

**CATAWBA REGIONAL
COUNCIL OF GOVERNMENTS**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2023

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Catawba Regional Council of Governments
Rock Hill, South Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Catawba Regional Council of Governments (the "Council") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Council, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

(Continued on next page)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 56-63 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.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2024 on our consideration of the Council’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Council’s internal control over financial reporting and compliance.

BURKETT BURKETT & BURKETT
Certified Public Accountants, P.A.
Rock Hill, South Carolina
February 5, 2024

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023

As management of the Catawba Regional Council of Governments (the Council), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Council for the year ended June 30, 2023. Our purpose is to inform readers of the Council's operations and present our financial position.

The Council is a 501(c)(3) organization that was formed in 1971 under the provision of Article 2, Act 487 of the South Carolina General Assembly, as amended in 1971. The Council is governed by a board of directors comprised of elected officials and private sector representatives from the counties of Chester, Lancaster, Union and York. The Council is the recognized regional entity for providing planning and development services for its member counties and the state.

The Council is involved in local and regional planning efforts which include: workforce development, transportation, information and referral, technical assistance, mapping and zoning, business loans, community development block grants, environmental initiatives, recreation, and other contract and grant services to enhance local government efforts.

Financial Highlights

- The net position of the Council at the close of the most recent fiscal year was \$13,873,722. The net position of the Council increased by \$1,301,302 from the previous year.
- As of the close of the fiscal year, the Council's governmental funds reported combined ending fund balances of \$18,892,870, an increase of \$1,194,350 from the prior year. A total of \$17,691,735 is nonspendable, assigned, or restricted, resulting in an unassigned balance of \$1,201,135.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023

Overview of the Financial Statements (continued)

Statement of Activities: This statement presents information showing how the Council's overall net position changed during the most recent fiscal year. All of the current year revenue and expenses are taken into account regardless of when cash is received or paid.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All the funds of the Council are governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

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

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

Notes to the Financial Statements

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

Other Information

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

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

Government-wide Financial Analysis

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

Table 1 - Condensed Statement of Net Position

	Governmental Activities (Total)	
	June 30, 2023	June 30, 2022
Assets		
Current and other assets	\$ 9,254,429	\$ 6,629,208
Restricted loans receivable	11,420,145	11,489,533
Capital assets, net	128,632	72,088
Right-of-use assets, net	288,313	151,654
Total assets	21,091,519	18,342,483
 Deferred Outflows of Resources	1,504,551	1,466,003
 Liabilities		
Current liabilities	196,360	156,463
Noncurrent liabilities	5,272,967	5,648,742
Total liabilities	5,469,327	5,805,205
 Deferred Inflows of Resources	3,253,021	1,430,861
 Net Position		
Net investment in capital assets	128,632	72,088
Restricted	17,652,549	16,504,219
Unrestricted	(3,907,459)	(4,003,887)
Total net position	\$ 13,873,722	\$ 12,572,420

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the Council exceeded liabilities and deferred inflows of resources by \$13,873,722 as of June 30, 2023. The Council's net position increased by \$1,301,302 for the fiscal year ended June 30, 2023.

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

Government-wide Financial Analysis (continued)

Table 2 – Change in Net Position

	Governmental Activities	
	Fiscal Year	Fiscal Year
	2023	2022
Revenues		
Program revenues		
Charges for services	\$ 656,777	\$ 717,529
Operating grants and contributions	5,103,060	9,038,410
General revenues	725,945	432,847
Total revenues all sources	6,485,782	10,188,786
 Program Expenses		
General government	556,378	665,299
Pass through contracts	2,385,130	2,584,720
Planning contracts	1,511,214	1,213,048
Revolving loan fund	731,758	704,608
Total expenses	5,184,480	5,167,675
 Change in net position	 \$ 1,301,302	 \$ 5,021,111

Total revenues decreased by \$3,703,004 or 36% during the year. The decrease in revenues was primarily due to the initial completion of grant draws under the EDA COVID 19 Revolving Loan Fund grant in FY2022. This resulted in an increase in net position of \$1,301,302 compared to an increase of \$5,021,111 in the prior year.

Governmental Accounting Standards Reconciliation to Net Position

The standards create an accounting liability rather than a legal liability. Although the Council must report its proportionate share of the pension liability for the state's defined benefit retirement plans and the state's other post-employment benefits plan, the Council has no legal requirement to fund or pay out that share of the liabilities. Internally, the Council's management and Board will continue to ensure that CRCOG's financial position is sound. In FY2023, when excluding the pension liability, OPEB liability impact, budgeted transfers, and required match, the Council's unrestricted net position actually increased to a total of \$1,285,593 from \$1,239,573 FY 2022.

Following is the Council's net position with the pension and the other post-employment benefits liabilities impact reported discretely.

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

Governmental Accounting Standards Reconciliation to Net Position (continued)

	2023	2022	2021
Unrestricted Net Position			
Prior year unrestricted net position (Exclusive of GASB related adjustments)	\$ 1,239,573	\$ 1,214,000	\$ 1,130,568
Current year excess revenue over expenditures	86,020	31,857	22,432
Transfers from Unrestricted (SCALE/RDC)	(40,000)	(6,284)	61,000
Current year excess revenue over expenditures before transfers	46,020	25,573	83,432
Total Unrestricted Net Position, Without GASB Related Adjustments	1,285,593	1,239,573	1,214,000
Change in reconciling items	(207,310)	249,667	443,923
Total Unrestricted Net Position, Without GASB Liabilities	1,078,283	1,489,240	1,657,923
GASB 68 & 75 liabilities	(4,985,742)	(5,493,126)	(5,624,632)
Total Unrestricted Net Position, With GASB Adjustments	(3,907,459)	(4,003,886)	(3,966,709)
Net investment in capital assets	128,632	72,088	64,771
Restricted for revolving loan funds	17,652,549	16,504,218	11,453,247
Total Net Position	\$ 13,873,722	\$ 12,572,420	\$ 7,551,309

Financial Analysis of Council's Funds

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

Governmental Funds: The focus of the Council's governmental funds is to provide information on near-term inflows, outflows and balances of usable resources. Such information is useful in assessing the Council's financing requirements.

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023

Financial Analysis of Council's Funds (continued)

Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Council. At the end of the fiscal year, total fund balance of the General Fund was \$1,240,321, of which \$19,186 is nonspendable and \$20,000 has been assigned for retiree insurance. \$1,201,135 is unassigned.

Budgetary Highlights and Other Information

The Council has a conservative budget for the next fiscal year. The Council will continue its core services and also will seek new and additional revenue sources, while managing costs in a fiscally prudent manner.

Management will recommend revisions to the FY24 operating budgets to accommodate any positive or negative developments in state and federal budgets and any other potential revenue changes as information is received throughout the year.

Capital Assets

At June 30, 2023, the Council had \$359,633 invested in capital assets before accumulated depreciation. This amount represents an increase of \$55,230 from the prior year due to asset purchases. After accumulated depreciation, net capital assets are \$128,632.

Requests for Financial Information

This report is designed to provide a general overview of the CRCOG's finances and to demonstrate the Council's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Executive Director, Catawba Regional Council of Governments at PO Box 450, Rock Hill, South Carolina 29731.

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS

STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,436,361
Investments	7,146,963
Revenues receivable	636,747
Prepaid items	19,186
Accrued interest income	15,172
Restricted loans receivable, net	11,420,145
Right-of-use assets, net	288,313
Capital assets, net	128,632
Total assets	21,091,519
DEFERRED OUTFLOWS OF RESOURCES	
Deferred insurance charges	712,890
Deferred pension charges	791,661
Total deferred outflows of resources	1,504,551
LIABILITIES	
Accounts payable	47,394
Interest payable	867
Noncurrent liabilities	
Due within one year	
Accrued compensated absences	67,637
Lease liabilities	80,462
Due in more than one year	
Accrued compensated absences	67,637
Lease liabilities	219,588
Net other postemployment benefit liability	2,153,889
Net pension liabilities	2,831,853
Total liabilities	5,469,327
DEFERRED INFLOWS OF RESOURCES	
Deferred insurance credits	1,060,702
Deferred pension credits	525,646
Grant funds received in advance	1,666,673
Total deferred inflows of resources	3,253,021
NET POSITION	
Net investment in capital assets	128,632
Restricted	17,652,549
Unrestricted	(3,907,459)
Total net position	\$ 13,873,722

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

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Primary Government Net Revenue (Expense) and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities				
General government	\$ 556,378	\$ -	\$ -	\$ (556,378)
Pass through contracts	2,385,130	-	2,385,130	-
Planning contracts	1,511,214	-	1,772,042	260,828
Revolving loan fund	731,758	656,777	945,888	870,907
	<u>731,758</u>	<u>656,777</u>	<u>945,888</u>	<u>870,907</u>
Total governmental activities	<u>\$ 5,184,480</u>	<u>\$ 656,777</u>	<u>\$ 5,103,060</u>	<u>575,357</u>
		General revenues		
		State aid to council of government		244,345
		Participating local governments		223,328
		Fees and interest income		258,272
				<u>725,945</u>
		Total general revenues		
				<u>725,945</u>
		Change in net position		1,301,302
		Net position, beginning of year		<u>12,572,420</u>
		Net position, end of year		<u>\$ 13,873,722</u>

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

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General	Special Revenue	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 312,494	\$ 1,123,867	\$ 1,436,361
Investments	1,807,231	5,339,732	7,146,963
Revenues receivable	636,747	-	636,747
Prepaid items	19,186	-	19,186
Amounts due from other funds	52,863	-	52,863
Accrued interest income	-	15,172	15,172
Restricted loans receivable	-	11,420,145	11,420,145
	Total assets	17,898,916	20,727,437
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable and payroll withholding	47,254	140	47,394
Amounts due to other funds	-	52,863	52,863
Accrued annual leave	67,637	-	67,637
	Total liabilities	53,003	167,894
DEFERRED INFLOWS OF RESOURCES			
Grant funds received in advance	1,433,309	233,364	1,666,673
	Total deferred inflows of resources	233,364	1,666,673
FUND BALANCES			
Nonspendable			
Prepaid items	19,186	-	19,186
Restricted			
Revolving loans	-	17,652,549	17,652,549
Assigned for			
Retiree insurance	20,000	-	20,000
Unassigned	1,201,135	-	1,201,135
	Total fund balances	17,652,549	18,892,870
	Total liabilities, deferred inflows of resources, and fund balances	\$ 17,938,916	\$ 20,727,437
	\$ 2,788,521	\$ 17,938,916	\$ 20,727,437

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

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total fund balances - governmental funds		\$ 18,892,870
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		128,632
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Compensated absences		(67,637)
Right to use leased assets and related liabilities used in governmental activities are not financial resources and therefore are not reported in governmental funds.		
Cost of the assets	481,485	
Accumulated amortization	(193,172)	
Long-term debt issued for lease liabilities	(219,588)	
Short-term debt issued for lease liabilities	(80,462)	
Accrued interest payable for long-term lease liabilities	(867)	
		(12,604)
The proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State retirement plan are not recorded in the governmental funds but are recorded in the statement of net position.		(2,565,838)
The proportionate shares of the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State insurance plan are not recorded in the governmental funds but are recorded in the statement of net position.		<u>(2,501,701)</u>
Net position of government activities		<u><u>\$ 13,873,722</u></u>

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

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	General	Special Revenue	Total Governmental Funds
REVENUES			
Federal and state sources	\$ 1,616,393	\$ 3,987,794	\$ 5,604,187
Regional and local contracts	155,650	-	155,650
Participating local governments	223,328	-	223,328
State aid to councils of governments	244,345	-	244,345
Fees and interest income	20,847	-	20,847
Other income	-	237,425	237,425
Total revenues	<u>2,260,563</u>	<u>4,225,219</u>	<u>6,485,782</u>
EXPENDITURES			
Personnel costs	1,781,586	365,530	2,147,116
Professional services	142,665	4,382	147,047
Employee and board member training	15,684	5,800	21,484
Equipment rental/maintenance	16,437	-	16,437
Capital costs	77,927	-	77,927
Information technology services	54,634	-	54,634
Memberships, dues and publications	14,253	4,836	19,089
Miscellaneous	8,365	1,335	9,700
Office supplies	40,445	436	40,881
Postage	2,968	-	2,968
Telephone	22,076	1,685	23,761
Travel	64,591	20,075	84,666
Insurance and bonding	21,355	194	21,549
Building expenses	18,466	-	18,466
Rent	30,000	-	30,000
WIOA pass-through contracts	-	2,367,022	2,367,022
EPA Brownfields assessment pass-through contracts	-	6,333	6,333
SC BEST pass-through contracts	-	11,775	11,775
Indirect cost allocated to (from) other funds	(136,909)	136,909	-
Total expenditures	<u>2,174,543</u>	<u>2,926,312</u>	<u>5,100,855</u>
Excess (deficiency) of revenues over (under) expenditures	<u>86,020</u>	<u>1,298,907</u>	<u>1,384,927</u>
OTHER FINANCING SOURCES (USES)			
Transfer	(40,000)	40,000	-
Loan loss reserve	-	(190,577)	(190,577)
Total other financing sources (uses)	<u>(40,000)</u>	<u>(150,577)</u>	<u>(190,577)</u>
Net change in fund balance	46,020	1,148,330	1,194,350
Fund balances - beginning	<u>1,194,301</u>	<u>16,504,219</u>	<u>17,698,520</u>
Fund balances - ending	<u>\$ 1,240,321</u>	<u>\$ 17,652,549</u>	<u>\$ 18,892,870</u>

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

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Net change in fund balances - total governmental funds \$ 1,194,350

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. This is the change in capital assets, net of depreciation. 56,544

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds - net change in compensated absences. (1,639)

Outlays for the acquisition of leased assets are reported in governmental funds as expenditures in the period in which they are paid. However, for governmental activities, these costs are shown in the statement of net position and allocated over their useful lives as amortization expense in the statement of activities. (10,321)

Changes in the proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year for its participation in the State retirement plan are not reported in the governmental funds but are reported in the statement of activities. 92,424

Changes in the proportionate share of the net OPEB liability, deferred outflows of resources, and deferred inflows of resources for the current year for its participation in the State insurance plan are not reported in the governmental funds but are reported in the statement of activities. (30,056)

Change in net position of government activities \$ 1,301,302

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

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Catawba Regional Council of Governments (the Council) is a quasi-governmental, non-profit corporation exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. The Council was organized in 1971 under the provisions of Article 2, Act 487 of the 1967 South Carolina General Assembly, as amended in 1971. In general, the Council has the power to perform such planning activities and develop such studies as it deems to be in the interest of the Catawba Region, which includes Chester, Lancaster, Union and York counties. The basic operations of the Council are financed by membership dues from the supporting local governments, contracts for services with local and State government and interest and fee income from lending programs.

B. Policies Departing from Generally Accepted Accounting Principles (GAAP)

Loan Loss and Other Credit Risk Contingencies:

The Council did not separately classify on the balance sheet loans with anticipated losses. Also, loans deemed by management to be uncollectible should be reclassified as non-performing assets and loan losses are expensed when the losses occur or when a loan is written down or off. However, the granting agency (EDA) does not allow the Council to reserve for delinquent or impaired loans, and that is why the losses are expensed. These policies are a departure from generally accepted accounting principles.

C. Policies in Conformity with Generally Accepted Accounting Principles (GAAP)

The Council's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (where applicable) that do not conflict with or contradict GASB pronouncements. Although the Council has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, if any, the Council has chosen not to do so. The more significant accounting policies established in GAAP and used by the Council are discussed on the following pages.

D. Reporting entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure financial statements are not misleading. The primary government of the Catawba Regional Council of Governments consists of all funds, organizations, institutions, agencies, departments, boards, and offices that are not legally separate from the Council. Such legally separate entities are referred to as component units.

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Reporting entity (continued)

The Catawba Regional Development Corporation (the Corporation) is a related unit of the Catawba Regional Council of Governments because of the significance of its operational relationships with the Council. As defined by Governmental Accounting Standards, such units may be included in the Government-wide financial statements of the primary government. However, the Corporation fails to meet all of the criteria established by Governmental Accounting Standards to be discreetly presented in the Council's financial statements. Catawba Regional Development Corporation's audited financial position and results of operations are disclosed in a separate report, which can be obtained at the office of the Council, 215 Hampton Street, Rock Hill, South Carolina 29731.

E. Fund Accounting

The Council uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Council functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Council only has governmental funds.

Governmental Funds: Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Council's major governmental funds:

General Fund: The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of South Carolina.

Special Revenue Funds: The special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Resources restricted to expenditures for purposes normally financed from the general fund may be accounted for through the general fund provided that applicable legal requirements can be appropriately satisfied; and the use of special revenue funds are not required unless they are legally mandated, or on the basis of projects approved by various federal, state and local agencies. The majority of monies are received pursuant to federal legislation. The allowable expenditures of the projects are legally restricted as specified in the project agreements. The Council's special revenue funds include pass-through contracts, the Legacy Revolving Loan Fund, Escrow Fund, the SC Agribusiness Loan Fund, and the SC Business Loan Fund.

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities display information about the Council as a whole. These statements include the financial activities of the primary government.

The government-wide financial statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Council's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Council. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Council.

Fund Financial Statements: Fund financial statements report detailed information about the Council. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources.

G. Basis of Accounting

The entity's basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Basis of Accounting (continued)

Revenues - exchange and non-exchange transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Council, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the Council receives value without directly giving equal value in return, includes grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Council must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Council on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Council currently has two types of deferred outflows of resources: (1) the Council reports deferred outflows related to pensions in its statement of net position in connection with its participation in the South Carolina Retirement System and (2) the Council also reports deferred outflows related to OPEB in its statement of net position in connection with its OPEB plan provided to employees. These *deferred pension and OPEB charges* are either (a) recognized in the subsequent period as a reduction of the net pension/OPEB liabilities or (b) amortized in a systematic and rational method as expense in future periods in accordance with GAAP.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, 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. The Council currently has two types of deferred inflows of resources: (1) The Council reports *deferred inflows related to pensions* in its statement of net position in connection with its participation in the South Carolina Retirement System. (2) The Council also reports deferred inflows related to OPEB in its statement of net position in connection with its OPEB plan provided to employees. (3) The Council reports *deferred inflows of resources* related to grant funds received in advance.

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Basis of Accounting (continued)

These *deferred pension and OPEB inflows* are amortized in a systematic and rational method and recognized as a reduction of pension/OPEB expense in future periods in accordance with GAAP.

Expenses/expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

H. Cash and Investments

The Council's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisitions. State statutes authorize the Council to invest in obligations of the U.S. Treasury, municipal bonds, repurchase agreements and the State Treasurer's Investment Pool. Investments are stated at fair value, except that repurchase agreements and the U.S. Government Securities that have a maturity at the time of purchase of one year or less are shown at amortized cost.

I. Prepaid Items

Payments that will benefit periods beyond the end of the fiscal year are recorded as prepaid expenses.

J. Capital Assets

General capital assets are those assets that generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Council does not possess any infrastructure. Improvements are capitalized, and the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Leasehold Improvements	10 - 20 years
Furniture and Equipment	3 - 10 years
Vehicles	5 years

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Inter-fund Balances

On fund financial statements, receivables and payables resulting from short-term inter-fund loans are classified as “due from or to other funds.” These amounts are eliminated in the governmental activities columns of the statement of net position.

L. Compensated Absences

The Council reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Employees earn annual and sick leave based upon years of service and their full or part-time status. After an employee accumulates at least 24 sick leave days, a maximum of 12 sick leave days may be converted to annual leave days at a ratio of two sick leave days for one annual leave day. An employee can accumulate up to 75 days annual leave after five years of employment. Upon retirement, termination or death, employees are paid for any unused accumulated annual leave up to the 75 day maximum. It is the Council’s policy to recognize compensated absences in the period earned rather than the period such benefit is paid. The Council estimates that 50 percent of the accrued leave may be taken in the current year. This portion of the accrued leave is included in current liabilities. Payments anticipated to be made after one year are considered long-term liabilities and are to be paid from future revenues.

M. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. Other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

N. 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 expenditures during the reporting period. Actual results could differ from those estimates.

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Net Position/Fund Balance Flow Assumptions

Net position flow assumption

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

Fund balance flow assumptions

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

Net position in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

The Council has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The equity section of the governmental fund balance sheet is comprised of these major fund balance elements: non-spendable, restricted, committed, assigned and unassigned. Non-spendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is self-imposed limitations imposed at the highest level of decision making authority. Assigned fund balances is a limitation imposed by a designee of the Council. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories.

The Board of Directors is the Council’s highest level of decision making. The Board of Directors can establish, modify or rescind a fund balance commitment through adoption of a resolution or ordinance. The Council Director has the authority to assign fund balance amounts to a specific purpose; the Council Director is appointed by, and serves at the pleasure of, the Board of Directors.

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Net Position/Fund Balance Flow Assumptions (continued)

The Council considers restricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted amounts are available. When an expenditure is incurred for which committed, assigned or unassigned amounts could be used the Council considers the expenditures to be used in this respective order.

P. Budgets

Prior to the start of each fiscal year, the Council approves an operating budget prepared on the accrual basis. Any revisions in the budget during the year are approved by the Council's Executive Committee. All annual appropriations lapse at fiscal yearend.

Q. Indirect Cost Allocation Plan

In accordance with title 2 CFR Part 200 of the Uniform Guidance, the Council has adopted a cost allocation method for allocating indirect costs to programs and activities. Under the method adopted, indirect costs are accumulated in a pool. Monthly, the costs in the pool are allocated to the programs and activities based on direct salaries charged to each program or activity that month.

R. Pensions

The Governmental Accounting Standards Board (GASB) issued Statement No. 68 entitled *Accounting and Financial Reporting for Pension Plans* in June 2012 (GASB Statement 68 is effective for fiscal years beginning after June 30, 2014). The disclosure requirements applicable to employers participating in the South Carolina Retirement System are prescribed in paragraphs 48 through 82 of GASB 68. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement System and additions to/deductions from the South Carolina Retirement System's fiduciary net position have been determined on the same basis as they are reported by the South Carolina Retirement System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The Council implemented this statement effective July 1, 2014.

S. Comparative Data/Reclassifications

Certain comparative total data for the prior year have been presented in order to provide an understanding of the changes in the financial position and operations of the Council. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Fair Value

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Council can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for identical or similar assets or liabilities in active or inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

II. DEPOSITS AND INVESTMENTS

South Carolina statutes authorize the Council to invest in obligations of the United States and its agencies, general obligations (not revenue obligations) of the State of South Carolina and its subdivisions, savings and loan associations to the extent of federal insurance, certificates of deposit collaterally secured, repurchase agreements secured by the foregoing obligations, and the State Treasurer’s Investment Pool.

The State Treasurer’s investment pool is a 2a7-like pool which is not registered with the Securities and Exchange Commission (SEC), but has a policy that it will operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. The pool is included as an investment trust fund of the State of South Carolina Comprehensive Annual Financial Report and is subject to the audit procedures of the State Auditor. The investments in the State Treasurer’s investment pool are determined by the pool’s share price which is the same as the value of the pool. There were no deposits or investment transactions during the year that were in violation of the state statutes.

As of June 30, 2023, the Council had deposits and investments as follows:

<u>Investment Type</u>	<u>Fair Value Level</u>	<u>Maturity</u>	<u>Governmental Activities</u>	<u>Credit Quality</u>
Deposits with financial institutions	1	Daily	\$ 1,436,361	Unrated
State Treasurer's investment pool	N/A	Daily	7,146,963	Unrated
			<u>\$ 8,583,324</u>	

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

II. DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Council’s deposits may not be returned to it. The Council’s policy is that all deposits in excess of federal insurance amounts be collateralized with securities held by the pledging financial institution’s trust department or agent in the Council’s name. As of June 30, 2023, the carrying amount of the Council’s deposits was \$1,436,361. The bank balances were \$1,405,521, and of that, Federal Deposit Insurance Corporation (FDIC), additional share insurance coverage, or collateral covers \$1,405,521.

Interest rate risk

The Council does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk

The Council has no investment policy that would further limit its investment choices other than state law. As of June 30, 2023, the underlying security ratings of the Council’s investment in the South Carolina Local Government Investment Pool may be obtained from the LGIP’s complete financial statements. This investment pool does not have a credit quality rating assigned. These financial statements may be obtained by writing to the following address:

The State Treasurer’s Office
Local Government Investment Pool
Post Office Box 11778
Columbia, South Carolina 29211

Concentration of credit risk

The Council places no limit on the amount the Council may invest in any one issuer.

The following schedule reconciles Cash and Cash Equivalents and Investments as reported on the statement of net position to the above disclosure provided for deposits and investments.

Statement of Net Position:

Cash and cash equivalents	\$ 1,436,361
Investments	<u>7,146,963</u>
Total statement of net position	<u><u>\$ 8,583,324</u></u>

Deposits and Investments Note:

Carrying value of deposits	\$ 1,436,361
Fair value of investments	<u>7,146,963</u>
Total deposits and investment note	<u><u>\$ 8,583,324</u></u>

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

III. REVENUES RECEIVABLE

Revenues receivable represent revenues earned but not received. The balance at June 30, 2023, of \$636,747, consisted of receivables from grants/contracts under the following programs:

Community Development Block Grant	\$ 217,704
Transportation Planning	33,846
Technical Assistance Contracts	96,677
NIP	62,166
Rural Infrastructure Authority	15,859
Regional Development Corporation	5,157
SC Agribusiness Loan Fund	297
SC Business Loan Fund	21,672
Revolving Loan Fund	30,923
EDA	77,673
Brownfields	14,535
Other Loan Funds	806
Workforce Innovation and Opportunity Act (WIOA)	30,614
Other	28,818
Total revenues receivable	\$ 636,747

There is no allowance for doubtful accounts as of June 30, 2023, since, in the opinion of management, all accounts are considered collectible.

IV. RESTRICTED LOANS RECEIVABLE

The Council's Economic Development Administration (EDA) Revolving Loan Fund was capitalized with cumulative grants to Catawba Regional provided by the EDA in the amount of \$1,225,000, supplemental matching grants from the State of South Carolina totaling \$650,000 and local funds in the amount of \$157,274. Pursuant to the grant requirements, the funds are to be used for incentive business financing to enable new or expanding firms to create additional jobs in Chester, Lancaster, Union and York counties. Proceeds collected on the loans are to be used for future loans or remitted back to the grantor should the grantee fail to meet the conditions of the grant.

During the year ended June 30, 2012, the Council entered into an agreement with the Lowcountry Council of Governments to acquire the assets of the Lowcountry Council of Governments' Economic Development Administration Revolving Loan Fund. The Economic Development Administration approved the acquisition in a letter dated May 4, 2012, and amended the Council's original financial assistance award. The Council had previously approved a Resolution dated April 19, 2012, approving the acquisition pending approval from the Department of Commerce and the Economic Development

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

IV. RESTRICTED LOANS RECEIVABLE (continued)

Administration. All EDA grant proceeds, regardless of originating source, are able to be used in any Catawba Regional county, as well as any South Carolina county approved by EDA.

During the year ended June 30, 2013, the Council entered into an agreement with the Lower Savannah Council of Governments to acquire the assets of the Lower Savannah Council of Governments' Economic Development Administration Revolving Loan Fund. The Economic Development Administration approved the acquisition in a letter dated May 4, 2012, and amended the Council's original financial acquisition pending approval from the Department of Commerce and the Economic Development Administration. All EDA grant proceeds, regardless of originating source, are able to be used in any Catawba Regional county, as well as any South Carolina county approved by EDA.

During the year ended June 30, 2013, the Council entered into an agreement with the Santee-Lynches Council of Governments to acquire the assets of the Santee-Lynches Council of Governments' Economic Development Administration Revolving Loan Fund. The Economic Development Administration approved the acquisition in a letter dated January 31, 2013, and amended the Council's original financial assistance award. The Council had previously approved a Resolution dated January 24, 2013, approving the acquisition pending approval from the Department of Commerce and the Economic Development Administration. All EDA grant proceeds, regardless of originating source, are able to be used in any Catawba Regional county, as well as any South Carolina county approved by EDA.

During the year ended June 30, 2015, the Council amended the RLF Plan to expand its lending territory to include Fairfield and Richland Counties. The Economic Development Administration approved the expansion in a letter dated January 21, 2015, and amended the Council's original RLF Plan. The Council had previously approved a Resolution dated May 31, 2014, approving the expansion pending approval from the Department of Commerce and the Economic Development Administration. There were no EDA RLF grant proceeds associated with the expansion; however, the Council expanded the lending area to Fairfield and Richland Counties.

During the year ended June 30, 2015, the Council entered into an agreement with the Pee Dee Regional Council of Governments to acquire the assets of the Pee Dee Regional Council of Governments' Economic Development Administration Revolving Loan Fund. The Economic Development Administration approved the acquisition in a letter dated March 13, 2015, and amended the Council's original financial assistance award. The Council had previously approved a Resolution dated February 19, 2015, approving the acquisition pending approval from the Department of Commerce and the Economic Development Administration. All EDA grant proceeds, regardless of originating source, are able to be used in any Catawba Regional county, as well as any South Carolina county approved by EDA.

During the year ended June 30, 2017, the Council entered into an agreement with the City of Lake City to merge the City of Lake City's Economic Development Administration Revolving Loan Fund to the Council. The Economic Development Administration approved the merger in a letter dated January 19,

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

IV. RESTRICTED LOANS RECEIVABLE (continued)

2017, and amended the Council's original financial assistance award. The Council approved a Resolution dated February 20, 2017, approving the merger.

During the year ended June 30, 2018, the Council entered into an agreement with Waccamaw Regional Council of Governments to acquire the assets of the Waccamaw Regional Council of Governments' Economic Development Administration Revolving Loan Fund. The Economic Development Administration approved the acquisition in a letter dated June 14, 2018, and amended the Council's original financial assistance award. The Council had previously approved a Resolution dated May 24, 2018 approving the acquisition pending approval from the Department of Commerce and the Economic Development Administration. EDA transferred grant proceeds will be able to be used in any Catawba Regional county, as well as any South Carolina county approved by EDA.

During the year ended June 30, 2022, the Council received an \$8,220,000 non-competitive Economic Development Administration grant award to capitalize a COVID-19 related Revolving Loan Fund. Additionally, the Council received an \$820,000 administrative grant to cover staffing and operational expenses related to the new COVID-19 Revolving Loan Fund. The grant, awarded on July 24, 2020, required that all loan and administrative proceeds must be drawn within a 24-month period following the grant award date. All COVID-19 Revolving Loan Fund grant proceeds were able to be used in any Catawba Regional county, as well as any EDA approved South Carolina county located in the Council's lending area.

On September 29, 2022, the Council received an additional \$2,679,935 non-competitive Economic Development Administration grant award to recapitalize the COVID-19 related Revolving Loan Fund (SC Business Loan Fund). All grant proceeds must be drawn within the 24 month period following the grant award date.

During the year ended June 30, 2023, the council established a loan loss reserve for the deferalized Revolving Loan Fund for \$190,577, or 5% of loan balances at the time it was established.

Loans receivable at June 30, 2023, consist of 63 separate loans with interest rates from 1.15% to 7.5% per annum with amortization periods to 2048 as follows:

Loans with repayments current in accordance with the terms of the loan document	\$ 11,488,633
Loans with delinquent repayments	<u>-</u>
Total restricted loans receivable	<u>\$ 11,488,633</u>

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

V. UNEARNED REVENUE

Funds received for programs are occasionally received prior to being disbursed to the recipients. Such funds are recorded as unearned revenues until earned by the recipient or remitted back to the funding organization. For the year ended June 30, 2023, unearned revenue includes funds from SC Best, SC Infrastructure Investment Program, and United Way totaling \$1,666,673.

VI. RELATED PARTY TRANSACTIONS

The Catawba Regional Development Corporation (the Corporation) was incorporated under the laws of the State of South Carolina on April 14, 1982, to further the community and economic development of the Catawba Region and to promote and assist in the growth and development of small business concerns in the region. Two members of the Council's Board also serve on the Corporation Board.

The Corporation contracts with the Council to use the Council's staff and office facilities for its daily operations.

The expenses of the Corporation are charged under the same procedures that are used to charge expenses to all other unrelated parties during the year ended June 30, 2023.

During 1994, the Council and the Development Corporation entered into a series of complex legal transactions, the basic goal of which was to accommodate the purchase, renovation, subdivision, and lease of a building to the Council. The Council in turn subleased a unit to a non-related party.

The terms of the lease from the Development Corporation to the Council include but are not limited to the following:

1. The original lease term was for a period ending on the date the project's debt was fully paid and satisfied, which was October 19, 2012. The lease was renewed in August 2020 for another seven years until August 1, 2027.
2. Upon the lease termination, the Council retains the option to acquire the leased property and related loan obligation, if any, for \$1.
3. The lease may terminate upon an "Event of Non-Appropriation."

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

VII. LEASES

During the year ended June 30, 2022 the Council implemented the guidance in GASBS No. 87, *Leases* for accounting and reporting leases that had previously been reported as operating leases. As of June 30, 2023, the Council had lease agreements in place for the rental of office space, a building, and a vehicle.

Office space

The Council leases office space from the Rock Hill Business Technology center. This lease calls for monthly payments of \$4,819 beginning in July of 2021 through December of 2022. The Council entered into a lease amendment calling for additional payments of \$4,589 from January of 2023 through December 2025. The present value of this lease was determined using a discount rate of 4%. The Council recognized the leased office space and accumulated amortization of the right-to-use asset as outlined in *Note VIII*.

Future payments related to this lease are as follows:

Year ended June 30,	Principal	Interest	Total Payments
2024	\$ 53,302	\$ 4,524	\$ 57,826
2025	55,474	2,352	57,826
2026	28,578	334	28,912
Total Future Payments	\$ 137,354	\$ 7,211	\$ 144,564

The Council also leased office space from York Technical College. This lease called for monthly payments of \$825 beginning in July of 2021 through December of 2022. The present value of this lease was determined using a discount rate of 3%. There are no remaining lease payments on this lease.

Buildings

The Council leases a floor of a building from Catawba Regional Development Co. This lease calls for monthly payments of \$2,500 beginning in July of 2021 through July of 2026. The present value of this lease was determined using a discount rate of 3%. The leased building and accumulated amortization of the right-to-use asset is outlined in *Note VIII*. Future payments related to this lease are as follows:

Year ended June 30,	Principal	Interest	Total Payments
2024	\$ 25,517	\$ 4,483	\$ 30,000
2025	32,377	3,623	36,000
2026	33,361	2,639	36,000
2027	34,376	1,624	36,000
2028	35,422	578	36,000
Total Future Payments	\$ 115,159	\$ 7,341	\$ 204,000

**CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

VII. LEASES (continued)

Vehicles

The Council leases a vehicle from South Charlotte Hyundai. This lease calls for monthly payments of \$277 beginning in July of 2021 through December of 2023. The present value of this lease was determined using a discount rate of 4.5%. The leased vehicle and accumulated amortization of the right-to-use asset is outlined in *Note VIII*. Future payments related to this lease are as follows:

Year ended June 30,	Principal	Interest	Total Payments
2023	\$ 3,176	\$ 152	\$ 3,328
2024	1,642	22	1,664
Total Future Payments	\$ 4,818	\$ 174	\$ 4,992

Copier

The Council leased a copier from Presidio Technology Capital during the year ended June 30, 2023. This lease called for monthly payments of \$292 through June of 2027. The present value of this lease was determined using a discount rate of 6%. There are no future payments related to this lease. The leased copier and accumulated amortization of the right-to-use asset is outlined in *Note VIII*.

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

VIII. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

Primary Government	<u>June 30,</u> <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30,</u> <u>2023</u>
Governmental Activities:				
Capital assets being depreciated:				
Leasehold improvements	\$ 106,100	\$ 38,861	\$ -	\$ 144,961
Furniture and equipment	135,918	-	(18,631)	117,287
Automobiles	62,385	35,000	-	97,385
Total capital assets being depreciated	<u>304,403</u>	<u>73,861</u>	<u>(18,631)</u>	<u>359,633</u>
Less accumulated depreciation for:				
Leasehold improvements	76,067	5,928	-	81,995
Furniture and equipment	93,862	9,057	(18,631)	84,288
Automobiles	62,385	2,333	-	64,718
Total accumulated depreciation	<u>156,247</u>	<u>17,318</u>	<u>(18,631)</u>	<u>231,001</u>
Total capital assets being depreciated, net	<u>72,089</u>	<u>56,543</u>	<u>-</u>	<u>128,632</u>
Governmental activities capital assets, net	<u>72,089</u>	<u>56,543</u>	<u>-</u>	<u>128,632</u>
Intangible Right-to-Use assets:				
Building	141,631	68,744	-	210,375
Office Space	99,464	149,222	-	248,686
Vehicle	7,884	-	-	7,884
Copy Machine	-	-	-	-
Total Intangible right-to-use assets	<u>248,979</u>	<u>217,966</u>	<u>-</u>	<u>466,945</u>
Less accumulated amortization				
Building	27,862	32,245	-	60,107
Office Space	66,309	45,909	-	112,218
Vehicle	3,154	3,153	-	6,307
Copy Machine	-	-	-	-
Total accumulated amortization	<u>97,325</u>	<u>81,307</u>	<u>-</u>	<u>178,632</u>
Total Right-to-use assets, net	<u>\$ 151,654</u>	<u>\$ 136,659</u>	<u>\$ -</u>	<u>\$ 288,313</u>

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

VIII. CAPITAL ASSETS (continued)

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 98,626
Total depreciation expense - governmental activities	<u>\$ 98,626</u>

IX. LONG-TERM DEBT

Compensated absences as of June 30, 2023 totaled \$135,274. Net increases to compensated absences during the year were \$3,319.

Changes in long-term liabilities

A summary of changes in long-term debt follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	\$ 131,955	\$ 3,319	\$ -	\$ 135,274	\$ 67,637
Governmental activities					
Long-term liabilities	<u>\$ 131,955</u>	<u>\$ 3,319</u>	<u>\$ -</u>	<u>\$ 135,274</u>	<u>\$ 67,637</u>

X. UNEMPLOYMENT INSURANCE

The Council has elected to provide its own unemployment insurance coverage rather than making payments to the state unemployment reserve fund. The amount of any benefits that would become due in the future and therefore be required to be reimbursed by the Council is not determinable. The Council budgets for unemployment claims based on historical claims. Unemployment claims paid during the year ended June 30, 2023, were \$0.

The Council is of the opinion that the ultimate liability above what has been recorded at June 30, 2023, \$10,240, will not have a material effect on the financial position of the Council.

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

XI. EMPLOYEE RETIREMENT SYSTEMS

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

Plan Descriptions

- The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established 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 and other benefits for teachers and employees of the state and its 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.

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

XI. EMPLOYEE RETIREMENT SYSTEMS (continued)

- The State Optional Retirement Program (ORP) is a defined contribution plan that is offered as an alternative to certain newly hired employees of state agencies, institutions of higher education, public school districts and individuals first elected to the S.C. General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account administered by one of four third party service providers. PEBA assumes no liability for state ORP benefits. Rather, the benefits are the liability of the four third party service providers. For this reason, state ORP assets are not part of the retirement systems' trust funds for financial statement purposes.
- The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1962, pursuant to the provisions of Sections 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

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

Membership

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

- SCRS – Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
- State ORP – As an alternative to membership in SCRS, certain newly hired state, public school, and higher education employees and individuals first elected to the S.C. General Assembly at or after the November 2012 general election have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employer to the member's account with the ORP service provider for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

XI. EMPLOYEE RETIREMENT SYSTEMS (continued)

- PORS – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits

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

- SCRS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's credible 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 one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

XI. EMPLOYEE RETIREMENT SYSTEMS (continued)

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

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

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. The General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by 1 percentage point each year until reaching 18.56 percent for SCRS and 21.24 percent for PORS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The board shall increase the employer contribution rates as necessary to meet the amortization period set in statute.

Pension reform legislation modified statute such that the employer contribution rates for SCRS and PORS to be further increased, not to exceed one-half of one percent in any one year if necessary, in order to improve the funding of the plans.

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

XI. EMPLOYEE RETIREMENT SYSTEMS (continued)

The statute set rates intended to reduce the unfunded liability of SCRS and PORS to the maximum amortization period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the plan. Finally, under the revised statute, the contribution rates for SCRS and PORS may not be decreased until the plans are at least 85 percent funded.

Required employee contribution rates (1) for fiscal years 2023 and 2022 are as follows:

SCRS

Employee Class Two	9.00%
Employee Class Three	9.00%

State ORP

Employee	9.00%
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PORS

Employee Class Two	9.75%
Employee Class Three	9.75%

Required employer contribution rates (1) for fiscal years 2023 and 2022 are as follows:

SCRS	2023	2022
Employee Class Two	17.41%	16.41%
Employee Class Three	17.41%	16.41%
Employer Incidental Death Benefit	0.15%	0.15%
State ORP		
Employee (2)	17.41%	16.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employee Class Two	19.84%	18.84%
Employee Class Three	19.84%	18.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

- (1) Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.
- (2) Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

**CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

XI. EMPLOYEE RETIREMENT SYSTEMS (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 ending June 30, 2019.

The June 30, 2022, total pension liability (TPL), net pension liability (NPL), and sensitive information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2021. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2022, using generally accepted actuarial principles. There was no legislation enacted during the 2022 legislative session that had a material change in the benefit provisions for any of the systems.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2022:

	SCRS	PORS
Actuarial Cost Method	Entry age normal	Entry age normal
Investment rate of return ¹	7.00%	7.25%
Projected salary increases	3.0% to 11.0% (varies by service) ¹	3.5% to 10.5% (varies by service) ¹
Benefit adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually
¹ Includes inflation at 2.25%		

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

Assumptions used in the determination of the June 30, 2022 TPL are as follows.

Former Job Class	Males	Females
Educators	2020 PRSC Males multiplied by 95%	2016 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2016 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2016 PRSC Females multiplied by 107%

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

XI. EMPLOYEE RETIREMENT SYSTEMS (continued)

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system’s TPL determined in accordance with GASB No. 67 less that System’s fiduciary net position. NPL totals, as of June 30, 2022, for SCRS and PORS are presented below:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Position Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 56,454,779,872	\$ 32,212,626,932	\$ 24,242,152,940	57.1%
PORS	\$ 8,937,686,946	\$ 5,938,707,767	\$ 2,998,979,179	66.4%

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

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rate of returns 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 revised target asset allocation adopted at the beginning of the 2020 fiscal year. The long-term expected rate of return is produced by weighing 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 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

XI. EMPLOYEE RETIREMENT SYSTEMS (continued)

Long-term Expected Rate of Return (continued)

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Public Equity ¹	46.0%	6.79%	3.12%
Bonds	26.0%	(0.35)%	(0.09)%
Private Equity ^{1,2}	9.0%	8.75%	0.79%
Private Debt ²	7.0%	6.00%	0.42%
Real Assets	12.0%		
Real Estate ²	9.0%	4.12%	0.37%
Infrastructure ²	3.0%	5.88%	0.18%
Total Expected Real Return ³	100.0%		4.79%
Inflation for Actuarial			2.25%
Total Expected Nominal			7.04%

¹ RSIC Staff and Consultant will notify the Commission if the collective exposure to Private Markets, Private Debt and Private Real Assets exceeds 30 percent of total plan assets.

³ Portable Alpha Strategies, which are not included in the Policy Target, will be capped at 12% of total assets; hedge funds (including all hedge funds used in portable alpha implementation) are capped at 15% of total assets.

Discount Rate

The discount rate used to measure the TPL was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

The following table presents the Council's proportionate share of net pension liability of the Plan calculated using the discount rate of 7.00 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.00 percent) or 1.00 percent higher (8.00 percent) than the current rate.

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

System	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
SCRS	\$ 3,630,785	\$ 2,831,853	\$ 2,167,745

**CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

XI. EMPLOYEE RETIREMENT SYSTEMS (continued)

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

At June 30, 2023, the Council reported a liability of \$2,831,853 for its proportionate share of the net pension liability. The net pension liabilities were determined based on the most recent actuarial valuation as of July 1, 2021, using membership as of that date projected forward to the end of the retirement plan’s fiscal year, and financial information of the pension trust funds as of June 30, 2022. The Council’s portion of the net pension liability was based on a projection of the Council’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At the June 30, 2022 measurement date, the Council’s SCRS proportion was .011682 percent, which was a decrease of 0.000034 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Council recognized pension expense of \$166,763 for its participation in the Plan. The expense amount includes actual employer contributions, changes in deferred outflows and/or inflows of resources related to changes in the employer’s proportionate share of the collective pension liability, and differences between actual employer contributions and proportionate share of total employer contributions as reported by PEBA for the year ended June 30, 2022.

At June 30, 2022, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences between expected and actual experience	\$ 24,604	\$ 12,341
Assumption changes	90,824	-
Net difference between projected and actual earnings on pension plan investments	416,605	555,222
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	441	101,067
Council contributions subsequent to the measurement date	259,187	-
Total SCRS	\$ 791,661	\$ 668,630

\$259,187 reported as deferred outflows of resources related to the Council’s contributions subsequent to the measurement date to the SCRS, will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2024.

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

XI. EMPLOYEE RETIREMENT SYSTEMS (continued)

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

Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS will increase (decrease) pension expense as follows:

Measurement Period	SCRS
<u>Ending June 30,</u>	
2023	\$ (25,596)
2024	27,184
2025	(68,613)
2026	73,853
Net Balance of Deferred	
Outflow/(Inflow) of Resources	<u>\$ 6,828</u>

Additional Financial and Actuarial Information

Information contained in these Notes to Basic Financial Statements was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2022, and the accounting valuation report as of June 30, 2022. Additional financial information supporting the preparation of the Financial Statements (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' ACFR.

Post-Employment Benefits

The Council provides death benefits to employees through the incidental death benefit option for members of the SCRS. The beneficiaries of those employees who die in active service after one year of credited service are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the budgeted salary of the deceased member. The Council has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly covered payroll. The Council does not determine the number of eligible participants. For the year ended June 30, 2023, the Council made contributions to the State for death benefits representing .15% of covered payroll.

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

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

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

XII. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Effective July 1, 2017, the Council adopted the provisions of GASB Statement No. 75, "Accounting and Financial Reporting for Post-employment Benefits Plans Other Than Pensions."

The South Carolina Public Employment 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 trust 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 first 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 (SFAA), 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 Descriptions

The Other Post-Employment Benefits Trust Funds (OPEB Trusts), collectively refers to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF), were established by the State of South Carolina as Act 195, which became effective on May 2008. The SCRHITF was created to fund and account for the employer costs of the State's retiree health and dental plans. The SCLTDITF was created to fund and account for the employer costs of the State's Basic Long-Term Disability Income Benefit Plan.

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 are cost-sharing multiple-employer defined benefit plans. 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.

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

XII. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Plan Descriptions (continued)

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.

Benefits

The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies, and the 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.

The SCLTDITF is a long-term disability plan that covers employees of the State of South Carolina, including all agencies and public school districts and all participating local governmental entities. The SCLTDITF provides disability payments to eligible employees that have been approved for disability.

Contributions and Funding Policies

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment 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, 2022 was 6.25 percent. 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 consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA – Insurance Benefits reserves. However, due to the COVID-19 pandemic and the impact it has had on the PEBA – Insurance Benefits reserves, the General Assembly has indefinitely suspended the statutorily required transfer until further notice. The SCRHITF is also funded through investment income.

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

XII. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Contributions and Funding Policies (continued)

The SCLTDITF is funded through employer contributions for active employees that elect health insurance coverage. For this group of active employees, PEBA – Insurance Benefits bills and collects premiums charged to State agencies, public school districts and other participating local governments. The monthly premium per active employee was \$3.22 for the fiscal year ended June 30, 2022. The SCLTDITF premium is billed monthly by PEBA – Insurance Benefits and transferred monthly to the SCLTDITF. It is also funded through investment income.

The allocation percentage of the OPEB amounts are calculated differently for each OPEB Trust. For the SCRHITF, the allocation percentage is based on the covered payroll surcharge contribution for each employer. Please note that actual covered payroll contributions received from SCRS for the fiscal year 2022 totaled \$615,405,810. However, the covered payroll contributions total includes prior year covered payroll contribution adjustments and true-ups that net to a total of \$1,094,627.

In accordance with part (b) of paragraph 69 of GASB Statement No. 75, participating employers should recognize revenue in an amount equal to the employer's proportionate share of the change in the collective net OPEB liability arising from contributions for 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 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 OPEB Trusts, and additions to and deductions from the OPEB Trusts fiduciary net position have been determined on the same basis as they were reported by the OEPB Trusts. 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 comprehensive annual 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 health care cost trend.

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

XII. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Actuarial Assumptions and Methods (continued)

Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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.

Additional information as of the latest actuarial valuation for SCRHITF:

Valuation Date:	June 30, 2021
Actuarial Cost Method:	Individual Entry – Age Normal
Inflation:	2.25%
Investment Rate of Return:	2.75%, net of OPEB Plan investment expense; including inflation.
Single Discount Rate:	3.69% as of June 30, 2022
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2019.
Mortality:	For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with fully generational mortality projections based on a fully generational basis by the 80% of Scale UMP to account for future mortality improvements and adjusted with multipliers based on plan experience.
Health Care Trend Rate:	Initial trend starting at 6.00% and gradually decreasing to an ultimate trend 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% participation for retirees who are eligible for Partial Funded Premiums. 20% participation for retirees eligible for Non-Funded Premiums
Notes:	The discount rate changed from 1.92% as of June 30, 2021 to 3.69% as of June 30, 2022;

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

XII. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Actuarial Assumptions and Methods (continued)

Additional information as of the latest actuarial valuation for SCLTDITF:

Valuation Date:	June 30, 2021
Actuarial Cost Method:	Individual Entry – Age Normal
Inflation:	2.25%
Investment Rate of Return:	3.00%, net of Plan investment expense; including inflation.
Single Discount Rate:	3.41% as of June 30, 2022
Salary, Termination and Retirement Rates:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2019.
Disability Incidence:	The disability incidence rates used in the valuation are 165% of the rates developed for the South Carolina Retirement Systems pension plans
Disability Recovery:	For participants in payment, 1987 CGDT Group Disability; for active employees, 60% were assumed to recover after the first year and 93% were assumed to recover after the first two years.
Offsets:	45% are assumed to be eligible for Social Security benefits; assumed percentage who will be eligible for a pension plan offset varies based on employee group.
Expenses:	Third party administrative expenses were included in the benefit projections.
Notes:	The discount rate changed from 2.48% as of June 30, 2021 to 3.41% as of June 30, 2022

Roll Forward Disclosure

The actuarial valuation was performed as of June 30, 2021. Update procedures were used to roll forward the total OPEB liability to June 30, 2022.

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 Net OPEB Liability 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.

**CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

XII. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Net OPEB Liability(continued)

The following table represents the components of the net OPEB liability as of June 30, 2022, 2021, 2020, 2019, 2018, and 2017:

SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND

Fiscal Year		Plan Fiduciary Net	Net OPEB	Plan Fiduciary
Ending	Total OPEB Liability	Position	Liability	Net Position as a % of Total OPEB Liability
June 30, 2022	\$ 16,835,502,593	\$ 1,623,661,403	\$ 15,211,841,190	9.64%
June 30, 2021	\$ 22,506,597,989	\$ 1,683,416,992	\$ 20,823,180,997	7.48%
June 30, 2020	\$ 19,703,745,672	\$ 1,652,299,185	\$ 18,051,446,487	8.39%
June 30, 2019	\$ 16,516,264,617	\$ 1,394,740,049	\$ 15,121,524,568	8.44%
June 30, 2018	\$ 15,387,115,010	\$ 1,216,530,062	\$ 14,170,584,948	7.91%
June 30, 2017	\$ 14,659,610,970	\$ 1,114,774,760	\$ 13,544,836,210	7.60%

SOUTH CAROLINA LONG-TERM INSURANCE DISABILITY TRUST FUND

Fiscal Year		Plan Fiduciary Net	Net OPEB	Plan Fiduciary
Ending	Total OPEB Liability	Position	Liability	Net Position as a % of Total OPEB Liability
June 30, 2022	\$ 46,410,320	\$ 34,824,847	\$ 11,585,473	75.04%
June 30, 2021	\$ 44,378,931	\$ 41,201,247	\$ 3,177,684	92.84%
June 30, 2020	\$ 42,782,316	\$ 42,479,106	\$ 303,210	99.29%
June 30, 2019	\$ 40,743,755	\$ 38,775,500	\$ 1,968,255	95.17%
June 30, 2018	\$ 39,261,091	\$ 36,199,863	\$ 3,061,228	92.20%
June 30, 2017	\$ 38,510,568	\$ 697,589	\$ 1,812,979	95.29%

The TOL is calculated by the Trusts' 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 Trusts' notes to the financial statements and required supplementary information. Liability calculations performed by the Trusts' actuary for the purpose of satisfying the requirements of GASB Nos. 74 and 75 and are not applicable for the other purposes, such as determining the Trusts' funding requirements.

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023

XII. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Single Discount Rate (continued)

The Single Discount Rate of 3.69% 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 one percent).

A Single Discount Rate of 3.41% was used to measure the total OPEB liability for the SCLTDITF. This Single Discount Rate was based on an expected rate of return on plan investments of 3.00% and a municipal bond rate of 3.69%. The projection of cash flows to determine this Single Discount Rate assumed that employer contributions will remain \$38.64 per year for each covered active employee. Based on these assumptions, the plan's Fiduciary Net Position and future contributions were sufficient to finance the benefit payments through the year 2034. As a result, the long-term expected rate of return on plan investments was applied to project benefit payments through the year 2034, and the municipal bond rate was applied to all benefit payments after that date.

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:

SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND

	Target Asset <u>Allocation</u>	Arithmetic Real <u>Rate of Return</u>	Allocation- Weighted Long- Term Expected Real <u>Rate of Return</u>
Asset Class			
U.S. Domestic Fixed Income	80.00%	0.95%	0.76%
Cash equivalents	<u>20.00%</u>	0.35%	<u>0.07%</u>
Total	100.00%		0.83%
Expected Inflation			<u>2.25%</u>
Total Return			<u>3.08%</u>
Investment Return Assumption			<u>2.75%</u>

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023

XII. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Long-term Expected Rate of Return (continued)

SOUTH CAROLINA LONG-TERM DISABILITY INSURANCE TRUST FUND

	Target Asset Allocation	Arithmetic Real Rate of Return	Allocation- Weighted Long- Term Expected Real Rate of Return
Asset Class			
U.S. Domestic Fixed Income	80.00%	0.95%	0.76%
Cash equivalents	<u>20.00%</u>	0.35%	<u>0.07%</u>
Total	100.00%		0.83%
Expected Inflation			<u>2.25%</u>
Total Return			<u>3.08%</u>
Investment Return Assumption			<u>3.00%</u>

Net OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

At June 30, 2023, the Council reported liabilities of \$2,152,780 and \$1,109 for its proportionate share of the net OPEB liabilities for SCRHITF and SCLTDITF, respectively. The total net OPEB liability was \$2,153,889. The net OPEB liabilities were measured as of June 30, 2022 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation as of that date. The Council's proportion of the net OPEB liabilities was based on a projection of the Council's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. At the June 30, 2022 measurement date, the Council's SCRHITF proportion was .014152 percent, which was a decrease of .000049 percent from its proportion measured as of June 30, 2021. At the June 30, 2022 measurement date, the Council's SCLTDITF proportion was .009569 percent, which was a decrease of .000857 percent from its proportion measured as of June 30, 2021.

In accordance with part (b) of paragraph 69 of GASB Statement No. 75, participating employers should 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.

**CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

XII. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Net OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (continued)

For the year ended June 30, 2023, the Council recognized OPEB expense of \$123,031, including \$122,108 for SCRHITF and \$923 for SCLTDITF, respectively. At June 30, 2023, the Council reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SCRHITF</u>	
	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Differences between expected and actual experience	\$ 46,207	\$ 189,290
Changes in assumptions	485,396	692,002
Net difference between projected and actual investment experience	21,241	4,314
Changes in proportionate share and differences between Council contributions and proportionate share of contributions	66,014	174,571
Council contributions subsequent to the measurement date	92,250	-
Total SCRHITF	\$ 711,108	\$ 1,060,177
	<u>SCLTDITF</u>	
	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Differences between expected and actual experience	\$ 294	\$ 197
Changes in assumptions	222	158
Net difference between projected and actual investment experience	510	144
Changes in proportionate share and differences between Council contributions and proportionate share of contributions	31	26
Council contributions subsequent to the measurement date	725	-
Total SCLTDITF	1,782	525
Total SCRHITF and SCLTDITF	\$ 712,890	\$ 1,060,702

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

XII. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Net OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (continued)

\$92,250(SCRHITF) and \$725 (SCLTDITF) that were reported as deferred outflows of resources related to OPEB resulting from the Council’s contributions subsequent to the measurement date will be recognized as reductions of the net OPEB liability in the year ended June 30, 2024.

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 Ended June 30,</u>	<u>SCRHITF</u>	<u>SCLTDITF</u>	<u>Total</u>
2023	\$ (64,062)	\$ 63	\$ (63,999)
2024	(41,419)	92	(41,327)
2025	(47,640)	150	(47,490)
2026	(71,435)	123	(71,312)
2027	(94,687)	19	(94,668)
Thereafter	(122,076)	85	(121,991)
Totals	\$ (441,319)	\$ 532	\$ (440,787)

Sensitivity Analysis

The following table presents the SCRHITF’s net OPEB liability calculated using a Single Discount Rate of 1.92%, as well as what the plan’s net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>2.69%</u>	<u>Discount Rate</u>	<u>4.69%</u>
		<u>3.69%</u>	
SCRHITF Net OPEB Liability	\$ 2,545,168	\$ 2,152,780	\$ 1,837,443

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 would be if were calculated using a trend rate that is one percent lower or one percent higher:

	<u>1% Decrease</u>	<u>Current Healthcare</u>	<u>1% Increase</u>
		<u>Cost Trend Rate</u>	
SCRHITF Net OPEB Liability	\$ 1,770,451	\$ 2,152,780	\$ 2,599,170

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

XII. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

The following table presents the SCLTDITF's net OPEB liability calculated using a single Discount Rate of 2.83%, as well as what the plan's net OPEB liability would be if it were calculated using a single Discount Rate that is one percent lower or one percent higher:

	1% Decrease	Current	Discount Rate	1% Increase
	2.41%	3.41%		4.41%
SCLTDITF Net OPEB Liability	\$ 1,285	\$ 1,109		\$ 938

Additional Financial and Actuarial Information

Information contained in these Notes to the Basic Financial Statements were compiled from the OPEB Trust Funds audited financial statements for the fiscal year ended June 30, 2022, and the accounting and financial reporting actuarial valuations as of June 30, 2022. Additional financial information supporting the preparation of the Financial Statements (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the OPEB Trust Funds audited financial statements.

Employers are encouraged to review Illustration II in Appendix C of GASB Statement No. 75, which provides a sample footnote disclosure and required supplementary information for a cost-sharing multiple-employer defined benefit OPEB plan.

XIII. 401(K) EMPLOYER MATCHING PROGRAM

Effective July 1, 2012, the Council ended contributions to its non-qualified deferred compensation plan and approved employees participating in the deferred compensation plan sponsored by the State of South Carolina. The Council will match contributions for employees with three years' service or more. If an employee contributes 2-3% of his or her annual salary to the SC Deferred Compensation program, the Council will match their contribution on a sliding scale from 1-4% of their annual salary, depending on an employee's cumulative years of service. For the year ended June 30, 2023, the Council matched \$29,836 of employee contributions.

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

XIV. CONTINGENCIES

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

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 Council expects such amounts, if any, to be immaterial. From time to time the Council is a party to litigation, either as a plaintiff or as a defendant, arising from normal operations. No material losses are anticipated in connection with legal matters at June 30, 2023.

XV. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The balances of inter-fund receivables and payables at June 30, 2023, were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Legacy Revolving Loan Fund	\$ 30,924
General Fund	COVID RLF	21,642
		\$ 52,566

XVI. FUND BALANCE CLASSIFICATIONS AND ASSIGNMENTS

The nonspendable fund balance is the portion of the fund balance that does not represent cash available for expenditure. The amount nonspendable, \$19,186, represents prepaid operating expenditures for fiscal year 2024 which have been paid during the fiscal year 2023.

The restricted fund balance of \$17,652,549 represents amounts constrained or stipulated by external parties or enabling legislation for the Legacy Revolving Loan Fund and the SC Business Loan Fund.

The Council elected to set aside an assigned amount of \$20,000 for retiree insurance.

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Federal and state contracts				
Workforce Innovation and Opportunity Act	\$ 375,000	\$ 450,000	\$ 447,414	\$ (2,586)
HUD community development	350,000	390,000	397,847	7,847
Technical assistance	280,000	280,000	300,584	20,584
Rural infrastructure authority	170,000	185,000	192,803	7,803
Transportation planning	125,000	65,000	65,256	256
SC Agribusiness loan fund	20,000	15,000	12,970	(2,030)
EDA planning	75,000	60,000	62,034	2,034
EDA CARES Act	165,000	120,000	124,102	4,102
Brownfields RLF	120,000	80,000	78,405	(1,595)
Neighborhood initiative program	20,000	20,000	20,542	542
RLF	225,000	320,000	315,236	(4,764)
RLF - COVID19	175,000	210,000	206,827	(3,173)
Regional Development Corporation	125,000	115,000	102,046	(12,954)
Other loan funds	20,000	20,000	19,223	(777)
ARC Planning and grants	59,265	48,000	45,630	(2,370)
Union county ARC Planning Grant Match	15,735	15,735	15,735	-
IRP	15,000	15,000	13,590	(1,410)
Total federal and state contracts	<u>2,335,000</u>	<u>2,408,735</u>	<u>2,420,244</u>	<u>11,509</u>
Participating local governments	<u>223,328</u>	<u>223,328</u>	<u>223,328</u>	<u>-</u>
Other				
State aid to councils of governments	149,750	244,345	244,345	-
Interest and other income	7,500	20,000	20,847	847
Total other sources	<u>157,250</u>	<u>264,345</u>	<u>265,192</u>	<u>847</u>
Total revenues	<u>2,715,578</u>	<u>2,896,408</u>	<u>2,908,764</u>	<u>12,356</u>
Expenditures				
Personnel	2,290,000	2,275,000	2,147,116	127,884
Rent	30,000	30,000	30,000	-
Building	18,000	20,000	18,466	1,534
Telephone	23,000	25,000	23,761	1,239
Travel and meetings	45,000	75,000	84,666	(9,666)
Office supplies/expendable equipment	45,000	45,000	40,881	4,119
Postage	3,000	3,000	2,968	32
Memberships, dues, publications	15,000	15,500	19,089	(3,589)
Equipment rental/maintenance	18,250	17,500	16,437	1,063
Employee and board member training	18,000	20,000	21,484	(1,484)
Capital costs	30,000	79,685	77,927	1,758
Professional services	94,500	145,500	147,047	(1,547)
Information technology	55,000	70,000	54,634	15,366
Insurance and bonding	25,000	25,000	21,549	3,451
Miscellaneous	5,828	7,423	9,700	(2,277)
Total expenditures	<u>2,715,578</u>	<u>2,853,608</u>	<u>2,715,725</u>	<u>137,883</u>

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

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Excess (deficiency) of revenues over (under) expenditures	-	42,800	193,039	150,239
Other financing sources (uses)				
Transfer to RDC for NIP/Building expenses	-	(40,000)	-	40,000
RLF loan fund - COVID19	-	1,052,488	945,888	(106,600)
RLF Loan Fund Recovery	-	246,000	246,000	-
RLF Loan Fund - Loan Loss Reserve	-	(190,577)	(190,577)	-
Total other financing sources (uses)	-	1,067,911	1,001,311	(66,600)
Pass-through funds revenues				
Workforce Innovation and Opportunity Act	2,450,000	2,800,000	2,367,022	(432,978)
EPA Brownfields assessment grant	100,000	25,000	11,775	(13,225)
SC BEST DHEC assessment grant	-	10,000	6,333	(3,667)
	2,550,000	2,835,000	2,385,130	(449,870)
Pass-through funds expenditures				
Workforce Innovation and Opportunity Act	2,450,000	2,800,000	2,367,022	432,978
EPA Brownfields assessment grant	100,000	25,000	11,775	13,225
SC BEST DHEC assessment grant	-	10,000	6,333	3,667
	2,550,000	2,835,000	2,385,130	449,870
Excess of revenues and other financing sources over expenditures including pass-through contracts	-	1,110,711	1,194,350	83,639
Fund balances - beginning	17,698,520	17,698,520	17,698,520	-
Fund balances - ending	\$ 17,698,520	\$ 18,809,231	\$ 18,892,870	\$ 83,639

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

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS

SCHEDULE OF THE COUNCIL'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM
LAST 9 FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>SCRS</u>									
Council's proportion of the net pension liability	0.011682%	0.011716%	0.011866%	0.013275%	0.012953%	0.012357%	0.013061%	0.013702%	0.014585%
Council's proportionate share of the net pension liability	\$ 2,831,853	\$ 2,535,481	\$ 3,032,083	\$ 3,031,320	\$ 2,902,381	\$ 2,781,759	\$ 2,789,810	\$ 2,598,650	\$ 2,511,053
Council's covered-employee payroll	\$ 1,476,007	\$ 1,390,995	\$ 1,324,381	\$ 1,323,861	\$ 1,401,843	\$ 1,342,304	\$ 1,246,759	\$ 1,264,780	\$ 1,277,126
Council's proportionate share of the net pension liability as a percentage of its covered-employee payroll	191.86%	182.28%	228.94%	228.98%	207.04%	207.24%	223.76%	205.46%	196.62%
Plan's fiduciary net position	\$ 32,212,626,932	\$ 33,490,305,970	\$ 26,292,418,682	\$ 27,238,916,138	\$ 26,414,916,370	\$ 25,732,829,268	\$ 23,996,362,354	\$ 25,131,828,101	\$ 25,738,521,026
Plan fiduciary net position as a percentage of the total pension liability	57.10%	60.70%	50.70%	54.40%	54.10%	53.30%	52.91%	57.00%	59.90%

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

See notes to required supplementary information related to pensions.

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS

SCHEDULE OF THE COUNCIL'S CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM
LAST 9 FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>SCRS</u>									
Contractually required contribution	\$ 259,187	\$ 230,349	\$ 206,074	\$ 205,993	\$ 204,108	\$ 182,016	\$ 142,255	\$ 139,885	\$ 139,206
Contributions in relation to the contractually required contribution	<u>(259,187)</u>	<u>(230,349)</u>	<u>(206,074)</u>	<u>(205,993)</u>	<u>(204,108)</u>	<u>(182,016)</u>	<u>(142,255)</u>	<u>(139,885)</u>	<u>(139,206)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Council's covered-employee payroll	\$ 1,476,007	\$ 1,390,995	\$ 1,324,381	\$ 1,323,861	\$ 1,401,843	\$ 1,342,304	\$ 1,246,759	\$ 1,264,780	\$ 1,277,126
Contributions as a percentage of covered-employee payroll	17.41%	16.41%	15.41%	15.41%	14.41%	13.41%	11.41%	11.06%	10.90%

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

See notes to required supplementary information related to pensions.

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION RELATED TO PENSIONS
JUNE 30, 2023

Method and Assumptions Used in Calculations of Actuarially Determined Contributions: The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, 2021, one year prior to the end of the fiscal year in which contributions are reported. The actuarial methods and assumptions used to determine the contractually required contributions for the year ended June 30, 2023 reported in that schedule can be found in Note XI of the basic financial statement.

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS

SCHEDULE OF THE COUNCIL'S PROPORTIONATE SHARE
OF NET OPEB LIABILITY
LAST 6 FISCAL YEARS

	2023	2022	2021	2020	2019	2018
	SCRHITF	SCRHITF	SCRHITF	SCRHITF	SCRHITF	SCRHITF
Council's proportion of the net OPEB liability	0.014152%	0.014201%	0.014362%	0.016029%	0.015565%	0.014785%
Council's proportionate share of the net OPEB liability	\$ 2,152,780	\$ 2,957,100	\$ 2,592,549	\$ 2,423,829	\$ 2,205,652	\$ 2,002,604
Council's covered payroll	\$ 1,390,995	\$ 1,390,995	\$ 1,324,381	\$ 1,323,861	\$ 1,401,843	\$ 1,342,304
Council's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	154.8%	212.6%	195.8%	183.1%	157.3%	149.2%
Plan fiduciary net OPEB as a percentage of the total OPEB liability	9.64%	7.48%	8.39%	8.44%	7.91%	7.60%

OPEB Expense	2023	2022	2021	2020	2019	2018
Description	SCRHITF	SCRHITF	SCRHITF	SCRHITF	SCRHITF	SCRHITF
Service cost	\$ 122,068	\$ 107,888	\$ 91,380	\$ 81,899	\$ 81,121	\$ 90,313
Interest on the total OPEB liability	\$ 61,632	\$ 68,909	74,439	89,214	81,383	67,315
Projected earnings on plan investments	\$ (6,648)	\$ (6,506)	(5,814)	(8,122)	(7,256)	(6,291)
OPEB plan administrative expense	\$ 113	\$ 156	146	142	10	2
Recognition of outflow (inflow) of resources due to liabilities	\$ (52,035)	\$ 80,417	37,523	(16,120)	(28,675)	(30,308)
Recognition of outflow (inflow) of resources due to assets	\$ 4,373	\$ 780	(417)	1,544	2,341	860
Total Aggregate OPEB Expense	\$ 129,504	\$ 251,644	\$ 197,257	\$ 148,557	\$ 128,924	\$ 121,891

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

See notes to OPEB required supplementary information.

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS

SCHEDULE OF COUNCIL CONTRIBUTIONS
 RETIREE HEALTH BENEFIT TRUST FUND
 LAST 6 FISCAL YEARS

	2023	2022	2021	2020	2019	2018
	<u>SCRHITF</u>	<u>SCRHITF</u>	<u>SCRHITF</u>	<u>SCRHITF</u>	<u>SCRHITF</u>	<u>SCRHITF</u>
Contractually required contribution	\$ 92,250	\$ 86,937	\$ 82,774	\$ 82,741	\$ 84,812	\$ 73,827
Contributions in relation to the contractually required contribution	(92,250)	(86,937)	(82,774)	(82,741)	(84,812)	(73,827)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Council's covered payroll	\$ 1,390,995	\$ 1,390,995	\$ 1,324,381	\$ 1,323,861	\$ 1,401,843	\$ 1,342,304
Contributions as a percentage of covered payroll	6.25%	6.25%	6.25%	6.25%	6.05%	5.50%

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

See notes to OPEB required supplementary information.

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO OPEB REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

Method and Assumptions Used in Calculations of Actuarially Determined Contributions: The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, 2021, one year prior to the end of the fiscal year in which contributions are reported. The actuarial methods and assumptions used to determine the contractually required contributions for the year ended June 30, 2023 reported in that schedule can be found in Note XII of the basic financial statements.

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2023

	Pass-Through Contracts	Legacy Revolving Loan Fund	SC Agribusiness Loan Fund	SC Business Loan Fund	Total Special Funds
Revenues					
Revolving loan fund	\$ -	\$ 626,348	\$ -	\$ -	\$ 626,348
Revolving loan fund - COVID19	-	-	-	-	-
SC Agribusiness loan fund	-	-	30,429	-	30,429
Fees and other	-	-	-	237,424	237,424
Federal pass-through funds	2,385,130	-	-	-	2,385,130
Total revenues	<u>2,385,130</u>	<u>626,348</u>	<u>30,429</u>	<u>237,424</u>	<u>3,279,331</u>
Expenditures					
Personnel costs	-	212,919	9,423	143,188	365,530
Other direct costs	-	215,173	986	13,161	229,320
Indirect costs allocated from general	-	79,818	3,530	53,561	136,909
Payments to service providers	2,385,130	-	-	-	2,385,130
Total expenditures	<u>2,385,130</u>	<u>507,910</u>	<u>13,939</u>	<u>209,910</u>	<u>3,116,889</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>118,438</u>	<u>16,490</u>	<u>27,514</u>	<u>162,442</u>
Other Financing Sources (Uses)					
EDA SCALF grant	-	-	-	-	-
RLF loan fund match requirements - COVID19	-	-	-	945,888	945,888
Transfer	-	40,000	-	-	40,000
Total other financing sources (uses)	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>945,888</u>	<u>985,888</u>
Net change in fund balances	<u>-</u>	<u>158,438</u>	<u>16,490</u>	<u>973,402</u>	<u>1,148,330</u>
Fund balances - beginning	<u>-</u>	<u>7,247,906</u>	<u>930,394</u>	<u>8,325,919</u>	<u>16,504,219</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 7,406,344</u>	<u>\$ 946,884</u>	<u>\$ 9,299,321</u>	<u>\$ 17,652,549</u>

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

**CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES AND EXPENDITURES - PLANNING CONTRACTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	SOURCES OF REVENUE				TOTAL REVENUE	DIRECT EXPENSES			OTHER DIRECT	INDIRECT EXPENSE ALLOCATION	TOTAL EXPENSE	NET REVENUE (EXPENSE)
	FEDERAL GRANTS	STATE GRANTS	REGIONAL/ OTHER	LOCAL REVENUE		SALARIES	FRINGES					
EDA CARES ACT PLANNING GRANT	124,102	-	-	4,526	128,628	48,574	33,343	15,977	30,734	128,628	-	
EDA PLANNING GRANT	74,180	-	-	49,887	124,067	51,528	35,985	3,875	32,679	124,067	-	
REVOLVING LOAN FUND (COVID19)	-	-	206,827	-	206,827	84,344	58,843	10,079	53,561	206,827	-	
REVOLVING LOAN FUND (RLF)	-	-	315,236	-	315,236	125,215	87,704	22,499	79,818	315,236	-	
SC AGRIBUSINESS LOAN FUND	-	-	12,970	-	12,970	5,524	3,899	17	3,530	12,970	-	
REGIONAL DEV. CORP.	-	-	82,906	-	82,906	30,382	21,576	11,538	19,410	82,906	-	
RDC BUILDING MAINTENANCE	-	-	19,140	-	19,140	8,019	5,598	288	5,235	19,140	-	
RURAL DEVELOPMENT IRP	-	-	13,590	-	13,590	5,737	4,159	-	3,694	13,590	-	
LOWER SAVANNAH LOAN FUND	-	-	12,385	-	12,385	5,233	3,746	56	3,350	12,385	-	
CDFI	-	-	3,205	-	3,205	1,335	1,004	-	866	3,205	-	
DOE FUND	-	-	3,632	-	3,632	1,568	1,079	-	985	3,632	-	
DHEC BROWNFIELDS RLF	78,405	-	-	-	78,405	25,314	17,512	10,196	16,109	69,131	9,274	
WIOA DW ADMINISTRATION	65,152	-	-	-	65,152	26,684	18,749	2,303	17,416	65,152	-	
WIOA DW PROGRAM	76,336	-	-	-	76,336	32,313	23,087	-	20,936	76,336	-	
WIOA ADULT ADMINISTRATION	52,620	-	-	-	52,620	21,976	15,633	998	14,013	52,620	-	
WIOA ADULT PROGRAM	74,675	-	-	-	74,675	31,828	22,429	-	20,418	74,675	-	
WIOA YOUTH ADMINISTRATION	76,326	-	-	-	76,326	31,643	22,696	1,828	20,159	76,326	-	
WIOA YOUTH PROGRAM	64,077	-	-	-	64,077	27,472	19,115	-	17,490	64,077	-	
WIOA EBA GRANT	14,624	-	-	-	14,624	6,397	4,309	-	3,918	14,624	-	
WIOA ADULT/DW RESILIENCY GRANT	23,964	-	-	-	23,964	10,278	7,140	-	6,546	23,964	-	
NIP MAINTENANCE FUNDS	-	-	20,542	-	20,542	8,532	5,700	889	5,421	20,542	-	
TRANSPORTATION PLNG. - MGMT.	32,675	-	-	8,168	40,843	16,922	11,714	1,549	10,658	40,843	-	
TRANSPORTATION PLNG. - PERF. MGMT.	2,866	-	-	716	3,582	1,549	1,035	-	998	3,582	-	
TRANSPORTATION PLNG. - LRTP/TIP	11,926	-	-	2,981	14,907	6,421	4,456	-	4,030	14,907	-	
TRANSPORTATION PLNG. - PUBLIC PARTICIPATION	355	-	-	187	542	234	157	-	151	542	-	
TRANSPORTATION PLNG. - TECHNICAL ASST.	8,225	-	-	2,056	10,281	4,369	3,079	-	2,833	10,281	-	
TRANSPORTATION PLNG. - TRANSIT	4,622	-	-	1,156	5,778	2,490	1,774	-	1,514	5,778	-	
TRANSPORTATION PLNG. - TAP	4,588	-	-	1,147	5,735	2,501	1,688	-	1,546	5,735	-	
SC BROADBAND PROJECT	-	9,000	-	1,878	10,878	4,751	3,117	18	2,992	10,878	-	
CD-TECHNICAL ASST. CLOSED PROJECTS	-	-	-	11,544	11,544	5,023	3,452	-	3,069	11,544	-	
CD-PLANNING (PY22)	-	34,951	-	2,493	37,444	14,990	10,663	1,835	9,956	37,444	-	
CD-PLANNING (PY23)	-	6,656	-	-	6,656	2,508	1,668	870	1,610	6,656	-	
CDBG-CARLISLE (PUMP STATION)	-	12,035	-	3,267	15,302	6,516	4,370	153	4,263	15,302	-	
CDBG-CARLISLE/UNION REGIONAL SEWER	-	22,574	-	-	22,574	9,358	6,764	402	6,050	22,574	-	
CDBG-CHESTER CITY (COMMUNITY PAVILION)	-	-	-	2,912	2,912	1,167	812	193	740	2,912	-	
CDBG-CHESTER COUNTY (DAWSON DRIVE)	-	10,201	-	-	10,201	4,119	2,849	544	2,689	10,201	-	
CDBG-TOWN OF CLOVER WILLOW OAKS WATER UPGRADE	-	17,687	-	189	17,876	7,622	5,119	310	4,825	17,876	-	
CDBG-HEATH SPRINGS (WWTP)	-	13,561	-	3,463	17,024	7,069	5,047	289	4,619	17,024	-	
CDBG-TOWN OF GREAT FALLS REPUBLIC MILL	-	31,633	-	-	31,633	13,108	9,819	203	8,503	31,633	-	
CDBG-TOWN OF GREAT FALLS DEMO. PRO.	-	6,212	-	2,993	9,205	3,946	2,768	65	2,426	9,205	-	
CDBG-JONESVILLE (WELLINGTON MILL)	-	26,052	-	-	26,052	10,958	7,437	661	6,996	26,052	-	
CDBG-JONESVILLE STREETScape IMPROV.	-	24,199	-	-	24,199	9,646	7,913	4,703	1,937	24,199	-	
CDBG-LANC. CITY (WILLIAMS ESTATES)	-	39,664	-	-	39,664	16,291	11,276	1,571	10,526	39,664	-	
CDBG- LANCASTER CITY MILLER/ TAYLOR STREET	-	9,175	-	-	9,175	3,915	2,769	62	2,429	9,175	-	
CDBG-LANCASTER COUNTY (DSS BUILDING)	-	4,259	-	-	4,259	1,792	1,269	23	1,108	4,192	67	
CDBG-CITY OF LANCASTER WATER METER VALVE	-	17,355	-	-	17,355	7,445	5,041	123	4,746	17,355	-	
CDBG- LOCKHART DRIVE (SUMMIT DRIVE)	-	9,665	-	-	9,665	4,069	2,918	59	2,619	9,665	-	
CDBG- LOCKHART SEWER/PUMP STATION	-	812	-	-	812	351	249	6	206	812	-	
CDBG-UNION CITY (DEMOLITION)	-	7,887	-	803	8,690	3,699	2,548	103	2,340	8,690	-	
CDBG-UNION CITY (W. MAIN ST SEWER)	-	2,500	-	-	2,500	1,690	445	7	358	2,500	-	
CDBG- BUFFALO/EXCELSIOR/UNION MILLS SEWER UPGRADE	-	-	-	307	307	133	94	2	78	307	-	
CDBG-UNION COUNTY MYCOWORKS	-	26,211	-	-	26,211	11,088	7,626	417	7,080	26,211	-	
CDBG- UNION COUNTY (GOLDVILLE FIRE SUBSTATION)	-	7,217	-	-	7,217	3,137	2,110	34	1,936	7,217	-	
CDBG- YORK CITY (RAILROAD AVENUE SIDEWALK)	-	6,014	-	-	6,014	2,644	1,755	41	1,574	6,014	-	
CDBG-CARES ACT	-	33,654	-	-	33,654	14,334	9,904	218	9,198	33,654	-	
CD SPRING APPLICATIONS	-	-	-	7,981	7,981	3,454	2,262	-	2,265	7,981	-	
CD FALL APPLICATIONS	-	-	-	10,401	10,401	3,758	3,547	-	3,096	10,401	-	
CD ENVIRONMENTAL REVIEWS	-	31,500	-	-	31,500	5,901	4,181	-	3,852	13,934	17,566	

**CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES AND EXPENDITURES - PLANNING CONTRACTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	SOURCES OF REVENUE				TOTAL REVENUE	DIRECT EXPENSES			INDIRECT EXPENSE ALLOCATION	TOTAL EXPENSE	NET REVENUE (EXPENSE)
	FEDERAL GRANTS	STATE GRANTS	REGIONAL/ OTHER	LOCAL REVENUE		SALARIES	FRINGES	OTHER DIRECT			
CHESTER COUNTY NATURAL GAS	-	-	-	307	307	134	95	-	78	307	-
UNION COUNTY NATURAL GAS	-	1,299	-	9,708	11,007	4,772	3,325	-	2,910	11,007	-
YORK COUNTY NATURAL GAS	-	2,395	-	2,295	4,690	2,016	1,447	-	1,227	4,690	-
LOCAL GOVERNMENT ASSISTANCE	-	-	250	6,734	6,984	3,017	2,058	-	1,909	6,984	-
TA-CHESTER COUNTY (GIS-MOU)	-	27,321	-	-	27,321	11,696	8,201	31	7,393	27,321	-
TA-CHESTER CITY (TA)	-	327	-	170	497	210	152	-	135	497	-
TA-CHESTER COUNTY (E911)	-	7,453	-	-	7,453	3,195	2,227	-	2,031	7,453	-
TA-CHESTER COUNTY (TA/PLANNING/GRANTS)	-	4,412	-	-	4,412	1,912	1,319	-	1,181	4,412	-
TA-CHESTER COUNTY (PARCEL UPDATE)	-	5,783	-	-	5,783	2,468	1,751	-	1,564	5,783	-
TA-CLOVER (GIS)	-	43,043	-	-	43,043	18,340	12,994	-	11,709	43,043	-
TA-EPA BROWNFIELDS ASSESSMENT GRANT	18,657	-	-	-	18,657	7,056	4,844	2,277	4,480	18,657	-
TA- FORT MILL PLANNING	-	3,207	-	-	3,207	1,386	969	-	852	3,207	-
TA-FORT MILL (PLANNING/911/ETC)	-	1,692	-	-	1,692	753	459	-	480	1,692	-
TA- FORT MILL STORMWATER	-	1,039	-	-	1,039	475	268	-	296	1,039	-
TA- FORT MILL SCHOOL DISTRICT	-	1,724	-	-	1,724	770	510	-	444	1,724	-
TA-KERSHAW (EDA)	-	8,557	-	-	8,557	3,441	2,595	169	2,219	8,424	133
TA-LANCASTER CITY (GIS)	-	8,629	-	-	8,629	3,672	2,547	10	2,400	8,629	-
TA-LANCASTER WSD EDA PROJECT	12,066	-	-	-	12,066	4,719	3,327	965	3,055	12,066	-
TA-SCAPA (MOU#2)	-	3,323	-	-	3,323	1,425	1,017	-	881	3,323	-
TA- SERDI ACCOUNTING	-	6,313	-	6,812	13,125	5,613	3,919	120	3,473	13,125	-
TA-TEGA CAY	-	1,061	-	49	1,110	494	328	-	288	1,110	-
TA-UNION CITY	-	29,687	-	-	29,687	12,774	8,857	-	8,056	29,687	-
TA-UNION EDA MEDICAL SCIENCE DRIVE	-	4,948	-	-	4,948	2,082	1,514	-	1,352	4,948	-
TA-UNION COUNTY (HAZARD MITIGATION)	-	14,002	-	-	14,002	6,160	4,101	-	3,741	14,002	-
TA-UNION COUNTY	-	2,083	-	-	2,083	888	623	-	572	2,083	-
TA-YORK CITY	-	8,743	-	-	8,743	3,718	2,586	41	2,398	8,743	-
TA- YORK CITY COMP PLAN	-	17,721	-	20,567	38,288	16,161	11,842	-	10,285	38,288	-
TA-WINTHROP UNIVERSITY EDA	2,281	180	-	64	2,525	834	593	590	508	2,525	-
TA-VAN WYCK	-	24,478	-	-	24,478	10,533	7,251	-	6,694	24,478	-
TA -YORK COUNTY DAVIS BACON	-	7,062	-	-	7,062	2,691	1,877	767	1,727	7,062	-
SRF-UNION/CARLISLE REGIONAL SEWER	-	8,349	-	-	8,349	3,531	2,552	-	2,266	8,349	-
SRF- GREAT FALLS WWTP	-	2,507	-	-	2,507	1,071	740	-	696	2,507	-
SRF- LOCKHART SUMMIT DRIVE	-	3,760	-	-	3,760	1,578	1,132	37	1,013	3,760	-
TA- CITY OF ROCK HILL HOUSING PROJECT	-	576	-	-	576	248	170	-	158	576	-
RLF COMMUNITY OF PRACTICE	-	-	-	558	558	243	172	-	143	558	-
ARC-PLANNING GRANT	-	52,448	-	13,928	66,376	22,446	16,003	13,614	14,313	66,376	-
ARC LDD PLANNING GRANT	-	2,132	-	-	2,132	925	633	-	574	2,132	-
ARC- TOWN OF LOCKHART	-	2,924	-	-	2,924	1,130	763	298	733	2,924	-
ARC UNION COUNTY BUFFALO PARK	-	2,682	-	-	2,682	1,166	776	12	728	2,682	-
ARC UNION CITY WTP UPGRADES	-	1,179	-	-	1,179	510	335	-	334	1,179	-
RIA-PROJECT DEVLEOPMENT/APPS	-	-	-	676	676	158	127	290	101	676	-
RIA-SCIIP	-	80,865	-	-	80,865	34,645	22,803	1,485	21,932	80,865	-
RIA- SCIIP FORT LAWN WASTEWATER INFRASTRUCTURE	-	1,806	-	-	1,806	783	518	-	505	1,806	-
RIA- SCIIP GREAT FALLS COLLECTION SYSTEM UPGRADES	-	2,784	-	-	2,784	1,206	798	-	780	2,784	-
RIA- SCIIP HEATH SPRINGS SEWER OUTFALL REPLACEMENT	-	3,186	-	-	3,186	1,374	917	-	895	3,186	-
RIA- SCIIP LANCASTER CITY WWTP OPTIMIZATION	-	518	-	-	518	225	153	-	140	518	-
RIA- SCIIP MEANSVILLE RILEY ROAD WATER COMPANY	-	2,305	-	-	2,305	990	659	9	647	2,305	-
RIA- SCIIP - UNION AND JONESVILLE REGIONAL WASTEWATER	-	936	-	-	936	407	282	-	247	936	-
RIA- SCIIP - LCWSD RIVERSIDE ROAD REGIONAL WATER	-	1,294	-	-	1,294	561	372	-	361	1,294	-
RIA- SCIIP - UNION CITY CHEROKEE SEWER REHABILITATION	-	540	-	-	540	234	157	-	149	540	-
RIA- SCIIP - YORK CO. CROWDERS CREEK PUMP STATION	-	2,548	-	-	2,548	1,099	736	-	713	2,548	-
RIA- SCIIP - FORT MILL WATER AND SEWER IMPROVEMENTS	-	400	-	-	400	174	121	-	105	400	-
RIA- SCIIP - YORK CITY WATER AND WASTEWATER IMPROVEMENTS	-	498	-	-	498	216	145	-	137	498	-
RIA- SCIIP - CHESTER METROPOLITAN DISTRICT	-	778	-	-	778	339	240	-	199	778	-
RIA-HEATH SPRINGS (WWTP)	-	1,807	-	4,848	6,655	2,806	2,002	-	1,847	6,655	-
RIA-LANCASTER (OLD BAILES RD. CULVERT)	-	3,628	-	-	3,628	1,540	1,085	-	1,003	3,628	-
RIA-CARLISLE (PUMP STATION)	-	12,303	-	-	12,303	4,866	3,432	160	3,249	11,707	596
RIA-LANCASTER (N. MARKET STREET)	-	120	-	1,035	1,155	488	357	-	310	1,155	-

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
 STATEMENT OF REVENUES AND EXPENDITURES - PLANNING CONTRACTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	SOURCES OF REVENUE				DIRECT EXPENSES			INDIRECT	TOTAL	NET	
	FEDERAL GRANTS	STATE GRANTS	REGIONAL/ OTHER	LOCAL REVENUE	TOTAL REVENUE	SALARIES	FRINGES	OTHER DIRECT			EXPENSE ALLOCATION
RIA-KERSHAW (521 WATER)	-	13,549	-	-	13,549	4,361	3,486	215	2,941	11,003	2,546
RIA-UNION (UNION MILL/ CHAMBER TOWN)	-	557	-	-	557	236	178	-	143	557	-
RIA-LANCASTER COUNTY (AIR RAIL PARK)	-	16,794	-	-	16,794	7,198	5,066	-	4,530	16,794	-
RIA-UNION/CARLISLE REGIONAL SEWER PROJECT	-	10,164	-	-	10,164	4,251	2,969	247	2,697	10,164	-
RIA-UNION MEDICAL SCIENCE DRIVE	-	3,495	-	-	3,495	1,479	1,056	9	951	3,495	-
RIA-CITY OF UNION-REGIONAL INFRASTRUCTURE	-	8,003	-	859	8,862	3,724	2,634	83	2,421	8,862	-
RIA-CHESTER COUNTY-HUDSON W/S PROJECT	-	9,501	-	680	10,181	4,221	3,135	-	2,825	10,181	-
RIA- TOWN OF FORT MILL (ARCHIE STREET PUMP STATION)	-	7,819	-	-	7,819	3,414	2,283	-	2,122	7,819	-
RIA- TOWN OF GREAT FALLS- WWTP	-	635	-	-	635	276	191	-	168	635	-
TOTAL PLNG. CONTRACTS	822,722	910,546	690,683	188,345	2,612,296	1,056,388	739,775	116,433	669,518	2,582,114	30,182

**CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES AND EXPENDITURES - PASS THROUGH
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	SOURCES OF REVENUE				DIRECT EXPENSES			INDIRECT EXPENSE ALLOCATION	TOTAL EXPENSE	NET REVENUE (EXPENSE)	
	FEDERAL GRANTS	STATE GRANTS	REGIONAL/ OTHER	LOCAL REVENUE	TOTAL REVENUE	SALARIES	FRINGES				OTHER DIRECT
EPA Brownfields Assessment	6,333	-	-	-	6,333	-	-	6,333	-	6,333	-
WIOA Dislocated Worker	633,403	-	-	-	633,403	-	-	633,403	-	633,403	-
WIOA Adult	653,077	-	-	-	653,077	-	-	653,077	-	653,077	-
WIOA Youth	642,383	-	-	-	642,383	-	-	642,383	-	642,383	-
WIOA - Adult/DW Resiliency Grant	277,560	-	-	-	277,560	-	-	277,560	-	277,560	-
WIOA - Youth Resiliency Grant	41,452	-	-	-	41,452	-	-	41,452	-	41,452	-
WIOA - Incumbent Worker Training	45,917	-	-	-	45,917	-	-	45,917	-	45,917	-
WIOA- EBA	73,229	-	-	-	73,229	-	-	73,229	-	73,229	-
TOTAL PASS THROUGHS	2,373,354	-	-	-	2,373,354	-	-	2,373,354	-	2,373,354	-

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

The Board of Directors
Catawba Regional Council of Governments
Rock Hill, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Catawba Regional Council of Governments (the "Council"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated February 5, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council'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.

(Continued on next page)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council'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.

BURKETT BURKETT & BURKETT
Certified Public Accountants, P.A.
Rock Hill, South Carolina
February 5, 2024

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

The Board of Directors
Catawba Regional Council of Governments
Rock Hill, South Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Catawba Regional Council of Government's (the "Council") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Council's major federal programs for the year ended June 30, 2023. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

(Continued on next page)

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance.

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

BURKETT BURKETT & BURKETT
Certified Public Accountants, P.A.
Rock Hill, South Carolina
February 5, 2024

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Commerce</u>				
Direct - Economic Development Assistance:				
EDA - Planning Grant	11.302	ED22ATL3020025	-	74,180
EDA - CARES Act Supplemental (COVID)	11.307	ED20ATL3070078	-	128,628
* EDA - SC Agribusiness Loan Fund	11.307	04-69-07151	-	763,435
* EDA - COVID Revolving Loan Fund	11.307	04-79-07515	-	9,523,133
Total U.S. Department of Commerce			-	10,489,376
<u>U.S. Department of Labor</u>				
Passed through the S.C. Department of Employment and Workforce:				
WIOA Cluster				
WIOA - Dislocated Worker	17.278	21DW009	183,289	209,694
WIOA - Dislocated Worker	17.278	22DW009	319,039	368,970
WIOA - Dislocated Worker Administration	17.278	21DW009	-	19,638
WIOA - Dislocated Worker Administration	17.278	22DW009	-	35,101
WIOA - Adult	17.258	21A009	186,422	197,446
WIOA - Adult	17.258	22A009	325,974	389,625
WIOA - Adult Administration	17.258	21A009	-	30,571
WIOA - Adult Administration	17.258	20A009	-	35,435
WIOA - Youth	17.259	21Y009	203,215	216,259
WIOA - Youth	17.259	22Y009	303,034	349,419
WIOA - Youth Administration	17.259	21Y009	-	17,270
WIOA - Youth Administration	17.259	22Y009	-	57,338
WIOA - Youth Administration	17.259	23Y009	-	2,097
WIOA - Adult/DW Resiliency Grant	17.278	21LRA	256,568	277,560
WIOA - Youth Resiliency Grant	17.259	21LRY	-	41,452
WIOA - Incumbent Worker Training	17.259	20IWT	-	45,917
WIOA- EBA	17.259	22EBA09	58,605	73,229
Total U.S. Department of Labor			1,836,146	2,367,021
<u>U.S. Environmental Protection Agency</u>				
Direct Award				
Brownfields Cleanup Cooperative Agreement	66.818	02D32722	-	6,333
Passed through the S.C. Department of Health and Environmental Control				
S.C. Brownfields Environmental Site Testing			-	11,775
Total U.S. Environmental Protection Agency			-	18,108
<u>U.S. Department of Transportation</u>				
Passed through the S.C. Department of Transportation				
Transit Services Program Cluster				
Transportation Planning	20.521	N/A	-	65,337
Total U.S. Department of Transportation			-	65,337
Total Expenditures of Federal Awards			\$ 1,836,146	\$ 12,921,734

**CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO SCHEDULE OF FEDERAL AAWARDS
JUNE 30, 2023**

NOTE 1- BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Catawba Regional Council of Governments under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented on the modified accrual basis of accounting and in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the Catawba Regional Council of Governments, it is not intended to and does not present the financial position or changes in net position of the Catawba Regional Council of Governments.

NOTE 2- COST PRINCIPLES

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

NOTE 3- INDIRECT COST RATE

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

NOTE 4- LOANS OUTSTANDING

Catawba Regional Council of Governments had the following EDA - SC Agribusiness loan balances outstanding at June 30, 2023. These loan balances outstanding are also included in the federal expenditures presented in the Schedule.

Program Title	Federal CFDA Number	Outstanding Balance at June 30, 2023
EDA- SC Agribusiness Loan Fund	11.307	\$ 618,072

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO SCHEDULE OF FEDERAL AWARDS
JUNE 30, 2023

NOTE 4- LOANS OUTSTANDING (continued)

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

SC Agribusiness Loan Fund (SCALF) Principal Outstanding	\$	618,072
Cash and Investment Balances in the SCALF:		
-SCALF Cash		328,649
Administrative Expenses Paid from SCALF Income Unpaid		
Principal of all Loans Written Off		13,937
		960,658
Federal share of the SCALF:		79.47%
Total Federal Expenditures	\$	763,435

The Catawba Regional Council of Governments had the following EDA - COVID Revolving loan balances outstanding at June 30, 2023. These loan balances outstanding are also included in the federal expenditures presented in the Schedule.

Program Title	Federal CFDA Number	Outstanding Balance at June 30, 2023
EDA - COVID Revolving Loan Fund	11.307	\$ 618,072

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

COVID Revolving Loan Fund (SCBLF) Principal Outstanding	\$	7,538,394
Cash and Investment Balances in the SCBLF:		
- SCBLF Cash		1,774,831
Administrative Expenses Paid from EDA Administrative Grant		209,908
Unpaid Principal of all Loans Written Off		9,523,133
		9,523,133
Federal share of the SCBLF:		100%
Total Federal Expenditures	\$	9,523,133

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

I. Summary of Auditor's Results

Financial Statements

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

Unmodified opin

Internal control over financial reporting:

- Material weakness(es) indentified?
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?
- Noncompliance material to financial statements noted

_____	Yes	X
_____	Yes	X
_____	Yes	X

Federal Awards

Internal control over major federal programs:

- Material Weakness(es) indentified?
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?

_____	Yes	X
_____	Yes	X

Type of Auditor's report issued on compliance for major federal programs:

Unmodified opin

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) (Uniform Guidance)?

_____	Yes	X
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Identification of Major Federal Programs:

Federal Assistance Listing Number

11.307 Economic Adjustment Assistance

The dollar threshold used to distinguish between Type A and B programs:

\$750,000

Catawba Regional Council of Governments qualified as low-risk auditee

X	Yes	_____
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II. Financial Statement Findings

None Reported.

III. Major Federal Award Findings and Questioned Costs

None Reported.

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

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