensure that the quality of the Firm's practice is maintained.

Industries Served: Over the years, our partners have developed expertise in certain industries representative of a cross section of the southeastern economy, including:

- Governmental Entities (state entities, cities, counties, school systems, business type operations, libraries, and other special purpose entities)
- SEC Registrants
- Wholesale Distribution
- Agri-Businesses
- Manufacturing
- Professional Services
- Employee Benefit Plans
- Financial Institutions (community banks, savings & loans, thrifts, credit unions, mortgage companies, and finance companies)
- Non-Profit Organizations
- Retail Businesses
- Long-term Healthcare
- Construction & Development
- Individuals, Estates and Trusts
- Real Estate Management

Services Provided: This diversity of practice enables our personnel to experience a wide variety of business, accounting and tax situations. We provide the traditional and not-so-traditional services such as:

- Financial Audit/Review/Compilation
- Compliance Audits & Single Audits
- Agreed-Upon Procedures
- Forensic Audits
- Bond Issuance Services
- Performance Audits
- State Sales Tax Matters
- International Tax Matters
- Business & Strategic Planning
- Profitability Consulting
- Budgeting
- Buy-Sell Agreements & Business Valuation Issues
- Income Tax Planning & Preparation
- Multi-State Income Tax Issues
- Information Systems Consulting
- Cost Accounting Analysis
- Healthcare Cost Reimbursement
- Outsourced Billing Services
- Fixed Asset Inventories
- Succession & Exit Strategy Consulting
- Estate Planning
- Management Information Systems
- Employee Benefit Plan Administration
- Merger/Acquisition & Expansion Financing

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INDEPENDENT AUDITOR'S REPORT

The independent auditor's report has specific significance to readers of the financial report.

Management's Responsibility for the Financial Statements

The financial statements are the responsibility of management.

Auditor's Responsibility

Our responsibility, as external auditors, is to express an opinion 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. We planned and performed our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Opinion

We have issued an unmodified audit report (i.e., "clean opinion"). The respective financial statements are considered to present fairly the financial position and results of operations as of and for the year ended June 30, 2021.

Other Matters

Certain required supplementary information and other information is included in the financial report, and, as directed by relevant auditing standards, we have not expressed an opinion or provided any assurance on the respective information.

Other Reporting

Government Auditing Standards require auditors to issue a report on our consideration of internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. We have issued such a report and reference to this report is included in the independent auditor's report.

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OVERVIEW OF FINANCIAL STATEMENTS

Statement of Net Position

Assets & Deferred Outflows of Resources

Assets and deferred outflows of resources increased approximately \$1,165,415 in the current period. Total assets and deferred outflows of resources amount to \$9,893,306 of which \$495,225 is reported as cash and cash equivalents. This increase is the result of increases to cash, capital assets, and the OPEB deferred outflow of resources.

Liabilities & Deferred Inflows of Resources

Liabilities and deferred inflows of resources increased approximately \$349,904 in the current year. This increase is attributable to the \$285,316 increase in the net pension liability as well as an increase in the net OPEB liability of \$429,224. Total liabilities and deferred inflows of resources amount to \$7,315,206 as of year-end. The Authority's portion of the SCRS pension liability and the total OPEB liability approximate \$6,644,768.

Net Position

Total net position (otherwise known as equity) amounts to \$2,578,100 of which a deficit of \$3,827,297 is considered unrestricted. The remaining elements of net position include the Authority's investment in capital assets of \$6,405,397

Net position over the past six years is as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Unrestricted	\$ (3,827,297)	\$ (3,379,241)	\$ (2,577,578)	\$ (2,507,792)	\$ (759,856)	\$ (652,664)
Net Investment in Capital Assets	<u>6,405,397</u>	<u>5,141,830</u>	<u>4,484,420</u>	<u>3,024,653</u>	<u>1,827,372</u>	<u>2,899,232</u>
Total Net Position	<u>\$ 2,578,100</u>	<u>\$ 1,762,589</u>	<u>\$ 1,906,842</u>	<u>\$ 516,861</u>	<u>\$ 1,067,516</u>	<u>\$ 2,246,568</u>
Unrestricted Net Position	\$ (3,827,297)	\$ (3,379,241)	\$ (2,577,578)	\$ (2,507,792)	\$ (759,856)	\$ (652,664)
Net Pension Liability	3,581,979	3,296,663	2,582,547	1,637,045	1,664,787	1,238,825
Net OPEB Liability	<u>3,062,789</u>	<u>2,633,565</u>	<u>1,962,626</u>	<u>1,178,401</u>	-	-
	<u>\$ 2,817,471</u>	<u>\$ 2,550,987</u>	<u>\$ 1,967,595</u>	<u>\$ 307,654</u>	<u>\$ 904,931</u>	<u>\$ 586,161</u>

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Statement of Revenues, Expenses and Changes in Net Position

Total operating revenues of the Authority decreased for the year in the amount of \$128,704, from \$629,331 in 2020 to \$500,627 in 2021. This can be attributed to decreased contract income in 2021.

Total operating expenses of the Authority increased from \$5,136,367 in 2020 to \$5,405,723 in 2021. Additionally, the Authority recognized non-operating revenues in the amount of \$5,720,607, which is primarily comprised of grant funds and interest income.

In total, the Authority's net position increased by \$815,511 for an ending balance of \$2,578,100.

Statement of Cash Flows

The statement of cash flows is a very important statement for any enterprise, and the Authority is no different.

Net cash used in operating activities totaled \$3,404,692 for the year ended June 30, 2021 which was an increase of \$466,890 as compared to the year ended June 30, 2020.

Net cash provided by non-capital financing activities totaled \$5,708,495 for the year ended June 30, 2021, which was an increase of \$1,350,777 as compared to the year ended June 30, 2020. This area shows the increase in cash related to grants received.

Additionally, net cash used in capital financing activities totaled \$2,081,457 for the year ended June 30, 2021, which was an increase of \$691,341 as compared to the year ended June 30, 2020. This area reports that the Authority continued to reinvest in itself through capital acquisitions in the amount of \$2.1 million, offset by \$12K in proceeds received from the disposal of capital assets.

Overall, the Authority reflects an increase in cash and cash equivalents in the amount of \$222,681.

COMPLIANCE REPORTS

The financial report package contains two (2) compliance reports.

Yellow Book Report - The compliance report is a report on our tests of the Authority's internal controls and compliance with laws, regulations, etc. The tests of internal controls were those we determined to be required as a basis for designing our financial statement auditing procedures. Such tests also considered the Authority's compliance, which could have a direct and material effect on the determination of financial statement amounts. In accordance with the respective standards, the report is not intended to provide an opinion, but to provide a form of negative assurance as to the Authority's internal controls and compliance with applicable rules and regulations.

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Single Audit Report: The second compliance report is a report on our tests of the Authority's internal controls and compliance with laws, regulations, etc. relative to certain Federal grant programs and the respective expenditures. Our tests were performed on the Authority's major programs (as defined by the relevant Federal guidelines), and were not applied to each and every Federal grant expended by the Authority. In accordance with the respective standards, we did provide an unmodified (or positive) opinion on the Authority's compliance based on our audit. However, we were not required to provide an opinion on the relevant internal controls, but to provide a form of negative assurance on such controls.

REQUIRED COMMUNICATIONS

The Auditor's Responsibility Under Government Auditing Standards and Auditing Standards Generally Accepted in the United States of America

Our audit of the financial statements of the Authority for the year ended June 30, 2021, was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error, fraudulent financial reporting or misappropriation of assets. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Accordingly, the audit was designed to obtain reasonable, rather than absolute, assurance about the financial statements. We believe our audit accomplishes that objective.

In accordance with *Government Auditing Standards*, we have also performed tests of controls and compliance with laws and regulations that contribute to the evidence supporting our opinion on the financial statements. However, they do not provide a basis for opining on the Authority's internal control or compliance with laws and regulations.

Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Authority. In addition, there will be new accounting standards, which will be required to be implemented in the coming years and are discussed later in this document.

In considering the qualitative aspects of the Authority's accounting policies, we did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. The Authority's policies relative to the timing of recording of transactions are consistent with GAAP and typical government organizations.

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Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us they used all the relevant facts available to them at the time to make the best judgments about accounting estimates and we considered this information in the scope of our audit. We considered this information and the qualitative aspects of management's calculations in evaluating the Authority's significant accounting estimates. Estimates significant to the financial statements include such items as the estimated allowance for uncollectible accounts receivable and the estimated claims payable.

Financial Statement Disclosures

The footnote disclosures to the financial statements are also an integral part of the financial statements. The process used by management to accumulate the information included in the disclosures was the same process used in accumulating the financial statements and the accounting policies described above are included in those disclosures. The overall neutrality, consistency, and clarity of the disclosures was considered as part of our audit and in forming our opinion on the financial statements.

Significant Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management relating to the performance of the audit.

Audit Adjustments

During our audit of the Authority's basic financial statements as of and for the year ended June 30, 2021, there were two adjustments proposed to the accounts of the Authority. These adjustments pertained to GASB 68 (pension) and GASB 75 (OPEB). These two audit adjustments have been provided to management and have been posted.

Uncorrected Misstatements

We had no passed adjustments.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

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Representation from Management

We requested written representations from management relating to the accuracy of information included in the financial statements and the completeness and accuracy of various information requested by us, during the audit. Management provided those written representations without a problem.

Management's Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

There were no significant issues discussed with management related to business conditions, plans, or strategies that may have affected the risk of material misstatement of the financial statements. We are not aware of any consultations management had with us or other accountants about accounting or auditing matters. No major issues were discussed with management prior to our retention to perform the aforementioned audit.

Other Information in Documents Containing Audited Financial Statements

We are not aware of any other documents that contain the audited basic financial statements. If such documents were to be published, we would have a responsibility to determine that such financial information was not materially inconsistent with the audited statements of the Authority.

Independence

We are independent of the Authority, and all related organizations, in accordance with auditing standards promulgated by the American Institute of Public Accountants and *Government Auditing Standards*, issued by the Comptroller General of the United States.

ACCOUNTING RECOMMENDATIONS AND RELATED MATTERS

Recommendations for Improvement and Other Matters

During our audit of the financial statements as of and for the year ended June 30, 2021, we noted an area within the accounting and internal control system that we believe can be improved. Our recommendation is presented in the following paragraph. We believe consideration of this recommendation will help provide proper control over financial activities, and add effectiveness and efficiency to overall operations.

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We noted there was no formal approval or review of manual adjusting journal entries prior to posting to the Authority's accounting records during the fiscal year 2021. We recommend the Authority implement sufficient controls to ensure cash is reconciled in a timely manner and all manual journal entries are reviewed and approved prior to posting. This will mitigate opportunities for fraud and strengthen the Authority's internal controls.

Other Matters for Communication to the Board and Management

During our audit of the financial statements as of and for the year ended June 30, 2021, we noted other matters which we wish to communicate to you in an effort to keep the Authority abreast of accounting matters that could present challenges in financial reporting in future periods.

1) New Governmental Accounting Standards Board (GASB) Pronouncements



As has been the case for the past 10 years, GASB has issued several other new pronouncements which will be effective in future years. The following is a brief summary of the new standards:

- a) **Statement No. 87, *Leases*** was issued in June 2017 and is effective for the first reporting period beginning after December 15, 2019. However, in light of the COVID-19 Pandemic, in May 2020 the GASB issued Statement No. 95 (*Postponement of the Effective Dates of Certain Authoritative Guidance*) which changed the effective date of Statement No. 87 to fiscal years beginning after June 15, 2021.

This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the principle that a lease is the financing of the right to use an underlying asset.

Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Definition of a Lease: A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the lease's guidance, unless specifically excluded in this Statement.

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Lease Term: The lease term is defined as the period during which a lessee has a non-cancelable right to use an underlying asset, plus the following periods, if applicable:

- Periods covered by a lessee's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessee will exercise that option;
- Periods covered by a lessee's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the lessee will not exercise that option;
- Periods covered by a lessor's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessor will exercise that option;
- Periods covered by a lessor's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the lessor will not exercise that option.

A fiscal funding or cancellation clause should affect the lease term only when it is reasonably certain that the clause will be exercised. Lessees and lessors should reassess the lease term only if one or more of the following occur:

- The lessee or lessor elects to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would not exercise that option;
- The lessee or lessor elects not to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would exercise that option;
- An event specified in the lease contract that requires an extension or termination of the lease takes place.

Short-Term Leases: A short-term lease is defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract.

Lessee Accounting: A lessee should recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

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A lessee should reduce the lease liability as payments are made and recognize an outflow of resources (for example, expense) for interest on the liability. The lessee should amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The notes to financial statements should include a description of leasing arrangements, the amount of lease assets recognized, and a schedule of future lease payments to be made.

Lessor Accounting: A lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

A lessor should recognize interest revenue on the lease receivable and an inflow of resources (for example, revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the lease. The notes to financial statements should include a description of leasing arrangements and the total amount of inflows of resources recognized from leases.

Contracts with Multiple Components and Contract Combinations: Generally, a government should account for the lease and non-lease components of a lease as separate contracts. If a lease involves multiple underlying assets, lessees and lessors in certain cases should account for each underlying asset as a separate lease contract. To allocate the contract price to different components, lessees and lessors should use contract prices for individual components as long as they do not appear to be unreasonable based on professional judgment, or use professional judgment to determine their best estimate if there are no stated prices or if stated prices appear to be unreasonable. If determining a best estimate is not practicable, multiple components in a lease contract should be accounted for as a single lease unit. Contracts that are entered into at or near the same time with the same counterparty and that meet certain criteria should be considered part of the same lease contract and should be evaluated in accordance with the guidance for contracts with multiple components.

Lease Modifications and Terminations: An amendment to a lease contract should be considered a lease modification, unless the lessee's right to use the underlying asset decreases, in which case it would be a partial or full lease termination. A lease termination should be accounted for by reducing the carrying values of the lease liability and lease asset by a lessee, or the lease receivable and deferred inflows of resources by the lessor, with any difference being recognized as a gain or loss. A lease modification that does not qualify as a separate lease should be accounted for by re-measuring the lease liability and adjusting the related lease asset by a lessee and re-measuring the lease receivable and adjusting the related deferred inflows of resources by a lessor.

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Subleases and Leaseback Transactions: Subleases should be treated as transactions separate from the original lease. The original lessee that becomes the lessor in a sublease should account for the original lease and the sublease as separate transactions, as a lessee and lessor, respectively.

A transaction qualifies for sale-leaseback accounting only if it includes a sale. Otherwise, it is a borrowing. The sale and lease portions of a transaction should be accounted for as separate sale and lease transactions, except that any difference between the carrying value of the capital asset that was sold and the net proceeds from the sale should be reported as a deferred inflow of resources or a deferred outflow of resources and recognized over the term of the lease.

A lease-leaseback transaction should be accounted for as a net transaction. The gross amounts of each portion of the transaction should be disclosed.

- Debt disclosures should separate information regarding direct borrowings and direct placements from other debt.

- b) Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*** was issued in June 2018 and is effective for reporting periods beginning after December 15, 2019 (meaning June 30, 2021). However, in light of the COVID-19 Pandemic, in May 2020 the GASB issued Statement No. 95 (*Postponement of the Effective Dates of Certain Authoritative Guidance*) which changed the effective date of Statement No. 89 to reporting periods beginning after December 15, 2020.

This standard eliminates the requirement/ability to capitalize construction period interest costs as part of the cost of a capital asset in enterprise funds. This standard should be applied prospectively with no restatement. This standard can be early implemented as part of fiscal year 2021.

- c) Statement 90, *Majority Equity Interests – An Amendment of GASB's No. 14 and 61*** was issued in August 2018, and is effective for reporting periods beginning after December 15, 2018 (meaning June 30, 2020). However, in light of the COVID-19 Pandemic, in May 2020 the GASB issued Statement No. 95 (*Postponement of the Effective Dates of Certain Authoritative Guidance*) which changed the effective date of Statement No. 90 to reporting periods beginning after December 15, 2019.

Under this standard, an equity interest is: a) a financial interest in a legally separate organization by the ownership shares of the organization's stock; or b) by otherwise having an explicit, measurable right to the net resources of the organization that is usually based on an investment of financial or capital resources by a government. An equity interest is explicit and measurable if: a) the government has a present or future claim to the net resources of the entity, and b) the method for measuring the government's share of the entity's net resources is determinable.

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If the interest is deemed to be an investment under GASB No. 72, paragraph 64, then the interest should be reported as an investment and measured using the equity method. If the interest is held by a special-purpose government engaged in fiduciary activities, a fiduciary fund, or an endowment or permanent fund, then the amount should be measured at fair value. If interest is 100% of entity, then it is a component unit. We do not expect this new standard to have a significant effect on the Authority.

- d) **Statement No. 91, *Conduit Debt Obligations*** was issued in May 2019 and is effective for the first reporting period beginning after December 15, 2020, meaning for those with year ends of December 31, 2021 and beyond. However, in light of the COVID-19 Pandemic, in May 2020 the GASB issued Statement No. 95 (*Postponement of the Effective Dates of Certain Authoritative Guidance*) which changed the effective date of Statement No. 91 to reporting periods beginning after December 15, 2021.

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument meeting all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder (or a debt trustee);
- The issuer and the third-party obligor are not within the same financial reporting entity;
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer;
- The third-party obligor (or its agent), not the issuer, ultimately receives the proceeds from the debt issuance;
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

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An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer should recognize the entire capital asset and a deferred inflow of resources at the inception of the arrangement. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

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e) Statement No. 92, *Omnibus 2020* was issued in January 2020 and because It is an omnibus standard, contains several different effective dates as follows (as amended by Statement No. 95 issued in May 2020):

- For fiscal years beginning after June 15, 2021 relative to the requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74.
- For reporting periods beginning after June 15, 2021 relative to the requirements related to application of Statement 84 to post-employment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities.
- For government acquisitions occurring in reporting periods beginning after June 15, 2021. The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition.
- Other items addressed by this omnibus statement (requirements related to Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments) were effective upon issuance.

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other post-employment benefit (OPEB) plan.
- The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for post-employment benefits.
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to post-employment benefit arrangements.
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.

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- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.
 - Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
 - Terminology used to refer to derivative instruments.
- f) **Statement No. 93, *Replacement of Interbank Offered Rates*** was issued in March 2020 and contains two (2) different effective dates. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020.

As a result of global reference rate reform, the London Interbank Offered Rate ("LIBOR") is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended.

Lowcountry Regional Transportation Authority

Auditor's Discussion & Analysis (AD&A)

June 30, 2021

- g) Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*** was issued in March 2020 and is effective for fiscal years beginning after June 15, 2022 which means year ends of June 30, 2023 and following.

This statement was issued by the GASB to address a gap in generally accepted accounting principles: how do we account for these type arrangements that do not meet the definition of a service concession arrangement (SCA) covered by GASB Statement No. 60.

Statement No. 94 requires that Public-Private Partnerships and Public-Public Partnerships ("PPPs") that meet the definition of a lease apply the guidance in Statement No. 87, *Leases* if: a) existing assets of the transferor are the only underlying PPP assets, b) improvements are not required to be made by the operator to those existing assets as part of the PPP arrangement, and c) the PPP does not meet the definition of an SCA. All other PPPs that will not apply the guidance in Statement No. 87 will generally use the accounting guidance contained in Statement No. 60 which was superseded by this new Standard.

Statement No. 94 also establishes accounting and financial reporting requirements for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. An APA that is related to designing, constructing, and financing a nonfinancial asset in which ownership of the asset transfers by the end of the contract should be accounted for by the government as a financed purchase of the underlying asset.

- h) Statement No. 96, *Subscription-Based Information Technology Arrangements*** was issued in May 2020 and is effective for fiscal years beginning after June 15, 2022 which means year ends of June 30, 2023 and following.

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

Lowcountry Regional Transportation Authority

Auditor's Discussion & Analysis (AD&A)

June 30, 2021

The subscription term includes the period during which a government has a non-cancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or a SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or a SBITA vendor will not exercise that option).

Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The subscription asset should be initially measured as the sum of: 1) the initial subscription liability amount, 2) payments made to the SBITA vendor before commencement of the subscription term, and 3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

Activities associated with a SBITA, other than making subscription payments, should be grouped into the following three stages, and their costs should be accounted for accordingly:

- **Preliminary Project Stage**, including activities such as evaluating alternatives, determining needed technology, and selecting a SBITA vendor. Outlays in this stage should be expensed as incurred.
- **Initial Implementation Stage**, including all ancillary charges necessary to place the subscription asset into service. Outlays in this stage generally should be capitalized as an addition to the subscription asset.
- **Operation and Additional Implementation Stage**, including activities such as subsequent implementation activities, maintenance, and other activities for a government's ongoing operations related to a SBITA. Outlays in this stage should be expensed as incurred unless they meet specific capitalization criteria.

In classifying certain outlays into the appropriate stage, the nature of the activity should be the determining factor. Training costs should be expensed as incurred, regardless of the stage in which they are incurred.

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- i) **Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans** was issued in June 2020 and is effective for fiscal years beginning after June 15, 2021 (year ends of June 30, 2022 and following).

The primary objectives of this Statement are to: 1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; 2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other post-employment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and 3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts.

This Statement: 1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and 2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

- j) **Other Pending or Current GASB Projects.** As noted by the numerous pronouncements issued by GASB over the past decade, the GASB continues to research various projects of interest to governmental units. Subjects of note include:
- **Re-Examination of the Financial Reporting Model.** GASB has added this project to its technical agenda to make improvements to the existing financial reporting model (established via GASB 34). Improvements are meant to enhance the effectiveness of the model in providing information for decision-making and assessing a government's accountability. GASB anticipates a final standard expected in early 2022.

Lowcountry Regional Transportation Authority

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- **Revenue and Expense Recognition** is another long-term project where the GASB is working to develop a comprehensive application model for recognition of revenues and expenses from non-exchange, exchange, and exchange-like transactions. The final standard is expected in 2023.
- **Compensated Absences** is technical topic being examined by the GASB currently due to significant changes in benefits offered by governmental employers. Current GAAP does not address certain items such as paid time off (PTO) and there is a wide divergence in practice. A final standard on this topic is expected towards the end of 2021.
- **Prior-Period Adjustments, Accounting Changes, and Error Corrections** is a technical topic being examined by the GASB due to a wide diversity in practice regarding required presentation on the face of the financial statements, disclosures, etc. A final standard on this topic is expected in early 2022.

Summations of Thoughts Noted Above

We believe the implementation of these suggestions will enhance both the control environment and the financial reporting process, making both more effective. We also believe these recommendations can be easily implemented, and all problems resolved quite timely should management elect to employ the corrective measures.

FREE QUARTERLY CONTINUING EDUCATION AND NEWSLETTERS FOR GOVERNMENTAL CLIENTS

Free Continuing Education. We provide free continuing education (quarterly is the goal and objective) for all of our governmental clients. Each quarter we pick a couple of significant topics tailored to be of interest to governmental entities. In an effort to accommodate our entire governmental client base, we offer the sessions several times per quarter at a variety of client provided locations resulting in greater networking among our governmental clients. We normally see approximately 100 people per quarter. We obtain the input and services of experienced outside speakers along with providing the instruction utilizing our in-house professionals. We hope the Authority staff and officials have been able to participate in this opportunity, and that it has been beneficial to you.

"I've been a CPA for 32 years. Today's CPE class by Mauldin & Jenkins has been the best of my career". Terry Nall, CPA, City of Dunwoody (GA) Council Member

"They are always on top of new accounting pronouncements and provide training well before implementation deadlines. This is a very valuable resource for our organization". Laurie Puckett, CPA, CPFO, Gwinnett County (GA), Accounting Director



Lowcountry Regional Transportation Authority

Auditor's Discussion & Analysis (AD&A)

June 30, 2021

Examples of subjects addressed in past quarters include:

- Accounting for Debt Issuances
- American Recovery & Reinvestment Act (ARRA) Updates
- Best Budgeting Practices, Policies and Processes
- Budget Preparation
- ACFR Preparation (several times including a two (2) day hands-on course)
- Capital Asset Accounting Processes and Controls
- Closing Out and Audit Preparation
- Collateralization of Deposits and Investments
- Evaluating Financial and Non-Financial Health of a Local Government
- GASB No. 51, Intangible Assets
- GASB No. 54, Governmental Fund Balance (subject addressed twice)
- GASB No. 60, Service Concession Arrangements (webcast)
- GASB No. 61, the Financial Reporting Entity (webcast)
- GASB No.'s 63 & 65, Deferred Inflows and Outflows (webcast)
- GASB No.'s 67 & 68, New Pension Standards (presented several occasions)
- GASB No. 72, Fair Value Measurement and Application
- GASB No. 74 & 75, New OPEB Standards
- GASB No. 77, Tax Abatement Disclosures
- GASB No. 87, Leases
- GASB Updates (ongoing and several sessions)
- Grant Accounting Processes and Controls
- Information Technology (IT) Risk Management
- Internal Controls Over Accounts Payable, Payroll and Cash Disbursements
- Internal Controls Over Receivables & the Revenue Cycle
- Internal Revenue Service (IRS) Compliance Issues, Primarily Payroll Matters
- Legal Considerations for Debt Issuances & Disclosure Requirements
- Policies and Procedures Manuals
- Presenting Financial Information to Non-Financial People
- Segregation of Duties
- Single Audits for Auditees
- SPLOST Accounting, Reporting & Compliance
- Uniform Grant Reporting Requirements and the New Single Audit



Governmental Newsletters. We periodically produce newsletters tailored to meet the needs of governments. The newsletters have addressed a variety of subjects and are intended to be timely in their subject matter. The newsletters are authored by Mauldin & Jenkins partners and managers, and are not purchased from an outside agency. The newsletters are intended to keep you informed of current developments in the government finance environment.

Lowcountry Regional Transportation Authority

Auditor's Discussion & Analysis (AD&A)

June 30, 2021

In the past several years, the following topics have been addressed in our monthly newsletters:

- American Recovery & Reinvestment Act (ARRA) Information and Issues
- Are Your Government's Funds Secure?
- Capitalization of Interest
- Changes in FDIC Deposit Insurance Coverage
- Changes on the Horizon for OMB Circular A-133
- Cybersecurity Awareness
- Deposit Collateralization
- Employee vs Independent Contractor
- Escheat Laws on Unclaimed Property
- Federal Funding and Accountability Transparency Act
- Forensic Audit or Financial Audit?
- Form PT 440
- GASB Invitation to Comment – the New Financial Reporting Model
- GASB No. 54, Governmental Fund Balance
- GASB No. 54, Governmental Fund Balance Note Disclosure Requirements
- GASB No. 60, Service Concession Arrangements
- GASB No. 67, New Pension Standard
- GASB No.'s 63 & 65, Deferred Inflows & Outflows
- GASB No. 68 Allocations
- GASB No. 72, Fair Value, It is Not Totally About Disclosure
- GASB No.'s 74 & 75, Other Post-Employment Benefits (OPEB)
- GASB No. 77, Abatements – Go Viral with GASB 77
- GASB No. 87, Leases
- GASB No. 89, Accounting for Interest Cost Incurred Before the End of Construction
- IRS Delays Implementation of 3% Withholding on Payments for Goods and Services
- OMB A-133 Compliance Supplements
- OMB Revisions to A-133
- OPEB, What You Need to Know
- Public Funds and Secure Deposit Program
- Re-Examination of the GASB 34 Reporting Model
- Rotating or Not Rotating Auditors
- Property Tax Assessments
- Refunding Debt
- Sales & Use Taxes on Retail Sales of Jet Fuel
- Sales Tax Collections and Remittances by the State
- SAS Clarity Standards and Group Audits
- Single Audit, including Uniform Guidance (several)
- Social Security Administration (SSA) Incentive Payments

Lowcountry Regional Transportation Authority

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June 30, 2021

- Special Purpose Local Option Sales Taxes (SPLOST) Expenditures
- Supplemental Social Security for Inmates
- The New Tax Cuts and Jobs Act – Impact on Bond Refunding
- The Return of the Component Unit – GASB 61
- Uniform Guidance & New Procurement Requirements
- What's Happening with Property Tax Assessments

Communication. In an effort to better communicate our free continuing education plans and newsletters, please email Paige Vercoe at pvercoe@micpa.com (send corresponding copy to tscott@micpa.com), and provide individual names, mailing addresses, email addresses and phone numbers of anyone you wish to participate and be included in our database.

CLOSING

If you have any questions regarding any comments set forth in this memorandum, we will be pleased to discuss those with you at your convenience.

This information is intended solely for the use of the Authority's management, and others within the Authority's organization and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to serve Lowcountry Regional Transportation Authority and look forward to serving the Authority in the future. Thank you.



**LOWCOUNTRY REGIONAL
TRANSPORTATION AUTHORITY
DBA PALMETTO BREEZE**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2021 AND 2020**



Board of Directors

Susan Zellman, Chair
Barbara Childs, Vice Chair

Chris Bickley
Louise Pinkney
Darrell Russell

Richard Hamilton
Charles Mitchell

Executive Director
Mary Lou Franzoni

Prepared By:
Mary Lou Franzoni, Executive Director
Henry Criss, Director of Finance & Administration

LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

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LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

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INTRODUCTORY SECTION



September 22, 2021

Board of Directors Lowcountry Regional Transportation Authority
Citizens of Allendale, Beaufort, Colleton, Hampton, and Jasper Counties, South Carolina

We are pleased to present the Annual Comprehensive Financial Report ("ACFR") of the Lowcountry Regional Transportation Authority ("LRTA") for the fiscal year ended June 30, 2021.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. As the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements.

Mauldin & Jenkins, LLC have issued an unmodified ("clean") opinion on the Lowcountry Regional Transportation Authority's financial statements for the year ended June 30, 2021. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis ("MD&A") immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The Authority's MD&A complements this letter of transmittal and should be read in conjunction with it.

Major Initiatives

The LRTA is a member of the Lowcountry Area Transportation Study ("LATS") which is the Metropolitan Planning Organization for the Hilton Head Island, SC urbanized area. The Lowcountry Council of Governments provides the transportation planning function for LRTA. In the upcoming year, LRTA looks forward to the completion of phase two of the urban service plan with the implementation of new service in the greater Bluffton area.

During fiscal year 2021, LRTA embarked on a project aimed at improving our aging fleet of motor coaches used in our commuter service and we were able to secure funding to purchase three new MCI motor coaches, which were placed into service in January 2021. There are plans to acquire two additional MCI motor coaches during fiscal year 2022.

In July of 2018, LRTA began providing seasonal trolley service on Hilton Head Island. This seasonal service, branded as "The Breeze," runs from Spring through early Fall. In fiscal year 2021, nearly 27,000 passengers rode the trolley, more than doubling the ridership from previous years. We expect continued growth in ridership for fiscal year 2021, as the service's popularity continues to increase.

In January 2019, LRTA began providing transportation service for the University of South Carolina Beaufort ("USCB") from the USCB Bluffton Campus to USCB's Hospitality Management Campus on Hilton Head. Faculty, staff and students now have an alternative to driving to and from the Hospitality Management Campus. This service is also available to the general public. While this service was suspended throughout fiscal year 2020, plans are in place to re-start this service for the University's Fall 2021 semester and expand service to include the Beaufort campus. This service will connect Beaufort, Bluffton and Hilton Head, expanding the public transportation options available in Beaufort County.

The COVID-19 pandemic has had an adverse impact on LRTA's routes and ridership. Several routes were cancelled, and the Breeze Trolley service on Hilton Head did not run for several weeks, and as a result LRTA experienced reduced ridership and revenue. We continued to receive CARES Act funding to assist with lost revenues and increased expenses due to the purchase of PPE and sanitizing supplies.

LRTA Profile

In 1978 the Beaufort-Jasper Regional Transportation Authority was established as the primary public transportation provider for Beaufort and Jasper Counties. In 1984 the LRTA added service to Allendale, Colleton and Hampton Counties. The expanded service area necessitated the renaming of the Authority to Lowcountry Regional Transportation Authority. The LRTA received the first urban grant in 2017 as a result of the designation of the Hilton Head/Bluffton area as an urbanized area after the 2010 census. LRTA began the Breeze Trolley in 2018 as a seasonal service on the Town of Hilton Head Island. Plans are in place to launch transit services in greater Bluffton during fiscal year 2022.

Long-term Financial Planning

The LRTA will continue to apply for and receive Federal and State grants. Additional annual revenue received by LRTA includes county and municipal appropriations (local match), memorandums of agreement (local business support of routes), and advertising revenue.

LRTA continues to leverage technology to increase operational effectiveness and efficiency, including the deployment of hardware and software that track vehicle locations, facilitating more efficient routing and scheduling. We continue to leverage technology (such as demand response software, tablets in the vehicles, and a mobile payment app) to maximize the efficiency and accessibility of our services.

LRTA management continues to work with our local government partners to obtain local match funds to enable strategic, sustainable service growth. The Board and staff are examining options to achieve dedicated funding. Dedicated funding is key to enable LRTA to develop a long-range plan for service improvements and related fixed asset purchases. Successes by other transit agencies in South Carolina are being reviewed and evaluated to determine viable options for LRTA.

Relevant Financial Policies

The LRTA uses the proprietary fund accounting for its activities conducted on a fee-for-service basis in a manner similar to commercial enterprises. LRTA uses the accrual method of accounting which recognizes revenues when earned and expenses as they are incurred, not when the cash is received or paid. The LRTA applies *Governmental Accounting Standards* for its enterprise fund.

The financial policies of the LRTA are subject to the guidance and approval of the South Carolina Department of Transportation.

Respectfully submitted,



Mary Lou Franzoni
Executive Director



Henry Criss, MPA, CGFM
Director of Finance & Administration

Organizational Chart

Lowcountry Regional Transportation Authority Board of Directors

Mary Lou Franzoni
Executive Director

Theodis Jackson
Director of Operations

Carolyn Rollins
AM Supervisor
T.J. Jones
PM Supervisor
Arthur Williams
Weekend Supervisor

Drivers

Yazmin
Winston Black
Director of Safety
& Training
(Drug and
Alcohol)

Laura J. Atkinson
Mobility Manager
(ADA)

Karen Morales
Gail McTeer
Dispatchers

Brian Sullivan
Director of
Marketing &
Communication

Mark Scanley
Director of
Maintenance

Mechanics
Utility
Parts Clerk

Henry Criss
Director of Finance &
Administration
(Civil Rights Officer,
DBELO)

HR/Payroll
Administrator

Staff Accountant

Accounting Clerk

Office Administrator

Fare Counter



LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

PRINCIPAL OFFICIALS

JUNE 30, 2021

BOARD OF DIRECTORS

Susan Zellman	Chair
Barbara Childs	Vice Chair
Chris Bickley	Board Member
Richard Hamilton	Board Member
Louise Pinkney	Board Member
Darrell Russell	Board Member
Charles Mitchell	Board Member

AUTHORITY MANAGEMENT

Mary Lou Franzoni	Executive Director
Henry Criss, MPA, CGFM	Director of Finance & Administration
Theodis Jackson	Director of Operations
Mark Stanley	Director of Maintenance
Yazmin Winston-Black, TSSP	Director of Safety & Training
Laura J. Atkinson, MBA, CCTM	Mobility Manager

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of the
Lowcountry Regional Transportation Authority
DBA Palmetto Breeze
Bluffton, South Carolina**

Report on the Financial Statements

We have audited the accompanying financial statements of the **Lowcountry Regional Transportation Authority** (the "Authority") as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2021 and 2020, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 9), the Schedule of Authority's Proportionate Share of the Net Pension Liability – South Carolina Retirement System (on page 43), the Schedule of Authority Pension Contributions – South Carolina Retirement System (on page 44), the Schedule of Authority's Proportionate Share of the Net OPEB Liability (on page 45), and the Schedule of Authority OPEB Contributions (on page 46) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, the Schedules of Operating Expenses, the Schedules of Budget to Actual Costs for South Carolina Department of Transportation Contracts; and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for the purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Schedules of Operating Expenses, the Schedules of Budget to Actual Costs for South Carolina Department of Transportation Contracts; and the Schedule of Expenditures of Federal and State 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 Schedules of Operating Expenses, the Schedules of Budget to Actual Costs for South Carolina Department of Transportation Contracts; and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lowcountry Regional Transportation Authority's internal control over financial reporting and compliance.

Savannah, Georgia
September 22, 2021

Mauldin & Jenkins, LLC

LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021 AND 2020

This Management's Discussion and Analysis ("MD&A") of the Lowcountry Regional Transportation Authority (the "Authority") provides an overview of the major financial activities affecting the operations of the Authority. This overview encompasses the financial performance and financial statements of the Authority for the fiscal years ended June 30, 2021 and 2020. The information contained in this MD&A is prepared by management and should be considered in conjunction with the information contained in the Independent Auditor's Report and notes to the financial statements. Following this MD&A are the basic financial statements of the Authority, together with the notes, which are essential to a full understanding of the data contained in the financial statements.

Financial Highlights

- The Authority reported a net gain (increase in net position) of \$815,511 for the fiscal year ended June 30, 2021, compared to a net loss of \$144,253 in the prior fiscal year.
- Operating revenues, which exclude federal and state grants and local appropriations and awards, decreased 20.5%, or \$128,704, to \$500,627 for fiscal year 2021.
- Non-operating revenues net of non-operating expenses consisting primarily of federal and state operating grants and local government appropriations and grants increased 31.1%, or \$1,357,824, to \$5,720,607 for fiscal year 2021.
- The Authority's net position increased from \$1,762,589 at the end of fiscal year 2020 to \$2,578,100 at the end of fiscal year 2021.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the Authority's basic financial statements. The notes to the financial statements contain more detail on some of the information presented in the financial statements. The financial statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$2,578,100. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. The Statements of Net Position can be found on page 10 of this report.

The Statements of Revenues, Expenses and Changes in Net Position presents information showing how the Authority's net position changed during the fiscal year ended June 30, 2021. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. The Statements of Revenues, Expenses and Changes in Net Position can be found on page 11 of this report.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided within the financial statements. The notes to the financial statements can be found on pages 13 through 42 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Statements

Net Position: The following table summarizes the changes in net position for the fiscal years ended June 30, 2021, 2020, and 2019.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Current assets	\$ 916,079	\$ 1,010,622	\$ 1,011,000
Capital assets	<u>6,405,397</u>	<u>5,141,830</u>	<u>4,484,420</u>
Total assets	<u>7,321,476</u>	<u>6,152,452</u>	<u>5,495,420</u>
Deferred outflows of resources	<u>2,571,830</u>	<u>2,575,439</u>	<u>1,884,486</u>
Current liabilities	326,434	644,097	700,638
Long-term liabilities	<u>6,844,768</u>	<u>6,022,144</u>	<u>4,545,173</u>
Total liabilities	<u>6,971,202</u>	<u>6,666,241</u>	<u>5,245,811</u>
Deferred inflows of resources	<u>344,004</u>	<u>299,061</u>	<u>227,253</u>
Net position:			
Net investment in capital assets	6,405,397	5,141,830	4,484,420
Unrestricted	<u>(3,827,297)</u>	<u>(3,379,241)</u>	<u>(2,577,578)</u>
Total net position	<u>\$ 2,578,100</u>	<u>\$ 1,762,589</u>	<u>\$ 1,906,842</u>

The Authority's total assets and deferred outflows of resources increased by \$1,165,415 and \$1,347,985 during the fiscal years ended June 30, 2021 and 2020, respectively. The increase for both fiscal years 2021 and 2020 reflects the addition of capital assets.

The Authority's total liabilities and deferred inflows of resources increased by \$349,904 and \$1,492,238 during the fiscal years ended June 30, 2021 and 2020, respectively. The majority of the increase for both years is the result of accounting for other post-employment benefits and an increase in the net pension liability.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenues, Expenses and Changes in Net Position: The following table summarizes the revenues, expenses and changes in net position for the fiscal years ended June 30, 2021, 2020, and 2019.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating revenues:			
Contract income	\$ 37,099	\$ 125,221	\$ 485,160
Fares - fixed route	415,830	449,901	423,089
Fares - demand response	-	23,893	-
Miscellaneous	47,698	30,316	50,255
Total operating revenue	<u>500,627</u>	<u>629,331</u>	<u>938,504</u>
Operating expenses:			
Urban service			
Fixed route and deviated fixed route	308,939	113,763	837,795
Commuter bus	244,844	402,592	142,430
Non-sponsored demand response	147,348	78,715	66,226
Rural service			
Fixed route and deviated fixed route	195,890	62,561	534,685
Commuter bus	1,609,401	1,160,801	410,600
Non-sponsored demand response	572,461	304,811	256,448
General administration	1,059,592	1,671,274	1,245,469
Maintenance department	439,583	608,443	415,070
Depreciation expense	829,667	733,607	583,055
Total operating expenses	<u>5,405,723</u>	<u>5,136,367</u>	<u>4,491,778</u>
Operating loss	<u>(4,905,096)</u>	<u>(4,507,036)</u>	<u>(3,563,274)</u>
Non-operating revenues (expenses):			
Federal grants	4,829,808	3,037,297	3,317,776
State grants	88,831	468,763	628,454
County and other local appropriations	789,856	851,658	538,587
Interest income	335	4,164	5,023
Gain on disposal of assets	11,777	901	5,415
Total non-operating revenues, net	<u>5,720,607</u>	<u>4,362,783</u>	<u>4,493,255</u>
Change in net position	<u>815,511</u>	<u>(144,253)</u>	<u>939,981</u>
Net position, beginning of year	<u>1,762,589</u>	<u>1,906,842</u>	<u>966,861</u>
Net position, end of year	<u>\$ 2,578,100</u>	<u>\$ 1,762,589</u>	<u>\$ 1,906,842</u>

Fiscal year 2021 operating revenue decreased \$128,704, or 20.5%. The 2021 decrease is largely the result of a decrease in contract income, as well as a reduction in fares. Many of the contracts that made up fiscal year 2020 contract income were ended and reestablished as contributions of local support and several were cancelled outright as a result of a reduction in need as part of the impact of the COVID-19 pandemic. These income streams which we reestablished are no longer tied to fee-for-service agreements and are now agreements to provide local support of established public transportation routes, reflected in county and other local appropriations. Fiscal year 2020 operating revenue decreased \$309,173, or 32.9%. The 2020 decrease is largely the result of a decrease in contract income, similar to that experienced in 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating expenses in fiscal year 2021 increased by \$269,356 (5.2%). The largest contributor to the expense increase are net pension liability, other post-employment benefits, and expanded services. Operating expenses in fiscal year 2020 increased \$644,589 (14.4%) to \$5,136,367. For fiscal year 2020, the largest contributors to the expense increase are net pension liability, other post-employment benefits, and the expansion of trolley service.

Non-operating revenues (net) for fiscal year 2021 increased by \$1,357,824 (31.1%), largely due to a significant increase in federal grant funding. For fiscal year 2020, non-operating revenues (net) decreased by \$130,472 (2.9%) to \$4,362,783, largely due to a decrease in federal grant funding.

Fiscal Year 2021 versus Fiscal Year 2020

- For the fiscal year ended June 30, 2021, operating revenues of the Authority were \$500,627 which is a decrease of \$128,704 (20.5%). This change is largely due to a \$88,122 decrease in contract income for 2021, which was the result of continuing to move from fee-for-service agreements (operating revenue) to agreements for local support of established public transportation routes (non-operating revenue).
- For the fiscal year ended June 30, 2021, operating expenses increased by \$269,356 (5.2%) to \$5,405,723. The major components of this change are the expansion of services and increases in net pension expense and other post-employment benefits.
- Non-operating revenues (net) for fiscal year 2021 totaled \$5,720,607 which is \$1,357,824 (31.1%) more than 2020.
- As a result of the above noted changes, net position increased \$815,511. The net position at the end of fiscal year 2021 is \$2,578,100.

Fiscal Year 2020 versus Fiscal Year 2019

- For the fiscal year ended June 30, 2020, operating revenues of the Authority were \$629,331 which is a decrease of \$309,173 (32.9%). This change is largely due to a \$339,939 decrease in contract income for 2020, which was the result of previous contrast moving from fee-for-service agreements (operating revenue) to agreements for local support of established public transportation routes (non-operating revenue).
- For the fiscal year ended June 30, 2020, operating expenses increased by \$644,589 (14.4%) to \$5,136,367. The major components of this change are increases in maintenance and administrative costs and increases in net pension expense and other post-employment benefits.
- Non-operating revenues (net) for fiscal year 2020 totaled \$4,362,783 which is \$130,472 (2.9%) less than 2019.
- As a result of the above noted changes, net position decreased \$144,253. The net position at the end of fiscal year 2020 is \$1,762,589.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets

The Authority's investment in capital assets was \$6,405,397 and \$5,141,830 for the fiscal years ended June 30, 2021 and 2020, respectively. The increase of \$1,263,567 for fiscal year 2021 represents a 24.6% increase. The increase in capital assets for fiscal year 2020 was \$657,410 (14.7%). The investments in capital assets include land, buildings, vehicles, computer software, and machinery and equipment.

Capital asset investments during fiscal year 2021 include the purchase of transit vehicles, completion of the renovation of the administrative building, upgrades to the physical security of the campus, and shop equipment.

2020 capital asset additions included the purchase of transit vehicles, completion of the operations building, construction in progress on the renovation of the administrative building, and shop equipment.

Additional information on the Authority's capital assets can be found in Note 4 to the financial statements.

Long-term Liabilities

The Authority's long-term liabilities consist of the net pension liability and other post-employment benefits. The Authority's long-term liabilities increased \$622,624 and \$1,476,917 during fiscal years 2021 and 2020, respectively. The increases for both 2021 and 2020 are the result of substantial increases to both net pension liability and other post-employment benefits.

Additional information on the Authority's long-term liabilities can be found in Notes 6, 7 and 8 to the financial statements.

Economic Factors

The primary challenge facing the Authority remains obtaining local match funds required for federal and state grants. It is clear that the Authority must achieve ongoing, dedicated funding in order to develop and fund long-range plans.

The Authority, similar to a majority of public transit agencies across South Carolina, receives most of its funding from a mixture of state and federal grants and annual discretionary allocations made by local governments. While the state and federal grants make up the lion's share of the funding stream, the local funding is imperative, as it represents the "local match," without which the agencies would not qualify for the grant funding.

As economic conditions change from year-to-year, these discretionary allocations are often one of the first line items to go, jeopardizing the solvency of our public transit infrastructure and, more importantly, how it functions to support our local economy. This is particularly concerning when considering the impact of the COVID-19 pandemic, which is anticipated to result in a reduction in state and local government revenues. The simplest and most obvious answer is to treat public transit as a public service and establish dedicated local funding sources across the board.

MANAGEMENT'S DISCUSSION AND ANALYSIS

There is no doubt that public transit, as presently implemented here in the Lowcountry and throughout South Carolina, provides a critical service to all members of the community. Treating transit as a public service and establishing reliable dedicated funding provides for our common public interest and contributes to resolving multiple problems currently faced by our community. The Authority is continuing to advocate for dedicated funding from local governments and reviewing the successes of other transit agencies in South Carolina to determine other potential options for securing dedicated funding.

Impact of the COVID-19 Pandemic

The communities served by the Authority, along with the rest of the world, have experienced a slowdown due to the COVID-19 pandemic. The pandemic forced the shutdown of many businesses, which reduced economic activity and led to higher unemployment. This resultant impact to the Authority has been a decrease in ridership and an increase in the federal participation in the grant funding. Additionally, the Authority has experienced an increase in expenses related to personal protective equipment and the cleaning and sanitation of transit vehicles and facilities. While it is difficult to project the future impact, the effects to state and local government revenues will likely impact the support received by the Authority from those entities.

Requests for Information

This financial report is designed to provide a general overview of the Lowcountry Regional Transportation Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Lowcountry Regional Transportation Authority, Director of Finance and Administration, Post Office Box 2029, 25 Benton Field Road, Bluffton, South Carolina 29910.

LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

STATEMENTS OF NET POSITION JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Current assets		
Cash	\$ 495,225	\$ 272,544
Accounts receivable, net	218,570	411,249
Prepaid expenses	88,614	224,175
Inventory	113,770	102,654
Total current assets	916,079	1,010,622
Non-current assets		
Capital assets - nondepreciable	178,127	197,436
Capital assets - depreciable, net	6,227,270	4,944,394
Total non-current assets	6,405,397	5,141,830
Total assets	7,321,476	6,152,452
DEFERRED OUTFLOWS OF RESOURCES		
Pension	1,094,128	1,256,837
Other post-employment benefits	1,477,702	1,318,602
Total deferred outflows of resources	2,571,830	2,575,439
LIABILITIES		
Current liabilities		
Accounts payable	173,944	528,853
Accrued payroll and withholding	105,388	77,880
Accrued compensated absences	47,092	37,364
Total current liabilities	326,434	644,097
Non-current liabilities		
Net pension liability	3,581,979	3,296,683
Net other post-employment benefits liability	3,062,789	2,633,565
Unearned revenue	-	91,916
Total non-current liabilities	6,644,768	6,022,144
Total liabilities	6,971,202	6,666,241
DEFERRED INFLOWS OF RESOURCES		
Pension	85,448	50,361
Other post-employment benefits	258,556	248,700
Total deferred inflows of resources	344,004	299,061
NET POSITION		
Investment in capital assets	6,405,397	5,141,830
Unrestricted	(3,827,297)	(3,379,241)
Total net position	\$ 2,578,100	\$ 1,762,589

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

LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Operating revenues		
Contract income	\$ 37,099	\$ 125,221
Fares - fixed route	415,830	449,901
Fares - demand response	-	23,893
Miscellaneous	47,898	30,316
Total operating revenues	500,827	629,331
Operating expenses		
Urban service		
Fixed route and deviated fixed route	306,939	113,763
Commuter bus	244,844	402,592
Non-sponsored demand response	147,346	78,715
Rural service		
Fixed route and deviated fixed route	195,890	62,561
Commuter bus	1,609,401	1,160,601
Non-sponsored demand response	572,461	304,811
General administration	1,059,892	1,671,274
Maintenance department	439,583	608,443
Depreciation expense	829,867	733,607
Total operating expenses	5,405,723	5,136,367
Operating loss	(4,905,096)	(4,507,036)
Non-operating revenues		
Federal grants	4,829,808	3,037,297
State grants	88,831	466,763
County and other local appropriations	789,856	851,658
Interest income	335	4,164
Gain on disposal of assets	11,777	901
Total non-operating revenues, net	5,720,607	4,362,783
Change in net position	815,511	(144,253)
Net position, beginning of year	1,762,589	1,906,842
Net position, end of year	\$ 2,578,100	\$ 1,762,589

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

LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

**STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 693,306	\$ 867,849
Payments to suppliers	(2,338,623)	(1,521,519)
Payments to employees	(1,759,375)	(2,284,132)
Net cash used in operating activities	<u>(3,404,692)</u>	<u>(2,937,802)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Federal and state grant receipts	4,918,639	3,506,060
County appropriations	789,856	851,658
Net cash provided by non-capital financing activities	<u>5,708,495</u>	<u>4,357,718</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition or construction of capital assets	(2,093,234)	(1,391,017)
Proceeds from the sale of capital assets	11,777	901
Net cash used in capital and related financing activities	<u>(2,081,457)</u>	<u>(1,390,116)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	335	4,164
Net cash provided by investing activities	<u>335</u>	<u>4,164</u>
Increase in cash and cash equivalents	222,681	33,964
Cash and cash equivalents:		
Beginning of year	<u>272,544</u>	<u>238,580</u>
End of year	<u>\$ 495,225</u>	<u>\$ 272,544</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (4,905,098)	\$ (4,507,036)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	829,667	733,607
(Increase) decrease in:		
Accounts receivable	192,679	238,518
Prepaid expenses	135,661	(185,692)
Inventory	(11,116)	(18,484)
Deferred outflows of resources related to pension	162,709	(157,961)
Deferred outflows of resources related to other post-employment benefits	(159,100)	(532,992)
Increase (decrease) in:		
Accounts payable	(354,909)	(111,828)
Accrued payroll and withholding	27,518	45,255
Accrued compensated absences	9,728	10,032
Net pension liability	(233,874)	51,018
Net other post-employment benefits liability	948,414	1,334,037
Deferred insurance reimbursement	(91,916)	91,916
Deferred inflows of resources related to pension	35,067	(16,378)
Deferred inflows of resources related to other post-employment benefits	9,856	88,186
Net cash used in operating activities	<u>\$ (3,404,692)</u>	<u>\$ (2,937,802)</u>

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

LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Lowcountry Regional Transportation Authority (the "Authority"), was established in 1978 under the Regional Transportation Authority Law, Section 58-25-10 of the Code of Laws of South Carolina to provide bus transportation to the public and under private contracts. The Authority's primary transportation services include rural commuter fixed route bus service from Allendale, Colleton, Hampton, Beaufort, and Jasper counties to and from Beaufort County. Additional services include demand response, human service agency transportation, hotel shuttle transportation, and coordination of public transportation service in Allendale County.

B. Fund Accounting

The Authority uses one fund to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions and activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The fund presented in this report is a Proprietary Fund Type – Enterprise Fund. Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of these funds are included in the Statement of Net Position. Net position is segregated into net investment in capital assets and restricted and unrestricted net position components. Proprietary fund operating statements present increases (revenues) and decreases (expenses) in total net position. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Presentation

In accounting and reporting for its proprietary operations, the Authority applies all Governmental Accounting Standards Board ("GASB") pronouncements. The Authority's financial statements include the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and, Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. The financial statements include a Management's Discussion and Analysis ("MD&A") section providing an analysis of the Authority's overall financial position and results of operations.

E. Cash, Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, bank deposits, repurchase agreements, and other highly liquid marketable securities with a maturity date within three months of the date acquired by the Authority.

The Authority is authorized by the South Carolina Code of Laws, Section 11-9-660, to invest in obligations of the United States and its agencies, obligations of the State of South Carolina and its political subdivisions, collateralized or federally insured certificates of deposit, and collateralized repurchase agreements.

F. Accounts Receivable

Accounts receivable consist of trade accounts receivable for transportation services stated at amounts invoiced less an allowance for doubtful accounts, local appropriations and pledges, and operating grants. Credit is extended to customers after an evaluation of the customer's financial condition and collateral is not generally required. Management's determination of the allowance for doubtful accounts is based on an evaluation of the individual balances, past experience, current economic conditions, and other risks inherent in the accounts receivable portfolio.

G. Prepaid Expenses

Prepaid expenses include a provision for insurance, software and website maintenance, and hosting contracts whose contract periods extend beyond the Authority's fiscal year-end.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Inventory

Inventory, which is comprised of maintenance spare parts that are not purchased for immediate repair projects, are valued at cost, using the first-in/first-out method. The Authority utilizes the consumption method to recognize inventory usage. Under the consumption method, inventories are recorded as expenses when used rather than when purchased.

I. Capital Assets

Capital assets with individual costs of \$1,000 or more purchased by the Authority are recorded at cost. The Authority has not recorded the value of vehicles donated under service contracts whose ownership transfers back on the termination of the contract. Other donated capital assets are recorded at acquisition value. Repairs and maintenance are expensed as incurred, while expenditures that extend the useful life of a capital asset are capitalized. Depreciation is computed using the straight-line method over the estimated useful life of the asset using a mid-month convention as follows:

Assets	Years
Buildings and improvements	10 – 40
Buses and vans	4 – 12
Support vehicles	5
Office furniture	5 – 10
Maintenance and equipment	5 – 10
Fare box tokens and radios	10

J. Compensated Absences

It is the Authority's policy to provide for the accumulation of up to 160 hours of earned vacation leave, which is fully vested as it is earned. This entire amount is accrued in the financial statements as a current liability as the Authority deems it reasonable that the entire liability will be used during the subsequent fiscal year. Sick leave accumulates for employees, but does not vest. As such, the Authority has no obligation for accumulated sick leave until the sick leave is taken and no accrual is recorded.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Compensated Absences (Continued)

Changes in compensated absences for the years ended June 30, 2021 and 2020, were as follows:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year	Current
Fiscal year ended June 30, 2021					
Compensated absences	\$ 37,364	\$ 68,202	\$ (58,474)	\$ 47,092	\$ 47,092
Total compensated absences	<u>\$ 37,364</u>	<u>\$ 68,202</u>	<u>\$ (58,474)</u>	<u>\$ 47,092</u>	<u>\$ 47,092</u>
Fiscal year ended June 30, 2020					
Compensated absences	\$ 27,332	\$ 49,803	\$ (39,771)	\$ 37,364	\$ 37,364
Total compensated absences	<u>\$ 27,332</u>	<u>\$ 49,803</u>	<u>\$ (39,771)</u>	<u>\$ 37,364</u>	<u>\$ 37,364</u>

K. Capital Contributions

Capital contributions consist of capital grants or contributions typically from other governments.

L. Net Position Classification

Net position is classified and displayed in three components within the Statements of Net Position.

These three classifications are as follows:

- a) Net investment in capital assets consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b) Restricted net position consists of net position with constraints placed on the use either by: 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net position consists of all other net position that does not meet the definition of "restricted" or "net investment in capital assets".

When an expense is incurred for purposes which both restricted and unrestricted resources are available, it is the Authority's policy to apply restricted resources first and then apply unrestricted resources.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Operating and Non-operating Revenues and Expenses

Fare box receipts, contractual transportation, advertising, and maintenance revenue are reported as operating revenues. Federal and State operating grants, local appropriations, and interest income are reported as non-operating revenues. All expenses related to operating the Authority and a provision for depreciation expense on the Authority's capital assets are reported as operating expenses. Losses on the disposal of capital assets and sub-awards of Federal and State operating grants are reported as non-operating expenses.

N. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Five items relating to the Authority's Retirement Plan and five items relating to the Authority's Other Post-employment Benefit Plan ("OPEB") qualify for reporting in this category and are combined in the Statements of Net Position under the headings "Pension" and "Other Post-employment Benefits", respectively. The first item, experience losses, results from periodic studies by the actuaries of the Retirement Plan and OPEB Plan, which adjust the net pension liability and the net OPEB liability for actual experience for certain trend information that was previously assumed, for example, the assumed dates of retirement of plan members. These experience losses are recorded as deferred outflows of resources and are amortized into pension expense and OPEB expense over the expected remaining service lives of the plan members. The second item, differences between projected investments return on pension investments and actual return on those investments, is deferred and amortized against pension expense over a four-year period, resulting in recognition as a deferred outflow of resources. The third item results from changes in the proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions. These changes are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in future years. The fourth item, changes in the actuarial assumptions, adjust the net pension liabilities and are amortized into pension expense over the expected remaining service lives of plan members. Additionally, any contributions made by the Authority to the pension plan and to the OPEB plan before year-end but subsequent to the measurement date of the Authority's net pension liability and net OPEB liability are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability and the net OPEB liability in the next fiscal year.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the Statements of Net Position report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Two items relating to the Authority's Retirement Plan and three items relating to the Authority's OPEB Plan qualify for reporting in this category and are combined in the Statements of Net Position under the heading "Pension" and "Other Post-employment Benefits", respectively. The first item, experience gains relating to the Authority's Retirement Plan and the Authority's OPEB Plan qualify for reporting in this category. Experience gains result from periodic studies by the actuary of the Retirement Plan, which adjust the net pension liability and net OPEB liability for actual experience for certain trend information that was previously assumed. These gains are recorded as deferred inflows of resources and are amortized into pension expense over the expected remaining lives of the plan members. The second item results from changes in the proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions relating to the Authority's pension and OPEB plans. These changes are reported as deferred inflows of resources and will be recognized as pension expense and OPEB expense, respectively, in future years. The third item, changes in the actuarial assumptions, adjust net OPEB liability and are amortized into pension expense and OPEB expense, respectively, over the expected remaining service lives of plan members.

O. Concentrations

During the years ended June 30, 2021 and 2020, the Authority received 79% and 89%, respectively, of its revenues (excluding capital grants) from federal and state operating grants. At June 30, 2021 and 2020, those grants accounted for 84% and 85% of accounts receivable, respectively.

P. Management Estimates

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

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DEPOSITS

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority 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. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. The Authority's cash balances as of June 30, 2021 and 2020, were \$495,225 and \$272,544, respectively. The Authority's bank balances as of June 30, 2021 and 2020, were \$689,066 and \$372,978, respectively. As of June 30, 2021 and 2020, all of the Authority's funds which were uninsured were collateralized as required by the State of South Carolina.

Interest Rate Risk. Interest rate risk is the risk that subsequent increases in market interest rates will adversely affect the fair value of an investment paying a fixed stated interest rate. The Authority's investment policy does not address interest rate risk. The maturities on the Authority's deposits are all short-term, thus mitigating its interest rate risk.

NOTE 3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2021 and 2020:

	June 30,	
	2021	2020
Receivables:		
Operating and capital grants receivable from the South Carolina Department of Transportation	\$ 184,484	\$ 366,239
Local grants and other receivables	34,086	45,010
Total receivables	\$ 218,570	\$ 411,249

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 151,019	\$ -	\$ -	\$ -	\$ 151,019
Construction in progress	46,417	27,108	-	(46,417)	27,108
Total	197,436	27,108	-	(46,417)	178,127
Capital assets, being depreciated:					
Buildings and improvements	1,424,096	25,404	-	46,417	1,495,917
Vehicles	8,720,086	1,862,083	(22,639)	-	10,559,530
Furniture and equipment	121,584	16,507	(10,743)	-	127,348
Maintenance and other equipment	546,500	152,707	-	-	699,207
Computer software	362,014	9,425	-	-	371,439
Total	11,174,280	2,066,126	(33,382)	46,417	13,253,441
Less accumulated depreciation for:					
Buildings and improvements	(604,228)	(41,975)	-	-	(646,203)
Vehicles	(5,186,542)	(879,961)	22,639	-	(5,843,864)
Furniture and equipment	(92,345)	(13,901)	10,743	-	(95,503)
Maintenance and other equipment	(238,115)	(90,308)	-	-	(328,423)
Computer software	(108,656)	(3,522)	-	-	(112,178)
Total	(6,229,886)	(829,667)	33,382	-	(7,026,171)
Total capital assets, being depreciated, net	4,944,394	1,236,459	-	46,417	6,227,270
Total capital assets, net	\$ 5,141,830	\$ 1,263,567	\$ -	\$ -	\$ 6,405,397

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS (CONTINUED)

Capital assets activity for the year ended June 30, 2020, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 151,019	\$ -	\$ -	\$ -	\$ 151,019
Construction in progress	348,608	91,144	-	(393,335)	46,417
Total	499,627	91,144	-	(393,335)	197,436
Capital assets, being depreciated:					
Buildings and improvements	1,021,321	9,440	-	393,335	1,424,096
Vehicles	7,478,303	1,242,883	(1,100)	-	8,720,086
Furniture and equipment	121,584	-	-	-	121,584
Maintenance and other equipment	507,625	38,875	-	-	546,500
Computer software	353,339	8,675	-	-	362,014
Total	9,482,172	1,299,873	(1,100)	393,335	11,174,280
Less accumulated depreciation for:					
Buildings and improvements	(561,693)	(42,535)	-	-	(604,228)
Vehicles	(4,599,248)	(588,394)	1,100	-	(5,186,542)
Furniture and equipment	(80,137)	(12,208)	-	-	(92,345)
Maintenance and other equipment	(154,011)	(84,104)	-	-	(238,115)
Computer software	(102,290)	(6,366)	-	-	(108,656)
Total	(5,497,379)	(733,607)	1,100	-	(6,229,886)
Total capital assets, being depreciated, net	3,984,793	566,266	-	393,335	4,944,394
Total capital assets, net	\$ 4,484,420	\$ 657,410	\$ -	\$ -	\$ 5,141,830

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLAN

Overview

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

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

PEBA issues an Annual Comprehensive Financial Report ("ACFR") containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, South Carolina 29223. 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 ACFR of the state.

Plan Description

The Authority contributes to the South Carolina Retirement System ("SCRS"), a cost-sharing multiple-employer defined benefit pension plan that 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. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLAN (CONTINUED)

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 described below.

South Carolina Retirement System ("SCRS") – Generally, all employees of covered employers are required to participate in and contribute to the SCRS as a condition of employment. This plan covers general employees, teachers and Individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the SCRS with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the SCRS 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.

South Carolina Retirement System ("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.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1% or \$500 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 1% or \$500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLAN (CONTINUED)

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability ("UAAL") over a period that does not exceed the number of years scheduled in state statute.

Legislation in 2017 increased, but also established a ceiling for SCRS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00% for SCRS. The legislation also increased employer contribution rates beginning July 1, 2017 for SCRS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the 1% increase in the SCRS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the Board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the Board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS contribution rates until the funded ratio is at least 85%. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85%, then the Board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85%. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85%, then effective on the following July 1, and annually thereafter as necessary, the Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85%.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLAN (CONTINUED)

Contributions (Continued)

Required employee contribution rates for the year ended June 30, 2021, are as follows:

South Carolina Retirement System

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

Required employer contribution rates for the year ended June 30, 2021, are as follows:

South Carolina Retirement System

Employee Class Two	15.41% of earnable compensation
Employee Class Three	15.41% of earnable compensation
Employer incidental death benefit	0.15% of earnable compensation

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

The June 30, 2019, total pension liability ("TPL"), net pension liability ("NPL"), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith and Company ("GRS") and are based on an actuarial valuation performed as of July 1, 2019. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year-end, June 30, 2020, using generally accepted actuarial principles.

As of June 30, 2021 and 2020, the Authority reported liabilities of \$3,581,979 and \$3,296,663, respectively, for its proportionate share of the SCRS plan net pension liability. At June 30, 2020, the Authority's proportionate share was .014019%, which was an increase of .000418% from its proportionate share measured as of June 30, 2019.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLAN (CONTINUED)

Net Pension Liability, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the fiscal year ended June 30, 2021, the Authority recognized pension expense of \$726,167. In addition, the Authority reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 41,331	\$ 13,545
Changes in assumptions	4,389	-
Net difference between projected and actual earnings on pension plan investments	263,485	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	541,871	71,903
Employer contributions subsequent to the measurement date	243,052	-
Total	\$ 1,094,128	\$ 85,448

Authority contributions subsequent to the measurement date of \$243,052, are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2022.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLAN (CONTINUED)

Net Pension Liability, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,266	\$ 23,683
Changes of assumptions	66,433	-
Net difference between projected and actual earnings on pension plan investments	29,186	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	915,601	26,678
Employer contributions subsequent to the measurement date	243,351	-
Total	\$ 1,256,837	\$ 50,361

Authority contributions subsequent to the measurement date of \$243,351, are reported as deferred outflows of resources and were recognized as a reduction of the net pension liability in the year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	2021	2020
2021	\$ -	\$ 437,979
2022	395,288	336,911
2023	230,525	173,039
2024	72,579	15,196
2025	67,236	-
	\$ 765,628	\$ 963,125

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLAN (CONTINUED)

Actuarial Assumptions and Methods

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ended June 30, 2019 for first use in the July 1, 2021 actuarial valuation.

The June 30, 2019, total pension liability ("TPL"), net pension liability ("NPL"), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith and Company ("GRS") and are based on an actuarial valuation performed as of July 1, 2019. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year-end, June 30, 2020, using generally accepted actuarial principles.

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

Discount Rate

For the years ended June 30, 2021 and 2020, the discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, SCRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLAN (CONTINUED)

Long-Term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2020 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.25% assumed annual investment rate of return used in the calculation of the TPL includes a 5.00% real rate of return and a 2.25% inflation component.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Global Equity	51.0%		
Global public equity	35.0%	7.81%	2.73%
Private equity	9.0%	8.91%	0.60%
Equity options securities	7.0%	5.09%	0.36%
Real assets	12.0%		
Real estate (private)	8.0%	5.55%	0.44%
Real estate (REITs)	1.0%	7.78%	0.08%
Infrastructure	3.0%	4.88%	0.17%
Opportunistic	8.0%		
GTAA/Risk parity	7.0%	3.56%	0.25%
Hedge funds (non-PA)	1.0%	4.41%	0.04%
Diversified credit	15.0%		
Mixed credit	4.0%	4.21%	0.17%
Emerging markets	4.0%	3.44%	0.14%
Private debt	7.0%	5.79%	0.40%
Conservative fixed income	14.0%		
Core fixed income	13.0%	1.60%	0.21%
Cash and short duration (net)	1.0%	0.56%	0.01%
	<u>100%</u>		
		Total expected real return	5.80%
		Inflation for actuarial purposes	2.25%
		Total expected nominal return	<u>8.05%</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLAN (CONTINUED)

Sensitivity Analysis

The following table presents the sensitivity of the net pension liability to changes in the discount rate as of June 30, 2021.

Sensitivity of the Net Position Liability to Changes in the Discount Rate			
Fiscal Year	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
2021	\$ 4,439,424	\$ 3,581,979	\$ 2,866,002

The following table presents the sensitivity of the net pension liability to changes in the discount rate as of June 30, 2020.

Sensitivity of the Net Position Liability to Changes in the Discount Rate			
Fiscal Year	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
2020	\$ 4,133,565	\$ 3,296,663	\$ 2,592,392

Additional Financial and Actuarial Information

Information contained in these Notes to the Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2020, and the accounting valuation report as of June 30, 2020. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' ACFR.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. OTHER POST-EMPLOYMENT BENEFITS

Overview

The South Carolina Public Employee Benefit Authority ("PEBA") was created by the South Carolina General Assembly as part of Act No. 278 effective July 1, 2012. PEBA – Insurance Benefits is a state agency responsible for the administration and management of the state's employee insurance programs, other post-employment benefits trusts and retirement systems and is part of the State of South Carolina primary government.

The governing board of PEBA is a board of 11 members. The membership composition is three members appointed by the Governor, two members appointed by the President Pro Tempore of the Senate, two members appointed by the Chairman of the Senate Finance Committee, two members appointed by the Speaker of the House of Representatives and two members appointed by the Chairman of the House Ways and Means Committee. Individuals appointed to the PEBA board must possess certain qualifications. Members of the PEBA board serve for terms of two years and until their successors are appointed and qualify. Terms commence on July 1 of even numbered years. The PEBA board appoints the Executive Director. The laws of the State and the policies and procedures specified by the State for State agencies are applicable to all activities of PEBA. By law, the State Fiscal Accountability Authority ("SFFA"), which consists of five elected officials, also reviews certain PEBA Board decisions in administering the State Health Plan and other post-employment benefits ("OPEB").

Plan Description

The Other Post-Employment Benefits Trust Funds ("OPEB Trust") refers to the South Carolina Retiree Health Insurance Trust Fund ("SCRHITF") which was established by the State of South Carolina as Act 195, which became effective in May 2008. The SCRHITF was created to fund and account for the employer costs of the State's retiree health and dental plans.

In accordance with Act 195, the OPEB Trusts are administered by the PEBA – Insurance Benefits and the State Treasurer is the custodian of the funds held in trust. The Board of Directors of PEBA has been designated as the Trustee.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 6. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Benefits

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

Contributions and Funding Policies

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

The SCRHITF is funded through participating employers that are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll. The covered payroll surcharge for the year ended June 30, 2020 was 6.25%. The South Carolina Retirement System collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Non-employer contributions include the mandatory transfer of accumulated PEBA – Insurance Benefits' reserves and the annual appropriation budgeted by the General Assembly. It is also funded through investment income.

GASB Statement No. 75 requires participating employers to recognize revenue in an amount equal to the employer's proportionate share of the change in the collective net OPEB liability arising from contributions to the OPEB plan during the measurement period from non-employer contributing entities for purposes other than the separate financing of specific liabilities to the OPEB plan. Therefore, employers should classify this revenue in the same manner as it classifies grants from other entities. For the fiscal year ended June 30, 2021, the Authority recognized \$22,627 as a non-operating revenue from contributions from non-employer contributing entities.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Contributions and Funding Policies (Continued)

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

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

Actuarial Assumptions and Methods

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions and Methods (Continued)

Additional information as of the latest actuarial valuation for SCRHITF:

Valuation Date:	June 30, 2019
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	2.75%, net of OPEB Plan investment expense; including inflation.
Single Discount Rate:	2.45% as of June 30, 2020.
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the five-year period ended June 30, 2015.
Mortality:	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the base tables based on gender and employment type.
Healthcare Trend Rate:	Initial trend starting at 6.40% and gradually decreasing to an ultimate trend rate of 4.00% over a period of 15 years.
Aging Factors:	Based on plan specific experience.
Retiree Participation:	79% for retirees who are eligible for funded premiums. 59% for retirees who are eligible for partial funded premiums. 20% for retirees who are eligible for non-funded premiums.
Notes:	The discount rate changed from 3.13% as of June 30, 2019, to 2.45% as of June 30, 2020; updates were also made to the healthcare trend rate assumption, including an adjustment to reflect the repeal of the "Cadillac Tax".

Roll Forward Disclosure

The actuarial valuation was performed as of June 30, 2019. Update procedures were used to roll forward the total OPEB liability to the Authority's measurement date of June 30, 2020.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Net OPEB Liability

The Net OPEB Liability ("NOL") is calculated separately for each OPEB Trust Fund and represents that particular Trust's Total OPEB Liability ("TOL") determined in accordance with GASB No. 74 less that Trust's fiduciary net position. The allocation of each employer's proportionate share of the collective NOL and collective OPEB Expense was determined using the employer's payroll-related contributions over the measurement period. This method is expected to be reflective of the employer's long-term contribution effort as well as be transparent to individual employers and their external auditors. At June 30, 2020, the Authority's proportionate share was .016987%, which was a decrease of .00045% from its proportionate share measured as of June 30, 2019.

As of June 30, 2021 and 2020, the Authority's portion of the net OPEB liability is as follows:

	2021	2020
Total OPEB liability		
Service cost	\$ 107,954	\$ 88,985
Interest	87,941	96,933
Difference between actual and expected experience	73,488	(98,754)
Assumption changes	364,789	202,680
Benefit payments	(93,351)	(93,191)
Net change in total OPEB liability	540,821	196,653
Total OPEB liability - beginning	2,802,315	2,679,820
Total OPEB liability - ending	3,343,136	2,876,473
Plan fiduciary net position		
Contributions - employer	97,092	92,884
Contributions - non-employer contributing entities	22,627	17,970
Net investment income	17,505	13,529
Benefit payments	(93,351)	(93,192)
Administrative expense	(172)	(154)
Net change in plan fiduciary net position	43,701	31,037
Plan fiduciary net position - beginning	236,646	211,871
Plan fiduciary net position - ending	280,347	242,908
Net OPEB liability	\$ 3,062,789	\$ 2,633,565
Plan fiduciary net position as a percentage of the total OPEB liability	8.39%	8.44%

NOTES TO FINANCIAL STATEMENTS

NOTE 6. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Net OPEB Liability (Continued)

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

Single Discount Rate

The Single Discount Rate of 2.45% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of 1%).

Long-term Expected Rate of Return

The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation. This information is summarized in the following table:

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Weighted Long-Term Expected Real Rate of Return
U.S. Domestic Fixed Income	80.00%	0.80%	0.48%
Cash	20.00%	0.35%	0.07%
Total	100.00%		0.55%
		Total expected weighted real return	0.55%
		Inflation for actuarial purposes	2.25%
		Total return	2.80%
		Investment return assumption	2.75%

NOTES TO FINANCIAL STATEMENTS

NOTE 6. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity Analysis

The following table presents the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 2.45%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is 1-percent-point lower or 1-percent-point higher as of June 30, 2021 and 2020:

South Carolina Retiree Health Insurance Plan
Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

<u>Fiscal Year</u>	<u>1% Decrease (1.45%)</u>	<u>Current Discount Rate (2.45%)</u>	<u>1% Increase (3.45%)</u>
2021	\$ 3,654,522	\$ 3,062,789	\$ 2,589,950
2020	3,122,059	2,633,565	2,241,528

Regarding the sensitivity of the SCRHITF's net OPEB liability to changes in the healthcare cost trend rates, the following table presents the plan's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if it were calculated using a trend rate that is 1-percent-point lower or 1-percent-point higher, as of June 30, 2021 and 2020:

South Carolina Retiree Health Insurance Plan
Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

<u>Fiscal Year</u>	<u>1% Decrease (6.00% decreasing to 3.15%)</u>	<u>Current Healthcare Cost Trend Rates (7.00% decreasing to 4.15%)</u>	<u>1% Decrease (8.00% decreasing to 5.15%)</u>
2021	\$ 2,479,034	\$ 3,062,789	\$ 3,829,428
2020	2,149,270	2,633,565	3,264,259

NOTES TO FINANCIAL STATEMENTS

NOTE 6. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

OPEB Expense

Components of collective OPEB expense reported in the allocation of the OPEB expense and deferred outflows and inflows of resources related to OPEB for the fiscal years ended June 30, 2021 and 2020, are presented below.

<u>Description</u>	<u>2021</u>	<u>2020</u>
Service cost	\$ 187,364	\$ 188,846
Interest on the total OPEB liability	152,628	205,713
Projected earnings on plan investments	(11,920)	(18,729)
OPEB plan administrative expense	300	327
Due to liabilities	76,935	(37,170)
Due to assets	(855)	3,562
Total aggregate OPEB expense	<u>\$ 404,452</u>	<u>\$ 342,549</u>

Additional items included in total employer OPEB expense are the current period amortized portions of deferred outflows and/or inflows of resources related to changes in employers' proportionate share of the collective NOL and differences between actual employer contributions and proportionate share of total plan employer contributions.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>South Carolina Retiree Health Insurance Plan</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 87,599	\$ 69,751
Net difference between projected and actual earnings on OPEB plan investments	-	7,144
Changes of assumptions	455,781	121,976
Changes in proportion and differences between employer contributions and proportionate share of contributions	831,357	59,685
Employer contributions subsequent to the measurement date	<u>102,965</u>	<u>-</u>
Total	<u>\$ 1,477,702</u>	<u>\$ 258,556</u>

Authority contributions subsequent to the measurement date of \$102,965 for the SCRHITF plan are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

South Carolina Retiree Health Insurance Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 31,011	\$ 85,605
Net difference between projected and actual earnings on OPEB plan investments	3,081	-
Changes of assumptions	174,265	163,085
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,012,498	10
Employer contributions subsequent to the measurement date	97,747	-
Total	\$ 1,318,602	248,700

Authority contributions subsequent to the measurement date of \$97,747 for the SCRHITF plan are reported as deferred outflows of resources and was recognized as a reduction of the net OPEB liability in the year ended June 30, 2021.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>2021</u>	<u>2020</u>
2021	\$ -	\$ 177,813
2022	215,252	177,813
2023	214,265	176,074
2024	212,702	173,319
2025	239,845	267,136
2026	163,364	-
Thereafter	70,753	-
	<u>\$ 1,116,181</u>	<u>\$ 972,155</u>

NOTE 7. COMMITMENTS AND CONTINGENCIES

The Authority is subject to various claims and contingencies related to compliance with regulations associated with various grants, lawsuits, and other matters arising out of the normal course of business.

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

At June 30, 2021 and 2020, the Authority had commitments for construction projects of \$46,400 and \$0, respectively.

NOTE 8. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to: torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority is a participant in the South Carolina Insurance Reserve Fund, which is a cooperative group of governmental entities joining together to finance insurance exposure, liability, and risk. The Authority's risks covered within this pool are property (both building and personal), data processing equipment, business interruption, builder's risk, inland marine, torts, and automobile.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. RISK MANAGEMENT (CONTINUED)

The South Carolina Insurance Reserve Fund does not cover risks associated with a whistle-blower action, breaches of contract, debt guarantee of others, property tax appeals, automobile/aircraft/watercraft in excess of 26 feet in length, liability from pre-arranged speed contest, pollution liability (except sudden and accidental), war, workers' compensation, bodily injury to fellow employees, and professional liability of medical practitioners and architects.

Expenses for coverage through the South Carolina Insurance Reserve Fund for the years ended June 30, 2021 and 2020, totaled \$230,613 and \$191,806, respectively.

For all covered risks, the transfer of risk culminates upon filing a claim. Consequently, for items not covered, the members separately purchase policies to bear the risk up to policy premiums. The amount of settlements has not exceeded coverage in each of the past three years.

REQUIRED SUPPLEMENTARY INFORMATION

LOWCOUNTRY REGIONAL TRANSIT AUTHORITY

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM
FOR THE PLAN YEAR ENDED JUNE 30,**

Plan Year Ended June 30,	Authority's proportion of the net pension liability	Authority's proportionate share of the net pension liability	Authority's covered- employee payroll	Authority's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2020	0.014019%	\$ 3,581,979	\$ 1,563,956	229.0%	51.5%
2019	0.014437%	3,296,663	1,523,188	216.4%	54.4%
2018	0.011526%	2,582,547	1,194,384	216.2%	54.1%
2017	0.727200%	1,637,045	597,252	274.1%	53.3%
2016	0.007794%	1,664,787	605,250	275.1%	52.9%
2015	0.006532%	1,238,825	492,513	251.5%	57.0%
2014	0.005411%	931,595	402,298	231.6%	59.9%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

LOWCOUNTRY REGIONAL TRANSIT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF AUTHORITY PENSION CONTRIBUTIONS SOUTH CAROLINA RETIREMENT SYSTEM FOR THE FISCAL YEAR ENDED JUNE 30,

<u>Fiscal Year Ended June 30,</u>	<u>Statutorily required contribution</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Authority's covered- employee payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2021	\$ 243,351	\$ 243,351	\$ -	\$ 1,647,447	14.77%
2020	221,975	221,975	-	1,563,956	14.19%
2019	154,260	154,260	-	1,523,188	10.13%
2018	161,959	161,959	-	1,194,384	13.56%
2017	83,603	83,603	-	597,252	14.00%
2016	66,788	66,788	-	605,250	11.03%
2015	66,569	66,569	-	492,513	13.52%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

LOWCOUNTRY REGIONAL TRANSIT AUTHORITY

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
SOUTH CAROLINA RETIREE HEALTH PLAN
FOR THE PLAN YEAR ENDED JUNE 30,**

Plan Year Ended June 30,	Authority's proportion of the net OPEB liability	Authority's proportionate share of the net OPEB liability	Authority's covered- employee payroll	Authority's share of the net OPEB liability as a percentage of its covered employee	Plan fiduciary net position as a percentage of the total OPEB liability
2020	0.016967%	\$ 3,062,789	\$ 1,563,956	195.8%	7.60%
2019	0.017416%	2,633,565	1,523,188	172.9%	7.60%
2018	0.013850%	1,962,626	1,194,384	164.3%	7.60%
2017	0.008700%	1,178,401	597,252	197.3%	7.60%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

LOWCOUNTRY REGIONAL TRANSIT AUTHORITY

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY OPEB CONTRIBUTIONS
SOUTH CAROLINA RETIREE HEALTH PLAN
FOR THE FISCAL YEAR ENDED JUNE 30,**

Fiscal Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Authority's covered- employee payroll	Contributions as a percentage of covered employee payroll
2021	\$ 97,092	\$ 97,092	\$ -	\$ 1,647,447	5.89%
2020	92,884	92,884	-	1,563,956	5.94%
2019	63,847	63,847	-	1,523,188	4.19%
2018	64,724	64,724	-	1,194,384	5.42%
2017	35,808	35,808	-	597,252	6.00%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

SUPPLEMENTARY INFORMATION

LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

**SCHEDULES OF OPERATING EXPENSES
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Urban service		
Fixed route and deviated fixed route		
Salaries and wages	\$ 108,793	\$ 65,303
Payroll taxes, employee retirement and fringe benefits	60,721	25,727
Employee training, physicals and drug testing	1,423	1,356
Fuel and lubricants	32,404	17,278
Management service contract	-	1
Materials and supplies	35,529	808
Miscellaneous	7,838	497
Other services	26,624	666
Tires	13,706	-
Travel and meetings	1,390	514
Uniforms	1,901	212
Utilities	16,610	1,401
Total urban fixed route and deviated fixed route	<u>306,939</u>	<u>113,763</u>
Commuter bus		
Salaries and wages	86,783	231,505
Payroll taxes, employee retirement and fringe benefits	48,437	90,830
Employee training, physicals and drug testing	1,135	4,787
Fuel and lubricants	25,848	61,000
Management service contract	-	5
Materials and supplies	28,341	2,653
Miscellaneous	6,253	1,753
Other services	21,238	2,351
Tires	10,933	-
Travel and meetings	1,109	1,816
Uniforms	1,517	747
Utilities	13,250	4,945
Total urban commuter bus	<u>244,844</u>	<u>402,592</u>
Non-sponsored demand response		
Salaries and wages	52,226	45,283
Payroll taxes, employee retirement and fringe benefits	29,149	17,759
Employee training, physicals and drug testing	683	936
Fuel and lubricants	15,555	11,927
Management service contract	-	1
Materials and supplies	17,056	558
Miscellaneous	3,763	343
Other services	12,781	460
Tires	6,579	-
Travel and meetings	667	355
Uniforms	913	146
Utilities	7,974	967
Total urban non-sponsored demand response	<u>147,346</u>	<u>78,715</u>
Total urban service	<u>\$ 699,129</u>	<u>\$ 595,070</u>

(Continued)

LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

**SCHEDULES OF OPERATING EXPENSES
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Rural service		
Fixed route and deviated fixed route		
Salaries and wages	\$ 89,433	\$ 35,978
Payroll taxes, employee retirement and fringe benefits	38,752	14,115
Employee training, physicals and drug testing	908	744
Fuel and lubricants	20,680	9,479
Management service contract	-	1
Materials and supplies	22,675	443
Miscellaneous	5,003	272
Other services	16,991	365
Tires	8,747	-
Travel and meetings	687	282
Uniforms	1,213	116
Utilities	10,601	788
Total rural fixed route and deviated fixed route	<u>195,680</u>	<u>62,561</u>
Commuter bus		
Salaries and wages	570,442	667,386
Payroll taxes, employee retirement and fringe benefits	318,383	261,848
Employee training, physicals and drug testing	7,459	13,801
Fuel and lubricants	169,907	175,852
Management service contract	-	14
Materials and supplies	186,293	8,225
Miscellaneous	41,105	5,054
Other services	139,599	6,778
Tires	71,865	-
Travel and meetings	7,287	5,236
Uniforms	9,968	2,153
Utilities	87,093	14,254
Total rural commuter bus	<u>1,609,401</u>	<u>1,160,601</u>
Non-sponsored demand response		
Salaries and wages	202,906	175,277
Payroll taxes, employee retirement and fringe benefits	113,248	68,770
Employee training, physicals and drug testing	2,653	3,625
Fuel and lubricants	60,435	46,184
Management service contract	-	4
Materials and supplies	66,264	2,160
Miscellaneous	14,621	1,327
Other services	49,655	1,780
Tires	25,562	-
Travel and meetings	2,592	1,375
Uniforms	3,546	565
Utilities	30,979	3,744
Total rural non-sponsored demand response	<u>572,461</u>	<u>304,811</u>
Total rural service	<u>\$ 2,377,762</u>	<u>\$ 1,527,973</u>

(Continued)

LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

SCHEDULES OF OPERATING EXPENSES FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
General and administration		
Salaries and wages	\$ 380,791	\$ 1,127,984
Payroll taxes, employee retirement and fringe benefits	147,440	88,905
Advertising	15,361	43,699
Contract maintenance	3,430	3,445
Copier rental	8,400	7,200
Dues and subscriptions	3,730	3,101
Employee training, physicals and drug testing	2,164	8,174
Insurance	213,189	163,663
Management service contract	-	366
Materials and supplies	88,840	13,819
Miscellaneous	20,372	25,504
Other contract services	-	186
Professional fees - management, legal and audit	173,799	144,474
Travel and meetings	427	369
Utilities	21,650	40,385
Total general and administration	<u>\$ 1,059,592</u>	<u>\$ 1,671,274</u>
Maintenance department		
Salaries and wages	\$ 235,333	\$ 261,871
Payroll taxes, employee retirement and fringe benefits	99,549	93,081
Employee training, physicals and drug testing	902	6,331
Emergency operations	-	2,813
Contract maintenance	60,505	92,578
Fuel and lubricants	8,437	3,130
Materials and supplies	8,489	139,848
Travel and meetings	4,879	209
Uniforms and safety supplies	4,433	5,401
Utilities	17,056	3,181
Total maintenance department	<u>\$ 439,583</u>	<u>\$ 608,443</u>
Depreciation expense		
Buildings and improvements	\$ 41,975	\$ 42,535
Vehicles	579,961	588,394
Furniture and equipment	13,901	12,208
Maintenance and other equipment	90,308	84,104
Computer software	3,522	6,366
Total depreciation expense	<u>\$ 829,667</u>	<u>\$ 733,607</u>

LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

**SCHEDULE OF BUDGETED TO ACTUAL COSTS - SCDOT GRANTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

OPT Contract #
Contract Period

PT-2013CA-12
February 1, 2020 - June 30, 2021

Performance period:

Administration
Miscellaneous expenses
Lease and rentals
Advertising fees
Total administration

Operations

Operations wages
Operations fringe benefits
Other services
Fuel and lubricants
Other materials & supplies
Utilities
Casualty and liability
Miscellaneous expenses
Total operations
Less contra expenses
Net operations

Capital

ADA Capital

Total capital

Total program

	Previous			Current			Total	Budget Balance
	Federal	State	Local	Federal	State	Local		
	Feb 2019 through June 2020	Feb 2019 through June 2020	Feb 2019 through June 2020	July 2020 through June 2021	July 2020 through June 2021	July 2020 through June 2021		
Total Budget							Feb 2019 through June 2021	
Miscellaneous expenses	\$ 750,284	\$ 138,871	\$ -	\$ 585,284	\$ -	\$ -	\$ 724,135	\$ 26,129
Lease and rentals	-	-	-	-	-	-	-	-
Advertising fees	-	-	-	-	-	-	-	-
Total administration	750,284	138,871	-	585,284	-	-	724,135	26,129
Operations wages	849,451	178,448	-	788,717	-	-	948,183	1,288
Operations fringe benefits	470,344	87,728	-	379,910	-	-	487,638	2,706
Other services	27,334	4,488	-	15,280	-	-	19,738	7,598
Fuel and lubricants	242,400	33,326	-	138,087	-	-	171,383	71,007
Other materials & supplies	6,880	417	-	8,280	-	-	6,707	1,183
Utilities	13,479	10,750	-	2,729	-	-	13,479	-
Casualty and liability	39,279	10,379	-	28,900	-	-	39,279	-
Miscellaneous expenses	9,002	-	-	8,002	-	-	8,002	1,000
Total operations	1,758,149	325,502	-	1,347,895	-	-	1,873,397	84,752
Less contra expenses	-	(11,606)	-	(352,421)	-	-	(363,926)	363,926
Net operations	1,758,149	313,897	-	995,474	-	-	1,309,471	448,678
Capital	459,443	85,633	-	367,774	-	-	453,407	6,036
ADA Capital	1,223,662	-	-	1,223,662	-	-	1,223,662	-
Total capital	1,683,005	85,633	-	1,591,338	-	-	1,676,969	6,036
Total program	\$ 4,191,418	\$ 638,501	\$ -	\$ 3,172,074	\$ -	\$ -	\$ 3,710,575	\$ 480,843

Approved Budget

\$ 4,191,418

TI Federal Costs

3,710,575

TI State Costs

-

TI Local Costs

-

Actual over (under) Budget

\$ (480,843)

LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

**SCHEDULE OF BUDGETED TO ACTUAL COSTS - SCDOT GRANTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

OPT Contract #
Contract Period

PT-201311-11

July 1, 2019 - June 30, 2021

Performance period:

Administration

Miscellaneous expenses
Total administration

Operations

Operations wages
Operations fringe benefits
Other services
Fuel and lubricants
Other materials and supplies
Utilities
Casualty and liability
Miscellaneous expenses
Total operations
Less contra expenses
Net operations

Capital

Total program

	Previous			Current			Total	Budget Balance
	Federal	State	Local	Federal	State	Local		
	July 2019 through June 2020	July 2019 through June 2020	July 2019 through June 2020	July 2020 through June 2021	July 2020 through June 2021	July 2020 through June 2021		
Total Budget							July 2019 through June 2021	
Miscellaneous expenses	\$ 343,100	\$ 175,340	\$ 63,880	\$ 63,880	\$ -	\$ -	\$ 343,100	\$ -
Total administration	343,100	175,340	63,880	63,880	-	-	343,100	-
Operations wages	506,684	313,342	67,735	106,607	-	-	506,684	-
Operations fringe benefits	233,177	133,062	37,257	62,658	-	-	233,177	-
Other services	6,162	3,061	680	2,401	-	-	6,162	-
Fuel and lubricants	168,290	90,290	25,715	50,265	-	-	168,290	-
Other materials and supplies	10,866	6,483	589	4,894	-	-	10,866	-
Utilities	29,997	14,889	4,646	10,352	-	-	29,997	-
Casualty and liability	338,110	227,055	60,103	50,952	-	-	338,110	-
Miscellaneous expenses	4,617	2,469	632	1,778	-	-	4,617	-
Total operations	1,296,223	769,731	217,367	289,125	-	-	1,296,223	-
Less contra expenses	(263,236)	(263,236)	-	-	-	-	(263,236)	-
Net operations	1,012,984	506,492	217,367	289,125	-	-	1,012,984	-
Capital	821,631	317,566	25,905	53,030	26,479	3,310	429,620	392,211
Total program	\$ 2,177,915	\$ 899,419	\$ 327,152	\$ 428,035	\$ 26,479	\$ 3,310	\$ 1,763,704	\$ 392,211

Approved Budget

TI Federal Costs

TI State Costs

TI Local Costs

Actual over (under) Budget

\$ 2,177,915

1,025,897

330,462

429,345

\$ (392,211)

LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

**SCHEDULE OF BUDGETED TO ACTUAL COSTS - SCDOT GRANTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

OPT Contract #
Contract Period

RTAP
July 1, 2020 - June 30, 2021

OPT RTAP Authorization		RTAP Reimbursement Request					Amount Charged to Other OPT Funds
OPT RTAP Number	Authorized Event	Total Amount Authorized	Registration Expenses	Lodging Expenses	Meal Expenses	OPT Reimbursement	
21R013-01	CTAA 2020 Fit for Success and PASS Train the Trainer Program	\$ 850	\$ 850	\$ -	\$ -	\$ 850	\$ -
21R013-02	TSI TISM course	759	-	545	122	867	-
Total		\$ 1,408	\$ 850	\$ 545	\$ 122	\$ 1,317	\$ -

LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

**SCHEDULE OF BUDGETED TO ACTUAL COSTS - SCDOT GRANTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

OPT Contract #
Contract Period

PT-201388-34
July 1, 2019 - June 30, 2021

Performance period:

Technical Assistance

Contractual

Total program

	Previous			Current				Budget Balance
	Federal	State	Local	Federal	State	Local	Total	
	July 2019 through June 2020	July 2019 through June 2020	July 2019 through June 2020	July 2020 through June 2021	July 2020 through June 2021	July 2020 through June 2021	July 2019 through June 2021	
Total Budget								
	\$ 16,750	\$ 11,120	\$ 2,780	\$ -	\$ -	\$ -	\$ 13,900	\$ 4,850
	\$ 16,750	\$ 11,120	\$ 2,780	\$ -	\$ -	\$ -	\$ 13,900	\$ 4,850

Approved Budget	\$ 16,750
TI Federal Costs	11,120
TI State Costs	2,780
TI Local Costs	-
Actual over (under) Budget	<u>\$ (4,850)</u>

LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

**SCHEDULE OF BUDGETED TO ACTUAL COSTS - SCDOT GRANTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

OPT Contract #
Contract Period

PT-201399-34
July 1, 2019 - June 30, 2021

Performance period:

	Previous			Current			Total	Budget Balance
	Federal	State	Local	Federal	State	Local		
	July 2019 through June 2020	July 2019 through June 2020	July 2019 through June 2020	July 2020 through June 2021	July 2020 through June 2021	July 2020 through June 2021		
Total Budget								
SMTF - Administration	\$ 16,000	\$ -	\$ 3,775	\$ -	\$ -	\$ -	\$ 3,775	\$ 11,225
SMTF - Operations	12,506	-	12,506	-	-	-	12,506	-
SMTF - Capital	37,034	-	19,733	-	-	-	19,733	17,301
SMTF - Capital ADA	10,275	-	10,275	-	-	-	10,275	-
SMTF - T/A	10,000	-	3,730	-	-	-	3,730	6,270
Total program	\$ 84,815	\$ -	\$ 50,019	\$ -	\$ -	\$ -	\$ 50,019	\$ 34,796

Approved Budget \$ 84,815
 TI Federal Costs -
 TI State Costs 50,019
 TI Local Costs -
 Actual over (under) Budget \$ (34,796)

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Authority's ACFR presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information, and supplementary information says about the Authority's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	55 – 58
<i>These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.</i>	
Revenue Capacity	59
<i>These schedules contain information to help the reader assess the Authority's most significant revenue sources.</i>	
Debt Capacity	60
<i>These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	61 – 64
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.</i>	
Operating Information	65 – 68
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.</i>	

LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

**TOTAL NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Unrestricted	\$ 623,356	\$ 656,336	\$ 735,762	\$ (619,129)	\$ (652,664)	\$ (759,866)	\$ (2,067,792)	\$ (2,577,576)	\$ (3,376,241)	\$ (3,827,297)
Net Investment in Capital Assets	3,114,370	3,427,406	3,097,926	3,102,089	2,890,232	1,827,372	3,024,653	4,494,420	5,141,830	6,495,397
Total Position	\$ 3,737,726	\$ 4,083,742	\$ 3,833,708	\$ 2,482,960	\$ 2,248,568	\$ 1,067,516	\$ 968,861	\$ 1,906,842	\$ 1,762,589	\$ 2,578,100

Source: Lowcountry Regional Transportation Authority

LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

CHANGES IN NET POSITION LAST TEN FISCAL YEARS

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Operating Revenue	\$ 486,380	\$ 539,991	\$ 767,952	\$ 877,161	\$ 858,183	\$ 855,050	\$ 790,965	\$ 936,504	\$ 629,331	\$ 500,627
Operating Expense	2,589,665	2,569,049	2,891,496	3,332,172	3,070,737	3,635,066	3,405,453	4,491,778	5,136,637	5,405,723
Operating Loss	(2,103,276)	(2,019,058)	(2,123,544)	(2,455,011)	(2,212,554)	(2,980,016)	(2,615,488)	(3,555,274)	(4,507,306)	(4,905,096)
Total non-operating revenues/(expenses)	1,827,612	1,706,423	1,885,077	2,022,733	1,976,162	1,800,984	3,737,796	4,494,065	4,392,763	5,720,607
Gain (loss) before Capital contributions	(275,664)	(312,635)	(238,467)	(432,278)	(236,392)	(1,179,032)	1,122,306	939,981	(144,253)	815,511
Capital contributions	-	659,651	(11,467)	-	-	-	-	-	-	-
Change in net position	(275,664)	346,996	(250,034)	(432,278)	(236,392)	(1,179,032)	1,122,306	939,981	(144,253)	815,511
Net Position beginning of year as previously reported	2,543,592	2,819,256	3,165,272	2,915,238	2,482,990	2,246,568	1,087,516	966,861	1,906,842	1,782,589
Restatement for change in accounting principle	-	-	-	-	-	-	(1,222,963)	-	-	-
Net Position beginning of Year as restated	-	-	-	-	-	-	(155,447)	-	-	-
Net Position end of year	\$ 2,267,928	\$ 3,165,272	\$ 2,915,238	\$ 2,482,960	\$ 2,246,568	\$ 1,087,516	\$ 966,861	\$ 1,906,842	\$ 1,782,589	\$ 2,578,100

Source: Lowcountry Regional Transportation Authority

LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

REVENUE HISTORY BY SOURCE LAST TEN FISCAL YEARS

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Operating	486,389	539,991	767,852	877,161	858,183	855,050	780,965	938,504	829,331	500,627
Federal operating grants	1,024,575	914,380	1,083,253	1,102,331	1,137,942	973,983	2,383,208	3,317,776	3,037,297	4,629,606
State	280,311	280,646	303,524	373,879	329,485	320,378	773,479	628,454	468,763	88,831
County and Municipal	523,404	509,392	482,280	574,025	523,280	513,280	570,824	536,567	851,658	789,656
Appropriations	353	590	253	132	346	927	4,811	5,023	4,164	335
Interest Income	4,800	1,425	4,200	-	-	-	-	-	-	-
Other *	-	858,651	(11,467)	-	-	-	-	-	-	-
Capital Grants	-	-	1,567	(27,634)	(14,791)	(7,584)	5,674	5,415	901	11,777
Gain (loss) disposal of fixed assets	-	-	-	-	-	-	-	-	-	-
Other capital contributions **	-	-	-	-	-	-	-	-	-	-
Total	\$ 2,319,832	\$ 2,905,065	\$ 2,641,462	\$ 2,689,894	\$ 2,834,345	\$ 2,656,034	\$ 4,528,761	\$ 5,431,769	\$ 4,982,114	\$ 6,221,234

* Other - Accommodations Tax Grants and other grants, etc.
 ** Other Capital Contributions - Imputed interest on capital advances - SCDOT

Source: Lowcountry Regional Transportation Authority

LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

**EXPENSE HISTORY BY FUNCTION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Operations	\$ 1,601,386	\$ 1,591,377	\$ 1,938,852	\$ 2,260,021	\$ 1,868,533	\$ 1,945,748	\$ 1,960,568	\$ 2,248,164	\$ 2,532,340	\$ 3,078,861
Maintenance	148,494	96,108	108,142	138,487	160,026	172,698	196,541	415,070	467,532	439,563
Administration	460,978	492,090	474,809	511,185	570,178	534,793	660,521	1,245,469	1,402,868	1,059,592
Depreciation	348,799	378,884	373,893	408,424	472,000	1,181,847	388,825	583,055	733,807	829,667
Total	\$ 2,589,665	\$ 2,558,049	\$ 2,891,496	\$ 3,338,717	\$ 3,070,737	\$ 3,635,086	\$ 3,406,453	\$ 4,491,778	\$ 5,138,367	\$ 5,406,723

Sources: Lowcountry Regional Transportation Authority

LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

FARE HISTORY
LAST TEN FISCAL YEARS

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Cash										
Allendale	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 3.25	\$ 3.25	\$ 3.25	\$ 3.25	\$ 3.25
Beaufort	2.25	2.25	2.25	2.25	2.25	2.75	2.75	2.75	2.75	2.75
Colleton	3.25	3.25	3.25	3.25	3.25	4.00	4.00	4.00	4.00	4.00
Hampton	3.25	3.25	3.25	3.25	3.25	4.00	4.00	4.00	4.00	4.00
Jasper	2.75	2.75	2.75	2.75	2.75	3.50	3.50	3.50	3.50	3.50
Demand Response	6-10	6-10	6-10	6-10	6-10	3.75-14	3.75-14	3.75-14	3.75-14	3.75-14
Weekly Tickets										
Allendale	\$ 27.00	\$ 27.00	\$ 27.00	\$ 27.00	\$ 27.00	\$ 35.10	\$ 35.10	\$ 35.10	\$ 35.10	\$ 35.10
Beaufort	24.30	24.30	24.30	24.30	24.30	29.70	29.70	29.70	29.70	29.70
Colleton	35.10	35.10	35.10	35.10	35.10	43.20	43.20	43.20	43.20	43.20
Hampton	35.10	35.10	35.10	35.10	35.10	43.20	43.20	43.20	43.20	43.20
Jasper	29.70	29.70	29.70	29.70	29.70	37.80	37.80	37.80	37.80	37.80
Monthly Tickets										
Allendale	\$ 93.50	\$ 93.50	\$ 93.50	\$ 93.50	\$ 93.50	\$ 128.70	\$ 128.70	\$ 128.70	\$ 128.70	\$ 128.70
Beaufort	84.15	84.15	84.15	84.15	84.15	108.90	108.90	108.90	108.90	108.90
Colleton	121.55	121.55	121.55	121.55	121.55	158.40	158.40	158.40	158.40	158.40
Hampton	121.55	121.55	121.55	121.55	121.55	158.40	158.40	158.40	158.40	158.40
Jasper	102.85	102.85	102.85	102.85	102.85	138.60	138.60	138.60	138.60	138.60

Notes:
2015 - 10% Discount Weekly Tickets; 15% Discount Monthly Tickets
2017 - 10% Discount Weekly Tickets; 10% Discount Monthly Tickets

Source: Lowcountry Regional Transportation Authority

LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

LONG-TERM LIABILITIES
LAST TEN FISCAL YEARS

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Advances from SCDOT	\$ 126,343	\$ 53,254	\$ 64,721	\$ 43,147	\$ 21,573	\$ 21,573	\$ -	\$ -	\$ -	\$ -
Net pension liability	-	-	-	931,565	1,238,825	1,664,787	1,637,045	2,582,547	3,296,663	3,581,979
Net other post-employment benefits liability	-	-	-	-	-	-	1,176,401	1,962,626	2,633,565	3,062,789
Less short-term portion of long-term liabilities	(73,089)	(17,751)	(21,574)	(21,574)	(21,573)	-	-	-	-	-
Total Assets	\$ 53,254	\$ 35,503	\$ 43,147	\$ 953,168	\$ 1,238,825	\$ 1,664,787	\$ 2,815,446	\$ 4,545,173	\$ 5,930,228	\$ 6,644,768

Sources: Lowcountry Regional Transportation Authority

LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

**UNEMPLOYMENT RATE TRENDS
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Allendale	16.9	14.0	12.2	11.3	9.5	6.9	6.4	5.7	8.6	6.0
Beaufort	7.6	6.4	5.7	5.5	4.8	4.0	3.4	3.0	3.7	3.8
Colleton	12.1	8.9	7.6	7.0	5.6	4.8	4.2	3.6	5.2	4.8
Hampton	11.2	9.3	7.7	8.4	5.8	4.5	3.8	3.4	4.2	4.1
Jasper	8.5	6.9	5.7	5.1	4.3	3.6	3.3	3.0	3.9	3.4
South Carolina	9.2	7.6	6.5	6.0	5.0	4.3	3.2	3.4	4.8	4.3
United States	8.1	7.4	6.2	5.3	4.9	4.4	4.0	3.7	11.1	5.7

Source: South Carolina Department of Employment and Workforce

LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

PER CAPITA INCOME AND DEBT OUTSTANDING LAST TEN FISCAL YEARS

County	Per Capita Income									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Albermarle	\$ 26,534	\$ 27,259	\$ 26,219	\$ 28,701	\$ 27,380	\$ 28,382	\$ 31,117	\$ 32,538	\$ 33,582	²
Beaufort	43,207	45,060	45,262	48,525	50,864	52,674	54,372	57,251	59,318	²
Colleton	28,214	28,522	28,129	30,581	31,980	33,316	34,442	35,940	37,521	²
Hampton	27,102	26,301	27,009	27,378	28,790	30,098	31,320	32,887	34,322	²
Jasper	22,830	23,220	24,057	25,480	26,588	27,385	27,919	30,017	31,488	²
South Carolina	33,804	35,248	35,282	37,014	38,783	39,517	42,081	43,702	46,438	47,288
United States	42,461	44,282	44,493	46,494	48,451	49,246	51,885	54,446	56,490	59,532

County	Per Capita Debt Outstanding									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Albermarle	\$ 83	\$ 62	\$ 44	\$ 27	\$ 9	\$ -	\$ -	\$ 277	\$ 257	\$ 282
Beaufort	1,640	1,558	1,374	1,277	1,276	1,177	1,502	1,207	1,228	1,046
Colleton	250	388	337	279	1,019	991	914	804	882	658
Hampton	35	100	98	98	42	31	328	282	207	236
Jasper	858	851	852	830	808	860	863	790	784	687
South Carolina	¹	3,147	3,088	3,124	3,089	3,271	¹	¹	3,089	¹
United States	47,364	51,101	52,838	55,796	58,375	60,470	62,143	65,600	69,080	80,885

Notes:
¹ South Carolina per capita debt not available for these years
² Per capita income by county not available for 2020

Sources:
 U.S. Bureau of Economic Analysis at www.bea.gov. Per Capita Income.
 SC Office of State Controller - www.treasurer.sc.gov. Local Government Debt Report.

LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

PERSONAL INCOME (IN THOUSANDS OF DOLLARS)
LAST TEN FISCAL YEARS

County	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Abbeville	\$ 270,932	\$ 276,544	\$ 285,757	\$ 261,591	\$ 285,305	\$ 286,988	\$ 275,835	\$ 278,574	\$ 285,913	\$ 291,759
Beaufort	7,064,529	7,472,169	7,680,171	6,349,680	8,973,640	8,644,345	9,171,747	9,658,499	10,703,302	11,386,255
Colleton	1,109,035	1,124,286	1,144,009	1,191,394	1,255,696	1,249,641	1,303,126	1,291,755	1,344,354	1,413,693
Hampton	555,443	543,893	526,467	537,435	550,763	549,288	572,227	604,937	628,382	659,743
Jasper	571,530	587,911	624,202	667,601	71,253	722,096	747,895	790,062	847,161	946,925
South Carolina	157,952,965	166,397,814	168,267,898	178,719,703	189,638,135	196,049,325	205,539,000	228,042,000	236,979,200	238,194,600
United States	13,233,436,000	13,904,465,000	14,066,960,000	14,811,368,000	15,547,661,000	15,912,777,000	16,644,660,000	18,077,710,000	18,724,700,000	18,940,513,600

Sources:

U.S. Bureau of Economic Analysis at www.bea.gov, Regional Delta GDP and Personal Income.
SC Office of State Controller - www.treasurer.sc.gov, Local Government Debt Report.

LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

POPULATION TRENDS
LAST TEN FISCAL YEARS

County	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Allendale	10,247	9,884	9,825	9,701	9,420	9,059	9,002	8,903	8,688	8,039
Beaufort	163,958	167,502	171,108	175,233	179,896	183,487	188,844	188,715	192,122	187,117
Colleton	38,482	38,121	37,682	37,548	37,467	37,589	37,811	37,860	37,877	36,604
Hampton	20,775	20,741	20,390	20,432	20,031	19,874	19,802	18,351	19,222	18,561
Jasper	25,408	28,797	26,428	26,782	27,605	28,071	28,458	28,971	30,073	28,791
South Carolina	4,672,637	4,720,760	4,787,894	4,828,430	4,894,834	4,961,119	5,024,389	5,084,127	5,148,714	5,118,425
United States	311,683,358	313,988,379	316,204,908	318,563,456	320,888,618	323,127,513	325,719,178	327,187,434	328,239,523	331,449,281

Source: US Census Bureau - www.census.gov

LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

TOP 20 EMPLOYERS BY COUNTY

ALLENDALE	BEAUFORT	COLLETON	HAMPTON	JASPER
ALLENDALE COUNTY COUNCIL	ATLANTIC PERSONNEL INC	40FORTY SOLUTIONS LLC	ALPHA GENESIS INC	AMENOGAS PROPANE INC
ALLENDALE COUNTY HOSPITAL & NURSING	BEAUFORT COUNTY SCHOOL DISTRICT	ADVANTAGE VETERANS SERVICES OF WALT	BLO LLC	CARECORE NATIONAL LLC
ALLENDALE COUNTY RESCUE SQUAD INC	BEAUFORT MEMORIAL HOSPITAL	AEROCARE EMPLOYEE BENEFITS INC	DEPARTMENT OF JUSTICE	CITY OF HARDERVILLE
ALLENDALE COUNTY SCHOOLS	CARECORE NATIONAL LLC	BLO LLC	ELLIOTT SAWMILLING CO INC	CLELAND SITE PREP INC
ALLENDALE HAMPTON JASPER REG. LIBRARY	COUNTY OF BEAUFORT	CAROLINA COMPOSITES, LLC	FOOD LION LLC	COASTAL CAROLINA MEDICAL CENTER INC
ALLENDALE ISA 71	CYPRESS CLUB INC.	CITY OF WALTERSBORO	H&H FOOD SERVICES LLC	COASTAL STATES AUTOMOTIVE GROUP MAN
ARCHROMA US INC	DEPARTMENT OF DEFENSE	COLLETON COUNTY GOVERNMENT	HAMPTON COUNTY	COMPASSION HEAL THCARE INC
ATLANTIC POWER SERVICES LLC	GREGORY M PARKER INC	COLLETON COUNTY SCHOOL DISTRICT	HAMPTON COUNTY SCHOOL DISTRICT 2	COUNTY OF JASPER
AXIOS INDUSTRIAL MAINTENANCE CONTRA	HARGRAY COMMUNICATIONS GROUP INC	COLLETON CNTY BOARD OF DISABILITIES	HAMPTON COUNTY SCHOOL DISTRICT ONE	EUROMA ATLANTIC COAST LLC
AZ ELECTRONIC MATERIALS USA CORP	LOWES HOME CENTERS INC	CRACKER BARREL OLD COUNTRY STORE	HAMPTON REGIONAL MEDICAL CENTER IN	EVMI PIZZA OF SC LLC
BOODIE HOELL ENTERPRISES INC	MARINE CORPS COMMUNITY SERVICES	JAXCO INDUSTRIES INC	LECREUSET OF AMERICA INC	JASPER CO BD OF DISABILITIES
COLLINS ADMINISTRATION & MAINTENANC	MARSHOTT RESORTS HOSPR CORP	JH HIERS CONSTRUCTION LLC	LOW COUNTRY FAMILY SERVICES INC	JASPER COUNTY SCHOOL DISTRICT
FOUR STAR INDUSTRIES LLC	MONTAGE PALMETTO BLUFF	MASTERCORP INC	MORNING STAR HOME CARE SERVICES LLC	MYERS EDGE INC
GEORGIA PACIFIC WOOD PRODUCTS, LLC	PUBLIX SUPER MARKETS INC	PALMETTO EXTERMINATORS INC.	MYERS EDGE INC	O C WELCH FORD LINCOLN MERCURY INC
JULIUS W WALL III	SEA PINES RESORT LLC	PALMETTO RURAL TELEPHONE CO OF INC	OAKWOOD PRODUCTS LLC	PALMETTO ELECTRIC CO OP INC
LOWCOUNTRY HEALTH CARE SYSTEM	SITEL OPERATING CORPORATION	PRUITTHEALTH WALTERSBORO LLC	PALMETTO STATE BANK	PUBLIX SUPER MARKETS INC
SC DEPT OF TRANSPORTATION	TENET PHYSICIAN SVCS OF HILTON HEAD	RCI RESORT MANAGEMENT INC	PETERS MURDOUGH PARKER ELTZROTH & D	RIDGELAND NURSING CENTER INC
SC DEPT OF CORRECTIONS	THE GREENERY INC.	SOUTHERN HEALTH PARTNERS INC	PRUITTHEALTH ESTILL LLC	SC DEPARTMENT OF CORRECTIONS
SCOTTSMAN GROUP LLC	THE KROGER COMPANY	WAL-MART ASSOCIATES INC	R&L CARRIERS SHARED SERVICES LLC	SARTRIA READY MIX CONCRETE LLC
UNIVERSITY OF SOUTH CAROLINA	WAL-MART ASSOCIATES INC	WALTERSBORO COMMUNITY HOSPITAL INC	VALMONT INDUSTRIES INC	WAL-MART ASSOCIATES INC.

Source: SC Department of Employment and Workforce - Community Profiles

LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

TREND STATISTICS
LAST TEN FISCAL YEARS

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Passengers	139,196	155,377	160,068	205,766	185,423	262,186	256,630	266,638	213,635	209,220
Revenue Miles	599,472	597,049	606,155	647,531	726,909	660,467	687,598	731,612	680,039	653,539
Total Miles	867,984	890,706	915,219	1,255,328	1,026,261	900,266	952,765	1,038,614	935,247	868,517
Passengers Per Total Miles	0.16	0.17	0.17	0.16	0.18	0.29	0.27	0.26	0.23	0.23
Revenue Hours	26,472	25,170	25,960	40,870	34,875	33,402	32,811	36,239	32,432	28,648
Total Hours	36,553	35,978	37,690	58,168	47,143	43,527	44,017	48,435	43,019	39,001
Passengers Per Revenue Hours	5.26	6.17	6.17	5.03	5.35	7.85	7.82	7.36	6.59	7.06
Total Operating Expense	\$ 2,599,665	\$ 2,559,049	\$ 2,691,496	\$3,338,717	\$ 3,070,737	\$ 3,835,086	\$ 3,406,453	\$ 4,491,778	\$ 5,136,367	\$ 5,406,723
Cost Per Mile	\$ 2.98	\$ 2.87	\$ 3.16	\$ 2.66	\$ 2.99	\$ 4.26	\$ 3.58	\$ 4.33	\$ 5.49	\$ 6.02
Cost Per Passenger	\$ 18.60	\$ 16.47	\$ 16.06	\$ 16.23	\$ 16.56	\$ 14.63	\$ 13.27	\$ 16.85	\$ 24.04	\$ 25.84
Farebox Revenue	\$ 272,229	\$ 306,932	\$ 347,735	\$ 395,060	\$ 474,014	\$ 497,783	\$ 431,928	\$ 423,059	\$ 473,794	\$ 415,630
Fare Revenue Per Passenger	\$ 1.96	\$ 1.98	\$ 2.17	\$ 1.87	\$ 2.56	\$ 1.86	\$ 1.68	\$ 1.59	\$ 2.22	\$ 1.99
Cost Per Revenue Hour	\$ 97.83	\$ 101.67	\$ 111.43	\$ 81.69	\$ 88.56	\$ 114.82	\$ 103.82	\$ 123.95	\$ 158.37	\$ 182.33
Cost Per Total Hour	\$ 70.85	\$ 71.13	\$ 76.72	\$ 57.38	\$ 65.14	\$ 88.11	\$ 77.39	\$ 92.74	\$ 119.40	\$ 138.60
Avg Passenger Trips Per Day	385	429	442	566	512	724	709	737	590	576
Road Calls	21	16	24	36	19	17	9	17	13	13
Accidents	5	8	17	12	12	11	10	9	17	19

Notes:
 Farebox revenue - Over the years, we have increased the number of contracts in which the passenger fare is covered by the contract fee, but is not reflected in farebox revenue.
 Cost figures include depreciation expense.
 Fiscal Year 2017 Total Operating Expense reflects one-time depreciation adjustment.

Source: Lowcountry Regional Transportation Authority

LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

CAPITAL ASSETS STATISTICS
LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Bus Routes	16	18	21	28	26	20	22	21	26	32
Buses	27	26	30	38	34	28	30	32	38	43
Operations Expense	\$ 2,589,865	\$ 2,559,049	\$ 2,891,496	\$3,338,717	\$ 3,070,737	\$ 3,635,066	\$ 3,408,453	\$ 4,491,778	\$ 5,136,367	\$ 5,405,723
Operating Cost Per Vehicle	\$ 95,914	\$ 98,425	\$ 74,398	\$ 87,861	\$ 90,316	\$ 138,987	\$ 113,545	\$ 140,368	\$ 135,168	\$ 125,714

Notes:
Fiscal Year 2017 Operating Expense reflects one-time depreciation adjustment.

Source: Lowcountry Regional Transportation Authority

LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

**EMPLOYMENT STATISTICS
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Administration	5	6	8	8	8	6	6	6	8	8
Operations	21	22	28	34	26	34	34	36	36	39
Maintenance	3	2	3	4	4	5	5	5	6	7
Total Employment	29	30	39	46	38	45	45	47	50	54

Source: Lowcountry Regional Transportation Authority

COMPLIANCE SECTION



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

**To the Board of Directors of the
Lowcountry Regional Transportation Authority
DBA Palmetto Breeze
Bluffton, 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 Lowcountry Regional Transportation Authority (the "Authority") as of and for the years ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 22, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Savannah, Georgia
September 22, 2021

Mauldin & Jenkins, LLC



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

**To the Board of Directors of the
Lowcountry Regional Transportation Authority
DBA Palmetto Breeze
Bluffton, South Carolina**

Report on Compliance For Each Major Federal Program

We have audited the Lowcountry Regional Transportation Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2021. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Authority 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 Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

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

Savannah, Georgia
September 22, 2021

Mauldin & Jenkins, LLC

LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Federal Grantor</u>	<u>Federal CFDA Number</u>	<u>Agency Grant Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
U.S. Department of Transportation:				
Formula Grants for Rural Areas and Tribal Transit Program				
Passed through the South Carolina Department of Transportation - Office of Public Transit				
Rural Program (Section 5311)	20.509	PT-201311-11	\$ 26,479	\$ 3,310
CARES Act Transit Funding (Section 5311)	20.509	PT-2013CA-12	3,172,074	-
Rural Transportation Assistance Program	20.509	21R013-01, et seq.	1,317	-
Total Formula Grants for Rural Areas and Tribal Transit Program			<u>3,199,870</u>	<u>3,310</u>
Federal Transit Cluster				
Capital Investment Grant				
Passed through the South Carolina Department of Transportation - Office of Public Transportation				
Capital Investment Grant - 5339 Capital	20.526	PT-91339-D2	500,000	88,235
Small Urban Funding Grant Program				
Direct from the U.S. Department of Transportation				
Small Urban Area - 5307 Capital and Operations	20.507	SC-2017-021-00	2,634	-
Small Urban Area - 5307 Capital and Operations	20.507	SC-2019-007-00	81,134	-
Small Urban Area - 5307 Capital and Operations	20.507	SC-2020-010-00	1,219,735	-
Small Urban Area - 5307 Capital and Operations	20.507	SC-2020-007-00	46,876	-
Small Urban Area - 5307 Capital and Operations	20.507	SC-2021-003-00	12,680	-
Total Federal Transit Cluster			<u>1,863,259</u>	<u>88,235</u>
Total			<u>\$ 5,063,129</u>	<u>\$ 91,545</u>

LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Schedule of Expenditures of Federal and State Awards is prepared using the accrual basis of accounting.

Measurement Focus

The determination of when an award is expended is based on when the activity related to the award occurred.

Program Type Determination

Type A programs are defined as federal programs with federal expenditures exceeding the larger of \$750,000, or 3%, of total federal expenditures. The threshold of \$750,000 was used in distinguishing between Type A and Type B programs.

Method of Major Program Selection

The risk based approach was used in the selection of federal programs to be tested as major programs. The Authority qualified as a low-risk auditee for the fiscal year ended June 30, 2021.

De-Minimis Indirect Cost Rate

During the year ended June 30, 2021, the Authority did not use the de-Minimis indirect cost rate.

Subrecipients

The Authority did not pass through any funds to subrecipients during the fiscal year.

LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

___ Yes X No

Significant deficiency identified not considered
to be material weaknesses?

___ Yes X None Reported

Noncompliance material to financial statements noted?

___ Yes X No

Federal Awards

Internal control over major programs:

Material weaknesses identified?

___ Yes X No

Significant deficiencies identified not considered
to be material weaknesses?

___ Yes X None Reported

Type of auditor's report issued on compliance for
major programs

Unmodified

Any audit findings disclosed that are required to
be reported in accordance with the Uniform
Guidance?

___ Yes X No

Identification of major program:

CFDA Number
20.509

Name of Federal Program or Cluster
U.S. Department of Transportation;
Formula Grants for Rural Areas and Tribal
Transit Program

Dollar threshold used to distinguish between
Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

X Yes ___ No

LOWCOUNTRY REGIONAL TRANSPORTATION AUTHORITY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None reported

**SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None reported

**SECTION IV
STATUS OF PRIOR YEAR AUDIT FINDINGS**

None reported