

South Carolina Office of Resilience

REVOLVING LOAN FUND

2023 – 2024 Annual Report



Who We Are

The SC Office of Resilience exists to increase resilience to disasters and reduce or eliminate the long-term risk of loss of life, injury, damage to and loss of property, and suffering and hardship, by lessening the impact of future disasters.

Vision

We envision a South Carolina where the risks of adverse impacts from extreme weather events are significantly reduced, empowering citizens and communities to withstand and recover from disasters.

Mission

We lessen the impact of disasters on the communities and citizens of South Carolina by planning and coordinating statewide resilience, long term recovery and hazard mitigation.

Revolving Fund Enabling Legislation

On September 29, 2020, Governor Henry McMaster signed the Disaster Relief and Resilience Act, S.C. Code Ann. §48-62-10, et. seq., creating the South Carolina Office of Resilience (SCOR). S.C. Code Ann. §48-62-310 created the Resilience Revolving Fund (Revolving Fund). The statute authorized SCOR to make and service below-market interest rate loans and grants as financial incentives to eligible fund recipients meeting the criteria of Section 48-62-50 for the purchase of flooded properties and land to complete floodplain restorations.

Annual Report Requirements

Code of Laws - Title 48 - Chapter 62- - ENVIRONMENTAL PROTECTION AND CONSERVATION

SECTION 48-62-330. Authority; authorizations and functions

(B) To carry out these functions, the authority shall:

(4) submit an annual report to the Governor, Lieutenant Governor, State Treasurer, and General Assembly that:

(a) accounts for fund receipts and disbursements.

(b) briefly describes applications submitted to the fund and, in greater detail, describes grants and loans that were approved or funded during the current year and the public benefits, including increased flood retention resulting from such grants and loans.

(c) describes recipients of fund loans and grant monies.

(d) sets forth a list and description of all loans and grants approved and all acquisitions of homes and lands obtained since the fund's inception.

A. Program Receipts & Disbursements

The Revolving Fund had a \$3,500 expense for the preparation of the required annual audit. The Treasurer's Office Notified SCOR's Finance Department that the Revolving Fund had been credited \$55,654 in interest. This increases the balance of the Revolving Fund to \$6,281,696 ending June 30, 2024.

Table 1: Audited Summary Statement of Net Position Ended June 30, 2024

	June 30, 2024	June 30, 2023	Change
Revenues	\$ 158,912	\$ 103,258	\$ 55,654
Expenses	<u>3,500</u>	<u>-</u>	<u>3,500</u>
Change in net position	155,412	103,258	52,154
Net position - beginning of year	6,126,284	6,023,026	103,258
Net position - end of year	<u>\$ 6,281,696</u>	<u>\$ 6,126,284</u>	<u>\$ 155,412</u>

The Revolving Fund's revenues increased from the year ended June 30, 2024, due to increased interest returns earned on the Revolving Fund's cash balances.

(Full Audit Report Attached)

B. Describe Applications Submitted to the Fund

During the 2023 – 2024 Fiscal Year, the South Carolina Office of Resilience (SCOR) conducted an outreach campaign to generate interest in the Resilience Revolving Fund Loan Program. An introductory letter and information flyer was sent to eligible entities in the state to include all county and municipal governments, council of governments, state agencies, and land trust nonprofit organizations. This generated several follow-up phone calls and office visits for further discussion on how eligible entities could take advantage of the Fund's availability to accomplish property buyouts and/or floodplain restoration projects. This effort resulted in interest from two potential applicants.

2023-2024 Application Interest		
Potential Applicant	Project	Status
City of Simpsonville	Buyout of small number of homes along creek with repetitive flooding.	City Council declined to proceed with this project at the time of this report.
Kiawah Conservancy	Purchase floodplain property along Betsy Kerrison Parkway.	Application submitted and then withdrawn, applicant decided to pursue a different strategy for the project.

C. Describe Recipients of Fund Loans and Grant Monies

No applications were awarded during Fiscal Year 2023-2024.

D. List Approved Loans Since Fund Inception

No applications were awarded during from the inception of the fund to June 30, 2024.

SOUTH CAROLINA OFFICE OF RESILIENCE REVOLVING FUND

COLUMBIA, SOUTH CAROLINA

FINANCIAL STATEMENTS

JUNE 30, 2024

SOUTH CAROLINA OFFICE OF RESILIENCE REVOLVING FUND
YEAR ENDED JUNE 30, 2024

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Independent Auditor's Report

South Carolina Office of Resilience
Columbia, South Carolina

Opinion

We have audited the accompanying financial statements of the South Carolina Office of Resilience – Revolving Fund (the “Revolving Fund”), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Revolving Fund’s basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the South Carolina Office of Resilience – Revolving Fund as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for Audit of the Financial Statements section of our report. We are required to be independent of the Revolving Fund, 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.

Emphasis of Matter

As described in Note 1, the financial statements of the South Carolina Office of Resilience – Revolving Fund are intended to present the financial position and results of operations of only that portion of the funds of the South Carolina Office of Resilience attributable to the transactions of the Revolving Fund. The financial statements do not include any other accounts or funds of the South Carolina Office of Resilience, or any other department or component unit of the State of South Carolina and are not intended to present fairly the financial statements and results of operations of the South Carolina Office of Resilience in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgement and maintain professional skepticism through 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 Revolving Fund'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Revolving Fund's ability to continue as going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2025, on our consideration of the Revolving Fund's internal control over financial reporting and on our test 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 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 in considering the Revolving Fund's internal control over financial reporting and compliance.



Dwayne L. Eanes, CPA
Columbia, South Carolina
June 30, 2025

**SOUTH CAROLINA OFFICE OF RESILIENCE REVOLVING FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024**

Management's Discussion and Analysis ("MD&A") of the South Carolina Office of Resilience Revolving Fund ("Revolving Fund") provides an overview of the Revolving Fund's financial activities for the year ended June 30, 2024. Please read it in conjunction with the financial statements, which follow this section.

THE AGENCY

The South Carolina Office of Resilience ("SCOR") was established as a governmental entity by the South Carolina Disaster Relief and Resilience Act ("DRRA"), (A163, R153, S259) of 2020. The establishment of SCOR and the enumeration of its responsibilities are set forth at §48-62-10, *et. seq.*, SC Code of Laws, 1976, as amended. Part of this Act provided the Governor the authority to appoint a Chief Resilience Officer to be the head of SCOR, with the advice and consent of the Senate.

THE REVOLVING FUND

Sections 48-62-310 through 48-62-370 establish the Revolving Fund within SCOR and provide the statutory requirements for operating the Revolving Fund. The statutory authority includes authorization to (1) create policies, rules, regulations, directives, and agreements, which may be promulgated or entered into when governing the Revolving Fund; (2) establish an operational structure within it to administer the Revolving Fund; (3) develop priority systems that ensure consistency with Article 3 provisions of Title 48, Chapter 62 of the South Carolina Code of Laws which is the Disaster Relief and Resilience Act which established the Revolving Fund; (4) receive monies from and deposit monies into the Revolving Fund for program administration and project management; and (5) hire staff and employ agents, advisers, consultants, and other employees including attorneys, financial advisers, engineers, technical advisers, and public accountants for the Revolving Fund, and determine their duties and compensation.

SCOR's responsibilities include the obligation to (1) execute the Revolving Fund's purpose to make and service below-market interest rate loans and grants to eligible recipients, (2) prepare annual plans and reports in accord with Article 3 provisions, and (3) have an outside independent audit of the Revolving Fund conducted after each fiscal year. This audit is of the Revolving Fund's 2023 – 2024 Fiscal Year.

FINANCIAL HIGHLIGHTS

The Revolving Fund started the 2023 – 2024 Fiscal Year with a fund balance of \$6,126,284 and earned \$158,912 of investment income during the year. For the 2023 - 2024 Fiscal Year, the expenses paid out of this fund have been exclusively related the preparation of the required financial statements. However, as of May 2025, The Revolving Fund successfully issued its first loan to an applicant. Prior to 2025, the lack of demand in the market for this loan was likely due to the Federal government's flooding the market with grant funding opportunities. In 2024 and 2025 inquiries into the Revolving Loan Fund have increased as the surplus of federal grants has slowed down from previous years. The 2025 loan was made to The Nature Conservancy for \$5,000,000 to assist with the purchase of Chelsea Plantation in Jasper County, SC. This loan was made for a period of 10 years at 1.67%. The Nature Conservancy is required to start making quarterly payments in July 2025. The effect of this loan will show in the financial statements for the year-end June 30, 2025.

**SOUTH CAROLINA OFFICE OF RESILIENCE REVOLVING FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS

The audited financial statements presented in this document include both government-wide and fund financial statements.

GOVERNMENT-WIDE STATEMENTS:

Government-wide statements include a Statement of Net Position and a Statement of Activities. The government-wide financial statements of the Revolving Fund are presented on the accrual basis of accounting and provide short-term and long-term information about the Revolving Fund.

FUND STATEMENTS:

The fund financial statements include the governmental funds' Balance Sheet and Statement of Revenue, Expenditures, and Changes in Fund Balance. The governmental fund financial statements are presented on the modified accrual basis of accounting which focus on the near-term inflows and outflows of resources available for expenditure for the fiscal year.

The Statement of Net Position / Governmental Fund Balance Sheet includes all of the Revolving Fund's assets and liabilities, with the difference between the two reported as net position / fund balance and provides information about the nature and amounts of investments in resources (assets) and the obligations to Revolving Fund creditors (liabilities).

All the current year's revenues and expenses are accounted for in the Statement of Activities / Statement of Revenues, Expenditures, and Changes in Fund Balance. This statement measures the success of the Revolving Fund's operations over the past year and can be used to determine the Revolving Fund's financial health.

For the year ended June 30, 2024, there are no perspective differences between the government-wide statements and the fund statements.

SUMMARY AND COMPARISON OF FINANCIAL RESULTS

Table 1 summarizes the Revolving Fund's Statement of Net Position and Governmental Fund Balance Sheet for the period ending June 30, 2024, as compared to June 30, 2023.

Table 1: Summary Statement of Net Position

	June 30, 2024	June 30, 2023	Change
Assets			
Current assets	\$ 6,281,696	\$ 6,126,284	\$ 155,412
Total assets	<u><u>\$ 6,281,696</u></u>	<u><u>\$ 6,126,284</u></u>	<u><u>\$ 155,412</u></u>
 Restricted Net position			
Restricted Net position	<u><u>\$ 6,281,696</u></u>	<u><u>\$ 6,126,284</u></u>	<u><u>\$ 155,412</u></u>

No funds were used to issue loans during the year ended June 30, 2024, so as a result, current assets increased as interest income was credited to the Revolving Fund's cash balances.

**SOUTH CAROLINA OFFICE OF RESILIENCE REVOLVING FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024**

Table 2 summarizes the Revolving Fund's Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balance for the period ending June 30, 2024, and includes comparative data to the period ending June 30, 2023.

Table 2: Summary Statement of Activities

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Change</u>
Revenues	\$ 158,912	\$ 103,258	\$ 55,654
Expenses	<u>3,500</u>	<u>-</u>	<u>3,500</u>
Change in net position	155,412	103,258	52,154
Net position - beginning of year	<u>6,126,284</u>	<u>6,023,026</u>	<u>103,258</u>
Net position - end of year	<u><u>\$ 6,281,696</u></u>	<u><u>\$ 6,126,284</u></u>	<u><u>\$ 155,412</u></u>

The Revolving Fund's revenues increased from the year ended June 30, 2024, due to increased interest returns earned on the Revolving Fund's cash balances.

ECONOMIC OUTLOOK OF THE REVOLVING FUND

The Revolving Fund is actively considering loan requests. Subsequent to the date of these financial statements, a loan in the amount of \$5,000,000 was made and is discussed earlier in Management's Discussion and Analysis. The Revolving Fund will continue to promote its availability to local political subdivisions during the upcoming fiscal years.

CONTACTING THE REVOLVING FUND

Persons needing additional information concerning this report or otherwise needing to contact the Revolving Fund should address requests to:

SC Office of Resilience
Attn: Finance Director
632 Rosewood Drive
Columbia, SC 29201

SOUTH CAROLINA OFFICE OF RESILIENCE REVOLVING FUND
STATEMENT OF NET POSITION / GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2024

Assets	
Current assets	
Cash and cash equivalents, restricted	<u>\$ 6,281,696</u>
Total current assets	<u>6,281,696</u>
Total assets	<u>\$ 6,281,696</u>
Net position / fund balance	
Restricted	<u>\$ 6,281,696</u>
Total net position / fund balance	<u>\$ 6,281,696</u>

The Notes to Financial Statements are an integral part of this statement.

**SOUTH CAROLINA OFFICE OF RESILIENCE REVOLVING FUND
STATEMENT OF ACTIVITIES / STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2024**

Program expenses / expenditures	
Administrative expenses / expenditures	<u>\$ 3,500</u>
Net program expenses / expenditures	3,500
General revenues	
Interest income	<u>158,912</u>
Total revenues	<u>158,912</u>
Excess of revenues over expenses / expenditures	<u>155,412</u>
Change in net position / fund balance	155,412
Net position / fund balance, at beginning of year	<u>6,126,284</u>
Net position / fund balance, at end of year	<u>\$ 6,281,696</u>

The Notes to Financial Statements are an integral part of this statement.

**SOUTH CAROLINA OFFICE OF RESILIENCE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

Note 1. Summary of Significant Accounting Policies

General

The financial statements of the South Carolina Office of Resilience Revolving Fund (“Revolving Fund”) were prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body in the United States of America for establishing governmental accounting and financial reporting principles. The more significant of the Revolving Fund’s accounting policies are described below.

Reporting Entity

The Revolving Fund was created by Act 163 of 2020 of the South Carolina General Assembly as a public instrumentality of the State of South Carolina (the “State”), codified as the South Carolina Resilience Revolving Fund under Title 48 of Chapter 62 of the South Carolina Code of Laws 1976, as amended (the “Act”). The Revolving Fund is managed by the South Carolina Office of Resilience (“SCOR”) under the supervision of the Chief Resilience Officer and the Governor.

The core of a financial reporting entity is the primary government which has a separately elected governing body. As required by accounting principles generally accepted in the United States of America, the financial reporting entity includes both the primary government and all of its component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In turn, component units may have component units.

An organization other than a primary government may serve as a nucleus for a reporting entity when it issues separate financial statements. That organization is identified herein as a primary entity. The Revolving Fund has determined that it does not qualify as a primary entity, it is a special revenue fund of SCOR, and it has no component units.

SCOR administers the Revolving Fund. The accompanying financial statements present the financial position and results of operations solely of the Revolving Fund special revenue fund and do not include any other divisions, instrumentalities, or any component units of the State of South Carolina.

Basis of Accounting

The Revolving Fund reports under the provisions of GASB Statement No. 34 (“GASB 34”), *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. GASB 34, as amended by GASB Statement No. 63 (“GASB 63”), which requires government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Government-wide financial statements (i.e., the statement of net position and the statement of activities) do not provide information by fund. Significantly, the statement of net position may include non-current assets and liabilities, which generally are not included in the fund statements. The statement of net position includes three components of net position.

**SOUTH CAROLINA OFFICE OF RESILIENCE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

- (1) Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. The Revolving Fund does not have any capital assets; thus, this classification is not used.
- (2) Restricted net position consists of net position subject to external constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. The Revolving Fund reports that portion of its net position restricted by statutory constraints as restricted net position. All net position of the Revolving Fund is restricted.
- (3) Unrestricted net position consists of net position that does not meet the definition of restricted net position or invested in capital assets, net of related debt. The Revolving Fund reports that portion of its net position not externally constrained, primarily funds available for payment of its authorized operating expenses, as unrestricted net position. The Revolving Fund does not have any unrestricted net position; thus, this classification is not used.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers who purchase, use, or benefit from the services provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted interest income and other items not properly included among program revenues are reported as general revenues. The Revolving Fund has no program revenues.

In addition to the government-wide financial statements, SCOR has prepared fund financial statements for this governmental fund. Governmental fund financial statements use the modified accrual basis of accounting and the current financial resources measurement focus. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Revolving Fund considers revenues to be available if they are collected within one year after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred. For the year ended June 30, 2024, there are no perspective differences between the government-wide and fund financial statements.

SOUTH CAROLINA OFFICE OF RESILIENCE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

Fund Accounting

The Revolving Fund uses funds 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 functions or activities.

A fund is a separate fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with related liabilities and residual equities or balances and changes therein which are segregated to carry on specific activities or attain certain objectives in accordance with applicable regulations, restrictions, or limitations. Separate accounts are maintained for each fund.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category is, in turn, divided into separate “fund types.”

Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

As of June 30, 2024, the Revolving Fund held all of its cash balances with the South Carolina State Treasurer, and pursuant to State law, all such bank deposits are fully insured.

Fund Balance

The Revolving Fund reports fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes fund balance classifications for governmental funds that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported therein. The Statement requires governments to disclose information in the notes about the processes through which constraints are imposed, as well as accounting policies that determine whether restricted, committed, assigned, and unassigned amounts are considered to be spent.

**SOUTH CAROLINA OFFICE OF RESILIENCE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

The Revolving Fund conforms its fund balance reporting to the classification and hierarchy structure of the State, generally as follows:

Restricted

Fund balance is reported as restricted when constraints placed on resource use are either (a) externally imposed by creditors, grantors, contributors, laws, or regulation of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the State to assess, levy, charge, or otherwise mandate payments of resources from resource providers and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. A legally enforceable requirement is one that an outside party can compel the government to honor. All of the Revolving Fund's fund balance is restricted.

Committed

Fund balance is reported as committed if the Revolving Fund's by-laws or official actions constrain the use of its resources. Committed constraints can be removed only through similar action that created the constraint.

Assigned

Fund balance is reported as assigned if the fund balance is constrained by the Revolving Fund's intent to expend resources for specific purposes. Such intent may be expressed by an official or body pursuant to delegation by the Revolving Fund.

Non-spendable

Fund balance is reported as non-spendable if the balance has a lack of availability in form or substance of the assets and liabilities reported in the fund to meet its obligations in the near future.

Unassigned

Fund balance is reported as unassigned for all residual amounts not otherwise classified.

The Revolving Fund has no committed, assigned, non-spendable or unassigned fund balance.

Use of 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

SOUTH CAROLINA OFFICE OF RESILIENCE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Note 2. Related Party Transactions

The Department of Administration provides administrative services including certain finance, accounting, and other reporting and support services to the Office pursuant to a Memorandum of Agreement; however, no reimbursements were made by the Revolving Fund during the fiscal year ended June 30, 2024, to cover costs of providing these services.

Note 3. Subsequent Events

The Revolving Fund has evaluated all events subsequent to the Statement of Net Position date of June 30, 2024, through the date these financial statements were available for issuance, June 30, 2025.



SOUTH CAROLINA OFFICE OF THE STATE AUDITOR
1401 Main Street, Suite 1200 • Columbia, SC 29201

**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***

South Carolina Office of Resilience
Columbia, 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 South Carolina Office of Resilience – Revolving Fund (the “Revolving Fund”), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Revolving Fund’s basic financial statements, and have issued our report thereon dated June 30, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Revolving Fund’s internal control over financial reporting 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 Revolving Fund’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Revolving Fund’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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Revolving Fund'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 Revolving Fund'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 Revolving Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dwayne L. Eanes, CPA
Columbia, South Carolina
June 30, 2025

June 30, 2025

South Carolina Office of Resilience
Columbia, South Carolina

We have audited the financial statements of the South Carolina Office of Resilience – Revolving Fund (the “Revolving Fund”) for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our previously issued engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Revolving Fund are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during fiscal year 2024.

We noted no transactions entered into by the Revolving Fund during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The Revolving Fund had no significant estimates for fiscal year 2024.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.



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Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 30, 2025, which is attached.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Revolving Fund's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Revolving Fund's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This communication is intended solely for the information and use of the governance and management of the South Carolina Office of Resilience – Revolving Fund and is not intended to be, and should not be, used by anyone other than these specified parties.



Columbia, South Carolina

June 30, 2025

Mr. Dwayne Eanes, CPA
Director of State Audits
South Carolina Office of the State Auditor
1401 Main Street, Suite 1200
Columbia, South Carolina 29201

This representation letter is provided in connection with your audit of the financial statements of the South Carolina Office of Resilience – Revolving Fund (the “Revolving Fund”) and the related footnotes to the financial statements which collectively comprise the basic financial statements for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of June 30, 2025, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 24, 2025, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which the Revolving Fund is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 10) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Revolving Fund or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 13) We have no knowledge of any fraud or suspected fraud that affects the Revolving Fund and involves—
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the Revolving Fund's financial statements communicated by employees, former employees, regulators, or others.
- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 17) We have disclosed to you the names of the Revolving Fund's related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

- 18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 19) There are no previous audits, attestation engagements, and other studies related to the objectives of the audit.
- 20) We have identified to you any investigations or legal proceedings, if applicable, that have been initiated with respect to the period under audit.

- 21) The Revolving Fund has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 23) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 24) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 25) The financial statements properly classify all funds and activities in accordance with **GASBS No. 34**, as amended.
- 26) All funds that meet the quantitative criteria in **GASBS Nos. 34** and **37** for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 27) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 28) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 29) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 30) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 31) Deposits and investment securities and derivative instrument transactions are properly classified as to risk and are properly disclosed.
- 32) We have appropriately disclosed the Revolving Fund's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 33) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 34) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Signature: 

Title: Chief Positions Officer

Signature: 

Title: Chief Financial Officer