

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
GEORGETOWN, SOUTH CAROLINA

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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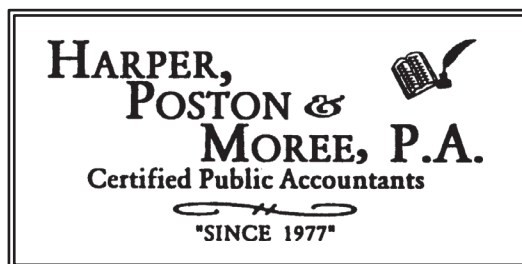
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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Waccamaw Regional Council of Governments
Georgetown, 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, each major fund, and the aggregate remaining fund information of Waccamaw Regional Council of Governments, Georgetown, South Carolina, 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, the business-type activities, each major fund, and the aggregate remaining fund information of Waccamaw Regional Council of Governments, Georgetown, South Carolina, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof 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 Waccamaw Regional Council of Governments, Georgetown, South Carolina 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.

Change in Accounting Principles

As described in Note 1 to the financial statements, the Council changed its accounting policy for recognizing certain revenues and also adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

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 entity'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 entity'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 in the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, and supplementary pension and other postemployment benefit information on pages 4 through 13 and 50 through 67 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 accompanying combining and individual nonmajor fund financial statements, supplemental schedules, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) 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 information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2023, 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 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 the Council's internal control over financial reporting and compliance.

Harper, Poston & Moree, P.A.

Harper, Poston & Moree, P.A.
Certified Public Accountants

Pawleys Island, South Carolina
November 28, 2023

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

This discussion and analysis of Waccamaw Regional Council of Governments' (hereafter referred to as Council) financial performance provides an overview of the Council's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the Council's financial performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the Council's financial performance.

FINANCIAL HIGHLIGHTS

- Due to the implementation of GASB 96 reporting requirements of certain contracts that convey control of the right-to-use a vendor's information technology (IT) software, the Council, must now recognize these contracts as a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. The Council had no contracts subject to the provisions of this statement for the fiscal period ended June 30, 2023.
- Due to the implementation of GASB 87 reporting requirements involving the inclusion of certain lease assets and liabilities for leases that were previously classified as operating leases, the Council, as the lessee, must now recognize a lease liability as an intangible right-to-use lease asset. As of June 30, 2023, the Council recognized total lease liabilities of \$360,723 for certain equipment and building leases.
- Due to GASB 68 and GASB 75 reporting requirements involving the inclusion of the Council's net pension liability and net OPEB liability in the audited financial statements, the position of the Council at the close of the most recent fiscal year was a deficit fund balance of \$7,463,086. Presented in this format, the net position of the Council increased by \$3,208 (see Note 15 for restatement of FY23 beginning net position for a change in accounting policy adopted by Council during the current fiscal year). However, without inclusion of the net pension liability and the net OPEB liability, the audited financial statements and net position is much more favorable and includes a \$1,000,382 fund balance. Given that the employer liability in connection with the State pension plan and OPEB plans are pre-funded and administered by PEBA, management believes that the latter format is a more realistic view of the Council's true financial position.
- At the close of the fiscal year, the Council's governmental funds reported combined ending fund balances of \$1,000,382, a net decrease of \$186,115 from the prior year (see Note 15 for restatement of FY23 beginning fund balance for a change in accounting policy adopted by Council during the current fiscal year). A total of \$49,667 is non-spendable, a total of \$257,790 is restricted for Transportation Programs, resulting in an unassigned fund balance of \$692,925.
- The Council's fiscal obligation for accumulated annual leave and salary-related fringe benefits was \$212,562.
- The State approves and mandates the employer contribution rate paid to the S.C. Retirement System to cover the costs of providing health and dental insurance to retirees covered by the State Health and Dental plans. In effect, it is prepayment of the employer portion of retiree health and dental premiums. The retiree insurance surcharge remained consistent, from FY22 to FY23, at 6.25% of gross salaries. The aforementioned surcharge is in addition to the mandated employer contribution rate to the S.C. Retirement System for retiree pensions.
- Effective July 1, 2022, the mandated employer contribution to the S.C. Retirement System for retiree pensions increased by 1% to 17.41% of gross salaries. The total mandated employer contribution to the S.C. Retirement System in FY2023 for both purposes, retiree pensions and retiree insurance, increased to 23.66% of gross salaries. As of July 1, 2022, the Council elected to append coverage to include the incidental death benefit offered by the S.C. Retirement System. The incidental death benefit employer contribution of 0.15% was waived for FY23.
- Though not an expense to the Council, the mandated employee contribution to the S.C. Retirement System for the retiree program remained constant at 9.00% of their respective salary.

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

- The mandated minimum employer contribution rate to the State Employee Insurance Program for active employee insurance costs increased by 18.1% from calendar year 2022. The load factor derived from the Council's experience rating remained constant at 1.00%.
- The Council is a member of the S.C. Municipal Insurance & Risk Financing Fund and the S.C. Municipal Insurance Trust Fund. There was minimal change in member contribution rates for General Liability, Property Insurance, Auto Liability, Auto Physical Damage, and Worker's Compensation premiums in FY2023.
- The Council received an annual discount on premiums from SCMIT and SMIRF for dual participation and credits were applied to both due to minimal exposure.

PASS THROUGH FUNDING THAT IS EXTERNAL TO THE BUDGET

The Council leverages its resources to obtain additional grants for its units of local government. These grants do not pass through the Council budget nor are they part of the FY2023 audited financial statements. Even so, these grants are administered by the Council's staff and extend over multiple fiscal years. As such, it is important to denote the additional financial, programmatic, and economic impact of such grants on the organization and region.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. The Council's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. A description of these statements and some related definitions follow:

Government-Wide Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Council as a whole and present a long-term view of the Council's finances. These financial statements provide a broad overview of the Council's overall financial status, in a manner similar to a private-sector enterprise.

The **Statement of Net Position** presents the information on all of the Council's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating.

The **Statement of Activities** presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus for some items, revenues and expenses are reported in this statement that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave, pension expense, and OPEB expense). One should consider other non-financial factors, such as changes in the support the Council receives from federal, state, and local sources, and the condition of its buildings.

The government-wide financial statements are included on pages 14 and 15 of this report.

In the Statement of Net Position and the Statement of Activities, the Council is divided into two kinds of activities:

Governmental Activities – Most of the Council's basic services are reported here, including but not limited to, general government, transportation, planning, community development, workforce development, aging services, water quality management, and government services.

Business-Type Activities – The Council's former loan program charged fees and earned interest to provide loan services to local business organizations. These loans were previously funded by the U.S. Economic Development Administration's Revolving Loan Fund Program.

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

In June of 2018, the Council entered into an agreement with EDA to merge and consolidate its RLF award with the Catawba Regional Council of Governments. The Council will remain liable for matters that existed before the effective date of the merger and will retain administration of the RLF loans made prior to that date.

Fund Financial Statements

The fund financial statements focus on individual parts of the Council, reporting operations in more detail than the government-wide statements. The fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established separately by the Department of Labor, Department of Health and Human Services, or Economic Development Administration. Other funds are established by the Council to help control and manage funds for particular purposes or to exhibit responsibilities using certain dues, grants, and other funds. There are two kinds of fund financial statements – governmental and proprietary.

Governmental Funds

Most of the Council's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left after year-end that are available for spending. These funds are reported using an accounting method called modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the Council's general governmental operations. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Council's programs. The relationship (or difference) between the governmental activities (reported in the government-wide financial statements) and governmental statements is reported in a reconciliation accompanying the fund financial statements.

Proprietary Funds

The Council reports its loan fund activities in a proprietary fund. Proprietary funds are reported in the same way that all activities are reported in the government-wide financial statements. In fact, the Council's enterprise fund statements, a component of the proprietary funds are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows for proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

The statements referred to earlier in connection with major and non-major governmental funds and individual fund statements and schedules can be found in this report.

The Council has a legally adopted budget for its General Fund and grant sub-funds. A budgetary comparison is presented as a required supplementary schedule for this fund and major funds with a legally adopted budget to demonstrate compliance with its budget.

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**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

GOVERNMENT WIDE FINANCIAL ANALYSIS

The following table provides a comparison of the Council's net position for the past two fiscal years.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and Other Assets	\$ 2,853,490	\$ 3,106,250	\$ 82,926	\$ 82,926	\$ 2,936,416	\$ 3,189,176
Capital Assets, Net	71,861	71,836	-	-	71,861	71,836
Intangible Right to Use Assets, Net	312,894	481,009	-	-	312,894	481,009
Total Assets	<u>\$ 3,238,245</u>	<u>\$ 3,659,095</u>	<u>\$ 82,926</u>	<u>\$ 82,926</u>	<u>\$ 3,321,171</u>	<u>\$ 3,742,021</u>
Deferred Outflows of Resources	<u>\$ 1,822,271</u>	<u>\$ 2,050,026</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,822,271</u>	<u>\$ 2,050,026</u>
Long-Term Liabilities	\$ 8,123,707	\$ 8,767,463	\$ -	\$ -	\$ 8,123,707	\$ 8,767,463
Other Liabilities	2,214,866	2,433,975	-	-	2,214,866	2,433,975
Total Liabilities	<u>\$ 10,338,573</u>	<u>\$ 11,201,438</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,338,573</u>	<u>\$ 11,201,438</u>
Deferred Inflows of Resources	<u>\$ 2,267,955</u>	<u>\$ 2,056,903</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,267,955</u>	<u>\$ 2,056,903</u>
Net Position:						
Net Investment in						
Capital and Intangible Assets	\$ 3,340	\$ 19,288	\$ -	\$ -	\$ 3,340	\$ 19,288
Restricted for Transportation						
Programs	257,790	-	-	-	257,790	-
Unrestricted	(7,807,142)	(7,568,508)	82,926	82,926	(7,724,216)	(7,485,582)
Total Net Position	<u>\$ (7,546,012)</u>	<u>\$ (7,549,220)</u>	<u>\$ 82,926</u>	<u>\$ 82,926</u>	<u>\$ (7,463,086)</u>	<u>\$ (7,466,294)</u>

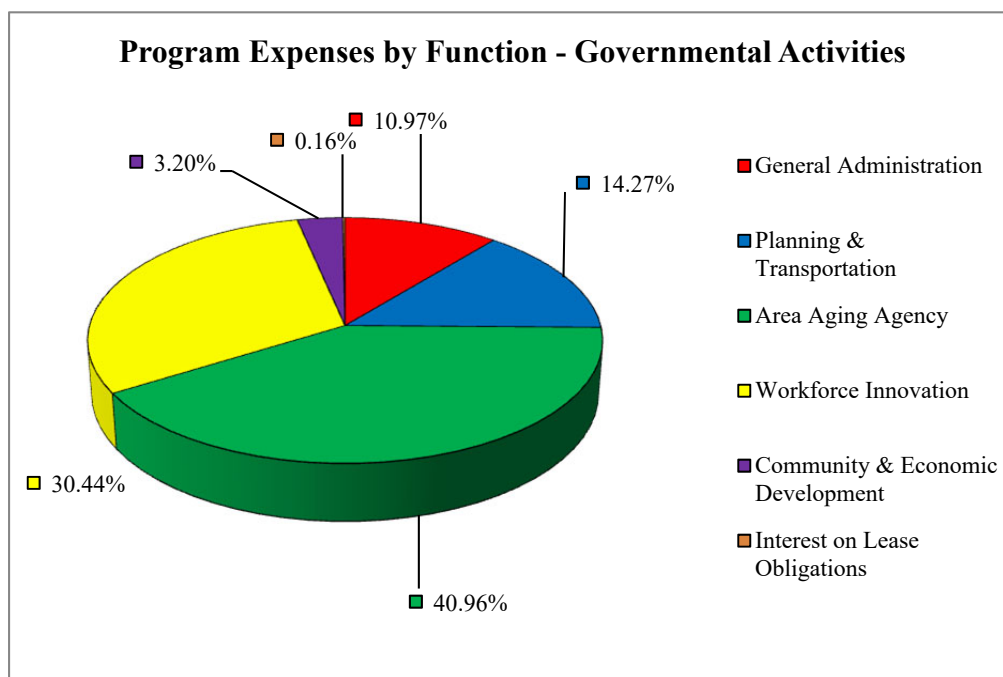
As noted earlier, net position may serve over time as one useful indicator of an agency's financial condition. In the case of the Council, liabilities and deferred inflows of resources exceeded assets and deferred outflows by \$7,463,086 at the close of the fiscal year ended June 30, 2023. This is largely due to the inclusion of the Council's net pension liability and net OPEB liability. The net position increased by \$3,208 in FY2023.

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**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The following table presents a summary of the changes in net position for the year ended June 30, 2023.

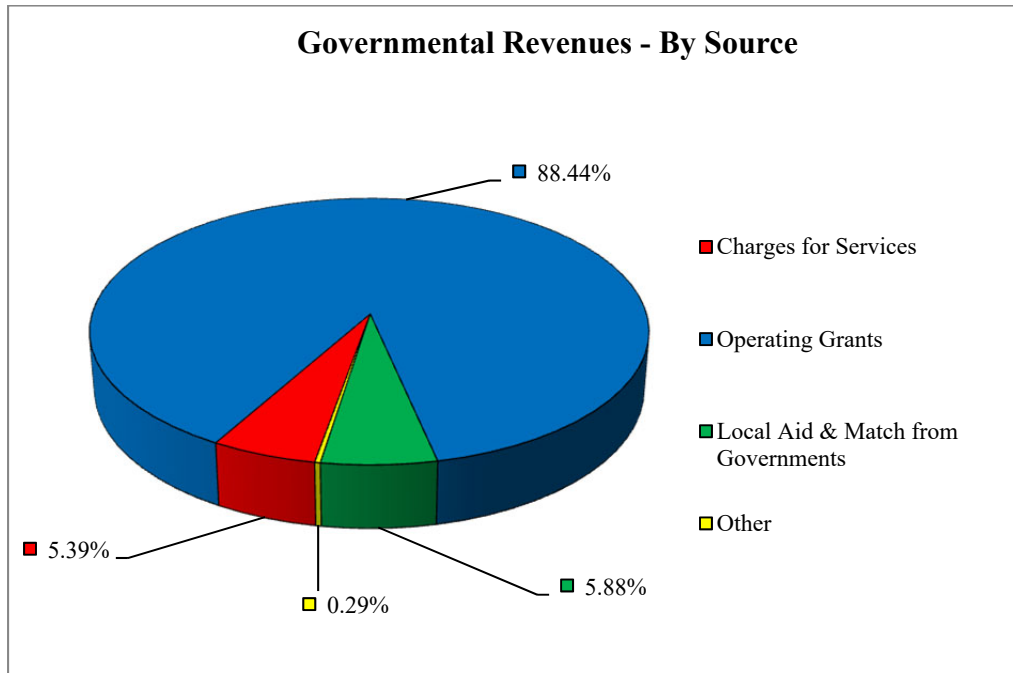
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for Services	\$ 527,212	\$ 451,194	\$ -	\$ -	\$ 527,212	\$ 451,194
Operating Grants	8,643,304	8,441,103	-	-	8,643,304	8,441,103
General Revenues:						
Local Aid from Governments	328,713	226,564	-	-	328,713	226,564
State Aid	245,533	47,508	-	-	245,533	47,508
Other	28,093	785	-	-	28,093	785
Total Revenues	\$ 9,772,855	\$ 9,167,154	\$ -	\$ -	\$ 9,772,855	\$ 9,167,154
Expenses:						
General Administration	\$ 1,112,980	\$ 1,048,359	\$ -	\$ -	\$ 1,112,980	\$ 1,048,359
Planning & Transportation	1,448,625	1,193,057	-	-	1,448,625	1,193,057
Area Aging Agency	4,157,545	3,463,006	-	-	4,157,545	3,463,006
Workforce Innovation	3,089,623	3,074,140	-	-	3,089,623	3,074,140
Community & Economic Development	324,740	404,417	-	-	324,740	404,417
Loan Program	-	-	-	-	-	-
Interest on Lease Obligations	16,410	18,796	-	-	16,410	18,796
Total Expenses	\$ 10,149,923	\$ 9,201,775	\$ -	\$ -	\$ 10,149,923	\$ 9,201,775
Excess/Deficiency Before Transfers	\$ (377,068)	\$ (34,621)	\$ -	\$ -	\$ (377,068)	\$ (34,621)
Transfers	-	-	-	-	-	-
Changes in Net Position	\$ (377,068)	\$ (34,621)	\$ -	\$ -	\$ (377,068)	\$ (34,621)
Net Position, Beginning, Restated	(7,168,944)	(7,514,599)	82,926	82,926	(7,086,018)	(7,431,673)
Net Position, Ending	\$ (7,546,012)	\$ (7,549,220)	\$ 82,926	\$ 82,926	\$ (7,463,086)	\$ (7,466,294)



As indicated in the chart above, approximately 30.44% of all expenses are for the Workforce Innovation program and approximately 40.96% are for the Area Agency Aging program. More than half of all Workforce Innovation

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

and Area Agency Aging expenditures are pass-thru in nature. Expenses for the other programs represent approximately 28.60% of all remaining expenses.



As indicated above, approximately 88.44% of all programmatic revenues are from operating grants, while 5.39% are from charges for services and 5.88% are from aid from sponsoring local governments. Revenues from programs increased by \$278,219 and all other general revenues increased by \$327,482.

A prior period adjustment was made as a result of a change in accounting policy for recognizing regional appropriations and state aid. Net position of Governmental Activities was originally reported at (\$7,549,220) but with a change of \$380,276, due to the change in accounting policy, the restated net position of Governmental Activities is (\$7,168,944).

FINANCIAL ANALYSIS OF COUNCIL'S FUNDS

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

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

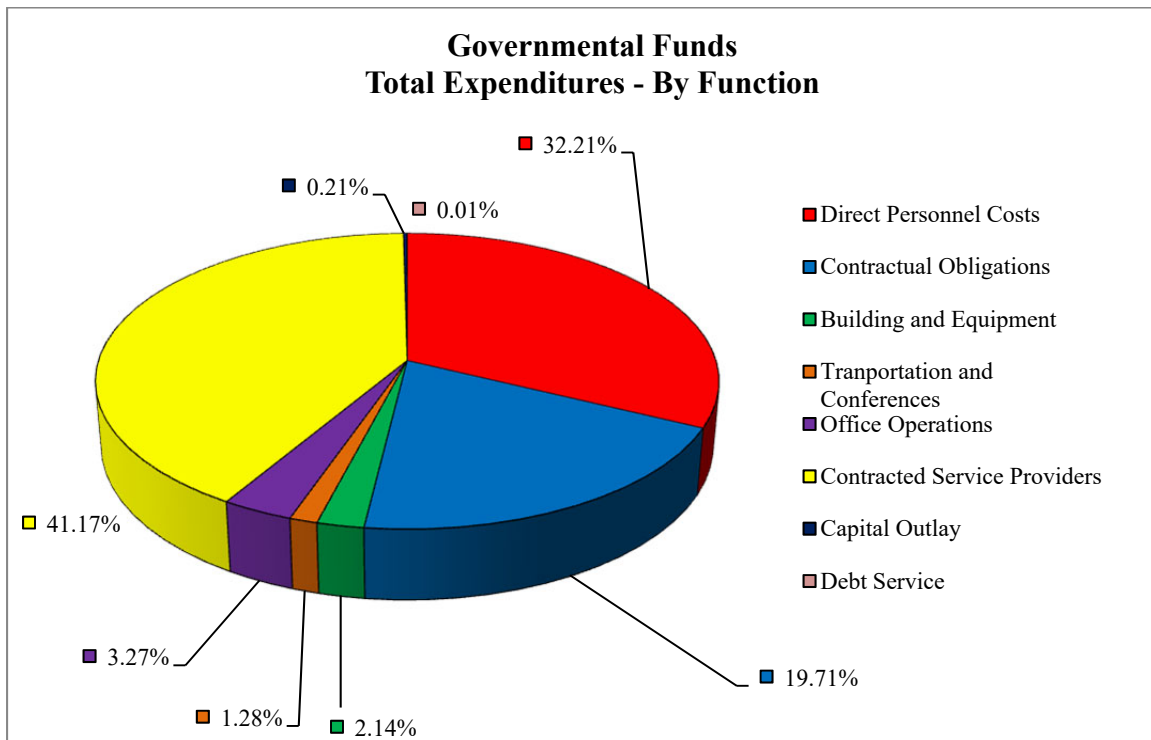
The General Fund is the chief operating fund of the Council. At the end of the fiscal year, total fund balance of the general fund was \$1,000,382, of which \$36,167 is non-spendable, and \$257,790 is restricted for Transportation Programs. The remaining fund balance of \$706,425 is unassigned.

The Council adopted a change in accounting policy for recognizing revenues from regional appropriations and state aid. Fund balance of the General Fund at the beginning of the fiscal year was originally reported at \$1,186,497 but with a change of \$380,276, due to the change in accounting policy, the restated beginning fund balance of the General Fund is \$1,566,773.

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The table below presents a comparison of the Council's governmental expenditures for the past two fiscal years:

	Total Governmental Funds	
	2023	2022
Direct Personnel Costs	\$ 3,339,039	\$ 3,192,746
Support Services		
Contractual Obligations	2,043,352	1,353,377
Building and Equipment	221,948	211,504
Transportation and Conferences	132,323	85,846
Office Operations	338,872	333,359
Contracted Service Providers	4,267,191	4,141,578
Capital Outlay	21,509	-
Debt Service		
Principal Paid on Financing Lease	817	-
Interest Paid on Financing Lease	555	-
Total Expenditures	\$ 10,365,606	\$ 9,318,410



As indicated above, approximately 32.21% of all governmental fund expenditures are for direct personnel costs, 41.17% are for contracted service providers, and 19.71% are for contractual obligations.

BUDGETARY HIGHLIGHTS

The Council revised the budget to adjust projections used to prepare the original budget, to add or delete funding sources used in the original budget, after revenue confirmations, and to add or delete projected expenditures based on changing funding sources.

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

A schedule showing the original and final budget amounts compared to the Council's actual financial activity for the general fund, as well as each major fund, is provided in the required supplementary information.

2023 Revised Budget Summary

The original FY2023 budget required five amendments to incorporate increases in the amount of \$1,727,314. The revisions were attributed to incremental increases in funding for Aging, Workforce Development, EDA, FTA, Transportation, and Planning throughout the fiscal year 2023.

The revenue across programs within the Council was fairly balanced and each major program area was self-sustaining. Past and continued investment in human resources, technological advancements and staff capacity building allowed personnel to maintain increased workloads. Technology investments (e.g. Fund Accounting System, cloud computing system, remote work access, VOIP telephone systems, and website enhancements) have increased productivity and improved system efficiency and reliability.

The revised budget included 35 full-time equivalent staff positions. Over the past several fiscal years, the Council has cross-trained existing staff and utilized them to fill inter-departmental vacancies, as necessary and applicable, in order to reduce staffing levels and minimize personnel costs. The budget also included sufficient funds for contract work, interns and/or a few additional part-time, temporary positions.

CAPITAL ASSETS

The Council's capital assets, net of accumulated depreciation, consisted of the following for the past two fiscal years:

	2023	2022
Capital Assets:		
Equipment	\$ 21,226	\$ 7,487
Vehicles	-	9,615
Leasehold Improvements	50,635	54,734
Total Capital Assets	\$ <u>71,861</u>	\$ <u>71,836</u>
	2023	2022
Intangible Right to Use Assets:		
Equipment	\$ 3,924	\$ 10,000
Buildings	308,970	471,009
Total Intangible Right to Use Assets	\$ <u>312,894</u>	\$ <u>481,009</u>

There were equipment purchases of \$21,509 that occurred during FY2023.

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**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

LONG-TERM OBLIGATIONS

The Council's long-term obligations are made up of the following for the past two fiscal years:

	<u>2023</u>	<u>2022</u>
Accrued Compensated Absences	\$ 212,562	\$ 227,754
Net Pension Liability	4,464,160	3,921,333
Net OPEB Liability	3,426,293	4,618,376
Financing Leases	<u>20,692</u>	<u>-</u>
Total Liabilities	<u>\$ 8,123,707</u>	<u>\$ 8,767,463</u>

FY2024 BUDGET

Many factors were considered by the Council's administration during the process of developing the fiscal year 2023-2024 budget, which was adopted in June of 2023. The FY2024 budget reflects a decrease in revenues of approximately \$861,964 compared to the FY2023 final budget.

A significant portion of the overall decrease is related to the gradual diminution of carry-over from economic stimulus funding such as Covid, Cares, Resiliency and ARP. The majority of this decrease is attributable to the amount of stimulus funding provided to the Aging program in the past.

FUTURE ECONOMIC FACTORS

It appears that the cost of fringe benefits such as retirement, worker's compensation, retiree health insurance and health insurance for active employees will increase over the next year. The Council's negotiated fringe rate increased from 59.556% in FY2023 to 82.71% in FY2024. The increase is primarily attributable to prior year under recovery in connection with an increase in salaries pursuant to the wage and compensation study and additional fringe benefits afforded to employees. A separate rate for Fringe and Release was negotiated with the Cognizant Agency for FY2024 which should help stabilize Indirect recovery rates in the future.

The mandated employer contribution to the SCRS for retiree pensions increased by 1% from 17.41% in FY2023 to 18.41% in FY2024. The insurance surcharge increased by 0.10% to 6.35% for retiree insurance premiums. The Council will begin paying the incidental death benefit employer contribution of 0.15% in FY2024. In total, the combined contribution rate for retirement increased from 23.66% to 24.91% of gross salaries in FY2024.

The employer portion of the state health/dental insurance premiums will increase by 3.7% in 2024. The employee portion of state health/dental insurance premiums will remain unchanged. The load factor imposed on local subdivisions will remain at 1.00% in 2024. Increasing health insurance costs, for both active employees and retirees, are an on-going concern. The Council anticipates higher premiums in the future.

The Council is a member of the S.C. Municipal Insurance Trust (SCMIT). Member contributions for worker's compensation insurance are steady but still costly. In order to mitigate some of the cost, the Council is accepting a larger share of the risk through imposition of a higher deductible in order to lower the annual contribution. The Council also receives a discounted premium from the MASC for dual participation in both SCMIT and the S.C. Municipal Insurance and Risk Financing Fund (SCMIRF) programs. The Council enjoyed some additional relief due in part to worker's compensation rate restructuring and safety (given the nature of our work). The contribution rates for both SCMIT and SCMIRF will remain relatively unchanged for FY2024. Any increases in cost are due to elected changes in coverage or limit increases and additional staffing. The SCMIT board of trustees voted to return surplus premiums from FY2023.

Future increases in major funding sources that require additional local match are an on-going concern. Increased contributions from our member counties and/or an increase in our State aid will be required in order for the region to

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

continue to reap the benefits associated with increased formula funding from federal and state programs. Failure to acquire the match funds may result in a reduction or loss of funding for the region or have an adverse effect on the Council's fund balance.

CONTACTING THE COUNCIL'S FINANCIAL MANAGEMENT

This financial report is designed to provide those interested with a general overview of the Council'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 information, please contact the Deputy Director of Finance and Administration at Waccamaw Regional Council of Governments, 1230 Highmarket Street, Georgetown, SC 29440, or at (843)546-8502.

BASIC FINANCIAL STATEMENTS

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
JUNE 30, 2023

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Investments	\$ 1,029,965	\$ -	\$ 1,029,965
Accounts Receivable	14,806	-	14,806
Loans Receivable	-	95,000	95,000
Due From Other Governments	1,746,978	-	1,746,978
Internal Balances	12,074	(12,074)	-
Prepaid Expenses	49,667	-	49,667
Capital Assets (Net of Depreciation):			
Leasehold Improvements	50,635	-	50,635
Vehicles, Machinery, and Equipment	21,226	-	21,226
Intangible Right to Use Assets (Net of Amortization):			
Leased Equipment	3,924	-	3,924
Leased Buildings	308,970	-	308,970
TOTAL ASSETS	\$ 3,238,245	\$ 82,926	\$ 3,321,171
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources Related to Pension	\$ 630,439	\$ -	\$ 630,439
Deferred Outflows of Resources Related to OPEB	1,191,832	-	1,191,832
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 1,822,271	\$ -	\$ 1,822,271
LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ 1,146,345	\$ -	\$ 1,146,345
Accrued Personnel Costs	207,243	-	207,243
Accrued Interest Payable	1,035	-	1,035
Unearned Grant Revenues	499,520	-	499,520
Lease Obligations Payable	360,723	-	360,723
Noncurrent Liabilities:			
Due Within One Year	106,308	-	106,308
Due In More Than One Year	8,017,399	-	8,017,399
TOTAL LIABILITIES	\$ 10,338,573	\$ -	\$ 10,338,573
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources Related to Pension	\$ 323,055	\$ -	\$ 323,055
Deferred Inflows of Resources Related to OPEB	1,944,900	-	1,944,900
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 2,267,955	\$ -	\$ 2,267,955
NET POSITION			
Net Investment In Capital and Intangible Assets	\$ 3,340	\$ -	\$ 3,340
Restricted for Transportation Programs	257,790	-	257,790
Unrestricted	(7,807,142)	82,926	(7,724,216)
TOTAL NET POSITION	\$ (7,546,012)	\$ 82,926	\$ (7,463,086)

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

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
General Administration	\$ 1,112,980	\$ -	\$ 3,110	\$ -	\$ (1,109,870)	\$ -	\$ (1,109,870)
Planning & Transportation	1,448,625	186,177	1,230,424	-	(32,024)	-	(32,024)
Community & Economic Development	324,740	209,695	103,809	-	(11,236)	-	(11,236)
Area Aging Agency	4,157,545	1,545	4,248,538	-	92,538	-	92,538
Workforce Innovation	3,089,623	129,795	3,057,423	-	97,595	-	97,595
Interest	16,410	-	-	-	(16,410)	-	(16,410)
Total Governmental Activities	<u>\$ 10,149,923</u>	<u>\$ 527,212</u>	<u>\$ 8,643,304</u>	<u>\$ -</u>	<u>\$ (979,407)</u>	<u>\$ -</u>	<u>\$ (979,407)</u>
Business-Type Activities:							
Loan Program	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Business-Type Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTALS	<u><u>\$ 10,149,923</u></u>	<u><u>\$ 527,212</u></u>	<u><u>\$ 8,643,304</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (979,407)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (979,407)</u></u>
General Revenues							
Local Aid from Participating Governments					\$ 328,713	\$ -	\$ 328,713
State Aid					245,533	-	245,533
Unrestricted Investment Earnings					827	-	827
Gain on Lease Modifications					7,396	-	7,396
Other Income					19,870	-	19,870
TOTAL GENERAL REVENUES					<u>\$ 602,339</u>	<u>\$ -</u>	<u>\$ 602,339</u>
CHANGE IN NET POSITION					\$ (377,068)	\$ -	\$ (377,068)
NET POSITION BEGINNING OF YEAR, AS RESTATED (NOTE 15)					<u>(7,168,944)</u>	<u>82,926</u>	<u>(7,086,018)</u>
NET POSITION END OF YEAR					<u><u>\$ (7,546,012)</u></u>	<u><u>82,926</u></u>	<u><u>\$ (7,463,086)</u></u>

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

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	<u>GENERAL</u>	<u>PLANNING & TRANSPORTATION</u>
ASSETS		
Cash and Investments	\$ 1,018,751	\$ -
Accounts Receivable	14,138	-
Due From Other Governments	-	580,189
Due From Other Funds	157,930	-
Prepaid Expenses	36,167	13,500
	<u> </u>	<u> </u>
TOTAL ASSETS	\$ <u><u>1,226,986</u></u>	\$ <u><u>593,689</u></u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 120,206	\$ 161,175
Accrued Personnel Costs	106,398	31,133
Due To Other Funds	-	401,381
Unearned Grant Revenues	-	-
	<u> </u>	<u> </u>
Total Liabilities	\$ <u><u>226,604</u></u>	\$ <u><u>593,689</u></u>
Fund Balances		
Non-Spendable:		
Prepaid Expenses	\$ 36,167	\$ 13,500
Restricted For:		
Transportation Programs	257,790	-
Unassigned	706,425	(13,500)
	<u> </u>	<u> </u>
Total Fund Balances	\$ <u><u>1,000,382</u></u>	\$ <u><u>-</u></u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u><u>1,226,986</u></u>	\$ <u><u>593,689</u></u>

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

COMMUNITY & ECONOMIC DEVELOPMENT	AREA AGING AGENCY	WORKFORCE INNOVATION	NONMAJOR GOVERNMENTAL FUND	TOTAL GOVERNMENTAL FUNDS
\$ 11,214	\$ -	\$ -	\$ -	\$ 1,029,965
-	-	-	668	14,806
88,393	804,985	273,411	-	1,746,978
377,468	-	73,003	2,514	610,915
-	-	-	-	49,667
<u>\$ 477,075</u>	<u>\$ 804,985</u>	<u>\$ 346,414</u>	<u>\$ 3,182</u>	<u>\$ 3,452,331</u>
\$ 1,319	\$ 540,985	\$ 322,627	\$ 33	\$ 1,146,345
10,667	32,109	23,787	3,149	207,243
-	197,460	-	-	598,841
465,089	34,431	-	-	499,520
<u>\$ 477,075</u>	<u>\$ 804,985</u>	<u>\$ 346,414</u>	<u>\$ 3,182</u>	<u>\$ 2,451,949</u>
\$ -	\$ -	\$ -	\$ -	\$ 49,667
-	-	-	-	257,790
-	-	-	-	692,925
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000,382</u>
<u>\$ 477,075</u>	<u>\$ 804,985</u>	<u>\$ 346,414</u>	<u>\$ 3,182</u>	<u>\$ 3,452,331</u>

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
JUNE 30, 2023**

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

Ending fund balances - governmental funds balance sheet	\$ 1,000,382
Capital and intangible assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Capital Assets	315,407
Accumulated Depreciation	(243,546)
Intangible Right to Use Assets	596,983
Accumulated Amortization	(284,089)
Long-term right to use lease obligations are not due and payable in the current period and, therefore, are not reported in the funds:	
Right to Use Lease Obligations Payable	(360,723)
Accrued Interest Payable on Right to Use Lease Obligations	(933)
Long-term liabilities, including compensated absences, financing lease purchases, net pension liability, and net OPEB liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Compensated Absences	(212,562)
Financing Lease Purchases	(20,692)
Accrued Interest Payable on Financing Lease Purchases	(102)
Net Pension Liability	(4,464,160)
Deferred Inflows Related to Pensions	(323,055)
Deferred Outflows Related to Pensions	630,439
Net OPEB Liability	(3,426,293)
Deferred Inflows Related to OPEB	(1,944,900)
Deferred Outflows Related to OPEB	1,191,832
Net position of governmental activities	\$ <u><u>(7,546,012)</u></u>

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

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>GENERAL</u>	<u>PLANNING & TRANSPORTATION</u>
REVENUES		
Federal Revenues	\$ -	\$ 1,210,851
State Revenues	245,533	22,247
Participating Local Governments	328,713	-
Service and Special Contracts	-	186,177
Interest Income	-	-
Other Income	14,700	-
	<u>588,946</u>	<u>1,419,275</u>
TOTAL REVENUES	\$ 588,946	\$ 1,419,275
EXPENDITURES		
Direct Personnel Costs	\$ 1,729,300	\$ 423,838
Support Services:		
Contractual Obligations	100,676	790,538
Building and Equipment	93,360	1,272
Transportation and Conferences	63,738	13,307
Office Operations	99,084	24,745
Contracted Service Providers	-	-
Capital Outlay	-	-
Debt Service:		
Principal Paid on Financing Lease	-	-
Interest Paid on Financing Lease	-	-
	<u>2,086,158</u>	<u>1,253,700</u>
TOTAL EXPENDITURES	\$ 2,086,158	\$ 1,253,700
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,497,212)	\$ 165,575
OTHER FINANCING SOURCES (USES)		
Indirect Cost Allocations	\$ 286,618	\$ (108,585)
Fringe Cost Allocations	958,700	(252,421)
HR&BA Cost Allocations	-	(1,816)
Financing Lease Purchase Proceeds	-	-
Interfund Transfers In From Other Funds	-	197,247
Interfund Transfers Out To Other Funds	(314,497)	-
	<u>930,821</u>	<u>(165,575)</u>
TOTAL OTHER FINANCING SOURCES (USES)	\$ 930,821	\$ (165,575)
Net Change in Fund Balances	\$ (566,391)	\$ -
FUND BALANCE BEGINNING OF YEAR, AS RESTATED (NOTE 15)	<u>1,566,773</u>	<u>-</u>
FUND BALANCE END OF YEAR	<u><u>\$ 1,000,382</u></u>	<u><u>\$ -</u></u>

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

COMMUNITY & ECONOMIC DEVELOPMENT	AREA AGING AGENCY	WORKFORCE INNOVATION	NONMAJOR GOVERNMENTAL FUND	TOTAL GOVERNMENTAL FUNDS
\$ 104,911	\$ 3,004,647	\$ 3,060,044	\$ -	\$ 7,380,453
-	1,247,359	-	-	1,515,139
-	-	-	-	328,713
209,695	-	129,795	-	525,667
-	-	-	827	827
-	6,715	-	5,492	26,907
<u>\$ 314,606</u>	<u>\$ 4,258,721</u>	<u>\$ 3,189,839</u>	<u>\$ 6,319</u>	<u>\$ 9,777,706</u>
\$ 174,692	\$ 549,675	\$ 415,393	\$ 46,141	\$ 3,339,039
48,171	482,231	614,316	7,420	2,043,352
-	30,763	96,553	-	221,948
5,987	23,449	21,113	4,729	132,323
6,727	18,165	185,525	4,626	338,872
-	2,744,192	1,522,999	-	4,267,191
-	-	-	21,509	21,509
-	-	-	817	817
-	-	-	555	555
<u>\$ 235,577</u>	<u>\$ 3,848,475</u>	<u>\$ 2,855,899</u>	<u>\$ 85,797</u>	<u>\$ 10,365,606</u>
<u>\$ 79,029</u>	<u>\$ 410,246</u>	<u>\$ 333,940</u>	<u>\$ (79,478)</u>	<u>\$ (587,900)</u>
\$ (40,943)	\$ (77,421)	\$ (58,387)	\$ (1,282)	\$ -
(104,040)	(327,367)	(247,392)	(27,480)	-
(3,060)	(40,783)	(30,892)	76,551	-
-	-	-	21,509	21,509
69,014	35,325	2,731	10,180	314,497
-	-	-	-	(314,497)
<u>\$ (79,029)</u>	<u>\$ (410,246)</u>	<u>\$ (333,940)</u>	<u>\$ 79,478</u>	<u>\$ 21,509</u>
\$ -	\$ -	\$ -	\$ -	\$ (566,391)
-	-	-	-	1,566,773
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000,382</u>

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

Net change in fund balances - total governmental funds	\$	(566,391)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount is the difference between depreciation expense and capital outlays in the current period:

Capital Outlays		21,509
Depreciation Expense		(21,484)

Governmental funds report lease payments on right to use assets as expenditures. However, in the statement of activities the discounted present value of long-term leases is allocated over the term of the lease and reported as amortization expense. Additionally, the repayment of the principal portion of long-term right to use leases has no effect on net position.

Amortization Expense		(67,574)
Principal Repayments		64,897
Accrued Interest		439

When right to use lease assets and related lease liabilities are retired, a gain or loss is recognized in the statement of activities.

Book Value of Expired Right to Use Lease Assets		(233,007)
Accumulated Amortization		132,466
Present Value of Related Lease Liabilities		107,937

The issuance of long-term liabilities (bonds, financing lease purchases, notes) provides current financial resources to the governmental funds, while the repayment of the principal of long-term liabilities consumes the current financial resources of governmental funds. This is the difference between the proceeds and principal retirement of long-term liabilities in the current period:

Proceeds from Financing Lease Purchase		(21,509)
Principal Repayments on Financing Lease Purchase		817
Accrued Interest		(102)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated Absences		(5,515)
Pension Expense		214,019
OPEB Expense		(3,570)

Change in net position of governmental activities	\$	(377,068)
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The accompanying notes are an integral part of these financial statements.

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023

	<u>LOAN FUND</u>
ASSETS	
Noncurrent Assets	
Loans Receivable	\$ <u>95,000</u>
Total Noncurrent Assets	\$ <u>95,000</u>
TOTAL ASSETS	\$ <u>95,000</u>
LIABILITIES	
Noncurrent Liabilities	
Due To Other Funds	\$ <u>12,074</u>
Total Noncurrent Liabilities	\$ <u>12,074</u>
TOTAL LIABILITIES	\$ <u>12,074</u>
NET POSITION	
Unrestricted	\$ <u>82,926</u>
TOTAL NET POSITION	\$ <u><u>82,926</u></u>

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

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	LOAN FUND
	<hr/>
CHANGE IN NET POSITION	\$ -
NET POSITION BEGINNING OF YEAR	<hr/> 82,926
NET POSITION END OF YEAR	\$ <hr/> <hr/> 82,926

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

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	LOAN FUND
	<hr/>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Borrowers	\$ <hr/> -
Net Cash Provided (Used) By Operating Activities	\$ <hr/> -
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ -
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	<hr/> -
CASH AND CASH EQUIVALENTS END OF YEAR	\$ <hr/> <hr/> -
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Income (Loss)	\$ -
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:	
Changes in Assets and Liabilities	
(Increase) Decrease in Loans Receivable	<hr/> -
Net Cash Provided (Used) By Operating Activities	\$ <hr/> <hr/> -

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Waccamaw Regional Council of Governments (WRCOG or the Council) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Council's accounting policies are described below.

Reporting Entity

The Council is a regional planning and intergovernmental coordination agency in the Waccamaw region of South Carolina created pursuant to legislation of the General Assembly of the State of South Carolina. It is governed by a 25 member Board which consists of appointed members from participating local governments, private sector, and legislative delegates. Local participating counties in the region of South Carolina are Horry County, Georgetown County, and Williamsburg County. Brunswick County, North Carolina also participates in the urbanized MPO/TMA transportation planning portion of Council activities.

The financial reporting entity, as defined by GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 61, consists of the primary government, organizations for which the primary government is financially accountable and other governments for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. Based on the following criteria, the Council has determined it is not a component unit of any other organization. Therefore, the Council reports as a primary entity.

Component units are legally separate entities that meet any one of the following criteria: (1) the Council appoints a voting majority of the board of the entity and is able to impose its will on the entity and/or is in a relationship of financial benefit or burden with the entity, (2) the entity is fiscally dependent upon the Council, or (3) the financial statements would be misleading if data from the entity were not included.

Component units may be presented by two different methods. Blended component units, although legally separate entities, are, in substance, part of the Council's operations and data is combined with that of the primary government. Discretely presented component units are reported in a separate column in the financial statements to emphasize that they are legally separate from the Council. Based upon the criteria above, because of the board composition and financial relationship with the Waccamaw HOME Consortium it has been included as a blended component unit as a special revenue fund in this report. Separate financial statements are not issued for the Waccamaw HOME Consortium. The Council has no discretely presented component units.

Basis of Presentation

Government-wide Statements: The statement of net position and the statements of activities display information about the Council as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through regional appropriations, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and finance charges charged to external parties.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements: The fund financial statements provide information about the Council's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Proprietary fund operating revenues, such as finance charges, result from nonexchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from nonexchange activities or ancillary activities.

The Council reports the following major governmental funds:

General Fund: This is the Council's primary operating fund. It accounts for all financial resources of the general government, except those that are required to be accounted for in another fund. Primary sources of revenues are regional appropriations and state aid.

Planning and Transportation Fund – Special Revenue Fund: This fund accounts for all resources received from federal, state, and local sources to provide local planning assistance, transportation assistance, and air and water quality planning and initiatives to boards, commissions, councils, and governments of the Council's region. Financing is provided by the Environmental Protection Agency, the US Department of Transportation, and FTA.

Community & Economic Development Fund – Special Revenue Fund: This fund accounts for all resources received from federal and local sources to assist local governments and businesses develop Economic Development Administration proposals, obtain funds geared towards attracting new businesses and industry, and helping existing businesses grow and prosper and to administer the HOME Investment Partnership Program by offering low interest loans and grants to non-profit and for-profit developers for the creation of affordable housing. Financing is provided by the Economic Development Administration and the US Department of Housing and Urban Development.

Area Agency on Aging Fund – Special Revenue Fund: This fund accounts for all resources for federal and state awards with the Area Agency on Aging services (AAA) element of the Council's work program. Financing is provided by federal awards from the US Department of Health and Human Services via the SC Department on Aging.

Workforce Innovation Fund – Special Revenue Fund: This fund accounts for all resources received for federal awards within the Workforce Innovation and Opportunity Act (WIOA) element of the Council's work program. Financing is provided by the US Department of Labor through the SC Department of Employment and Workforce.

The Council reports the following major enterprise fund:

Loan Fund: This fund is used to account for the operations within the economic development loan element of the Council's work program, and accounts for loans which were previously funded by the U.S. Economic Development Administration's (EDA) Revolving Loan Fund Program. In June of 2018, the Council entered into an agreement with EDA to merge and consolidate its RLF award with the Catawba Regional Council of Governments. The Council will remain liable for matters that existed before the effective date of the merger and will retain administration of the RLF loans made prior to that date.

Change in Accounting Principles

During the current year, the Council changed its accounting policy for recognizing revenues from regional appropriations as billed and revenues from state aid as received. An adjustment has been made to beginning fund balance/net position for amounts previously deferred and reported as unearned revenues. Management believes this method is a more appropriate measure of reporting revenues from these sources.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Also, the Council implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement defines Subscription-Based Information Technology Arrangements (SBITA) and requires that certain contracts that convey control of the right-to-use a vendor's information technology (IT) software be recognized as a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. GASB requires that this statement be implemented retroactively by restating beginning net position. The Council had no contracts subject to the provisions of this statement; therefore, restatement was not necessary.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide and Proprietary Fund Financial Statements: The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Nonexchange transactions, in which the Council gives (or receives) value without directly receiving (or giving) equal value in exchange, include regional appropriations, grants, entitlements, and donations. On an accrual basis, revenue from regional appropriations is recognized when due and revenue from grants, entitlements, and donations is recognized in the fiscal year in which it is due and all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when both measurable and available. *Available* means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Council considers all revenue collectible within sixty days of the close of the fiscal year to be available. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which has not matured, are recorded as fund liabilities when due. Allocations of costs such as depreciation and amortization, are not recognized in the governmental funds. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under financing leases are reported as other financing sources.

Proprietary Financial Statements: Proprietary financial statements are reported using the economic measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The proprietary fund distinguishes operating revenues and expenses from non-operating items. Operating revenue and expenses generally result from the Council's economic development loans. The principal operating revenue is derived from finance charges on the loans.

Budgetary Information and Budgetary Accounting

A budget is adopted for the General Fund and grant sub-funds on a basis consistent with general accepted accounting principles. A proposed budget for the ensuing fiscal year is submitted by management to the Council's Board during June of each year. The budget is prepared by cost centers within each fund and is organized into a combined total budget. The budget must be balanced. The Board votes to adopt the budget for the ensuing fiscal year, subject to amendment or modification, during subsequent meetings. The Council's policies allow funds to be transferred between functions and line items. However, the total budget cannot be increased beyond the adopted fund level without the approval of the Board in a supplementary action. The legal level of control is at the fund level.

Indirect Cost Allocation

Cost allocations made by Council are in accordance with the guidelines of the OMB's Uniform Guidance contained at 2 CFR 200; Subpart E; 2 CFR 200, Appendix V; 2 CFR 200 Appendix VII. These guidelines provide that allowable indirect costs are identified and accumulated in an indirect cost pool and distributed to applicable federal,

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

state and local grant activities and programs based upon an appropriate actual indirect cost allocation methodology. Certain employee benefits are accumulated in a fringe benefit cost pool and allocated to grant projects as a percentage of labor costs, referred to as release time. In accordance with Uniform Guidance, the cost allocations are subject to subsequent federal audit or review.

Deposits and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an initial maturity of three months or less. State statutes authorize the Council to invest in obligations of the United States and its agencies, general obligations of the State of South Carolina and its subdivisions, savings and loan associations to the extent of federal depository insurance or collaterally secured, certificates of deposit collaterally secured, and repurchase agreements secured by the foregoing obligations.

Receivables and Payables

All accounts and intergovernmental receivables are shown net of allowance for uncollectible. During operations, transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet. Short-term interfund liabilities are classified as “interfund receivables/payables”. Interfund receivables and payables are eliminated in the government-wide financial statements. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

Prepaid Items

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

Statement of Cash Flows

For the purpose of the statement of cash flows, the Council considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Capital Assets

The Council accounts for capital asset purchases by recording acquisitions at cost or estimated historical cost. Donated assets are recorded at their acquisition value at the date of donation. The Council capitalizes moveable personal property and intangible right-to-use assets with a unit value in excess of \$5,000 and a useful life in excess of one year. Routine repairs and maintenance are charged to expenses in the year in which the expenses are incurred. Depreciation of capital assets is computed and recorded by the straight-line method. Useful lives of the Council’s capital assets generally range from 3 to 10 years. Amortization of right-to-use assets is based on the shorter of the lease/subscription term or the estimated useful life of the asset.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until then.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

The Council's policy allows an employee to accumulate up to 45 days of vacation pay and up to 120 days of sick leave at June 30. Sick leave days are accumulated at 1 day per month and annual leave days are accumulated at a varied rate of 10-25 days per year, depending on the years of service. There is no liability for unpaid accumulated sick leave since the Council does not have a policy to pay any amounts for accumulated sick leave when employees separate from service with the Council. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Accrued Liabilities and Long-Term Obligations

In the government-wide financial statements, long-term debt and long-term obligations are reported as liabilities in the governmental activities statement of net position.

Pensions

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 pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF) and additions to/deductions from the plans' fiduciary net positions have been determined on the same basis as they are reported by the plans. For this purpose, the SCRHITF and the SCLTDITF plans recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position and Fund Balance Classifications

Net Position in the government-wide statements and the proprietary fund statements are classified as follows:

Net Investment in Capital and Intangible Assets: This represents the Council's total investment in capital and intangible assets, net of accumulated outstanding debt obligations related to those capital assets.

Restricted Net Position: This represents resources in which the Council is legally or contractually obligated to spend in accordance with restrictions externally imposed by third parties.

Unrestricted Net Position: Any remaining balance of net position is reported as unrestricted, including management designations.

Fund Balances are classified in the governmental fund financial statements as follows and describe the relative strength of spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balances: Includes amounts that are not in spendable form or are legally required to remain intact.

Restricted Fund Balances: Includes amounts that have external restrictions by grantors, debt covenants, laws, or other governments.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Committed Fund Balances: Includes amounts that are committed to a specific purpose by formal vote of the Board of Directors. A formal vote of the Board is required to establish or rescind a commitment.

Assigned Fund Balances: Includes amounts that are constrained by limitations resulting from intended uses as established by the Board of Directors or management.

Unassigned Fund Balances: Includes amounts that have not been assigned to any purpose.

Unless specifically designated otherwise, fund expenditures are from restricted fund balance to the extent of restricted fund balance revenue, followed by committed fund balance, assigned fund balance, and unassigned fund balance, respectively.

Interfund Activity

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Use of Resources

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

Use of Estimates

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

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 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 similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in 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 by correlation or other means.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The value methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The Council believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

NOTE 2 – DEPOSITS AND INVESTMENTS

At year end, the Council's carrying amount of deposits and investments were \$1,029,965 and the corresponding bank balances were \$1,474,099.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of bank failure, the Council's deposits might not be recovered. The Council does not have a policy for custodial credit risk, but it is the practice of Council that deposits at financial institutions shall not exceed the limits of the Federal Deposit Insurance Corporation (FDIC) unless collateralized.

As of June 30, 2023, the Council's bank balances were insured and collateralized as follows:

Amount insured by FDIC	\$ 250,000
Amount insured and collateralized by pledging bank's third party agent held in the name of the Council	<u>1,224,099</u>
Total	<u><u>\$ 1,474,099</u></u>

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

NOTE 3 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Being Depreciated:				
Equipment	\$ 98,634	\$ 21,509	\$ -	\$ 120,143
Software	20,971	-	-	20,971
Vehicles	97,693	-	-	97,693
Leasehold Improvements	76,600	-	-	76,600
Total Capital Assets Being Depreciated	\$ 293,898	\$ 21,509	\$ -	\$ 315,407
Less Accumulated Depreciation for:				
Equipment	\$ (91,147)	\$ (7,770)	\$ -	\$ (98,917)
Software	(20,971)	-	-	(20,971)
Vehicles	(88,078)	(9,615)	-	(97,693)
Leasehold Improvements	(21,866)	(4,099)	-	(25,965)
Total Accumulated Depreciation	\$ (222,062)	\$ (21,484)	\$ -	\$ (243,546)
Total Capital Assets, Being Depreciated, Net	\$ 71,836	\$ 25	\$ -	\$ 71,861
Intangible Right-to-Use Assets:				
Leased Equipment	\$ 46,546	\$ -	\$ (27,448)	\$ 19,098
Leased Buildings	783,444	-	(205,559)	577,885
Total Intangible Right-to-Use Assets	\$ 829,990	\$ -	\$ (233,007)	\$ 596,983
Less Accumulated Amortization For:				
Leased Equipment	\$ (36,546)	\$ (6,076)	\$ 27,448	\$ (15,174)
Leased Buildings	(312,435)	(61,498)	105,018	(268,915)
Total Accumulated Amortization	\$ (348,981)	\$ (67,574)	\$ 132,466	\$ (284,089)
Total Intangible Right-to-Use Assets, Net	\$ 481,009	\$ (67,574)	\$ (100,541)	\$ 312,894
Governmental Activities Capital Assets, Net	\$ 552,845	\$ (67,549)	\$ (100,541)	\$ 384,755

Combined depreciation and amortization expense was charged to functions/programs as follows:

General Administration	\$ 44,101
Workforce Innovation Program	41,844
Area Agency on Aging Program	3,113
Total	\$ 89,058

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

NOTE 4 – INTERFUND BALANCES AND ACTIVITY

The Council's general fund and special revenue funds have advanced money between the funds to finance operations and supplement other fund sources. The repayment terms are indefinite and are dependent upon future receipts. At June 30, 2023, interfund receivables and payables resulting from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 157,930	\$ -
Planning & Transportation Fund	-	401,381
Community & Economic Development Fund	377,468	-
Area Agency on Aging Fund	-	197,460
Workforce Innovation Fund	73,003	-
Other Nonmajor Governmental Fund	2,514	-
Loan Fund	-	12,074
Total	\$ <u>610,915</u>	\$ <u>610,915</u>

Transfers are used to move certain revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations. A schedule of operating transfers is as follows:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ -	\$ 314,497
Planning & Transportation Fund	197,247	-
Community & Economic Development Fund	69,014	-
Area Agency on Aging Fund	35,325	-
Workforce Innovation Fund	2,731	-
Other Nonmajor Governmental Fund	10,180	-
Loan Fund	-	-
Total	\$ <u>314,497</u>	\$ <u>314,497</u>

NOTE 5 – SHORT TERM LEASES

The Council entered into agreements in prior years to lease six vehicles. These leases can be terminated at any time and are deemed to be short-term leases. As of June 30, 2023, the lease payments for the vehicles are as follows:

Fiscal Year Lease Agreement Entered Into	Number of Vehicles	Base Rate per Month	Per Mile Charge
June 30, 2018	3	\$ 972	\$ 0.13
June 30, 2020	2	\$ 740	\$ 0.15
June 30, 2021	1	\$ 360	\$ 0.15

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

NOTE 6 – FINANCING LEASE PURCHASES

Financing lease liabilities currently outstanding at June 30, 2023 are as follows:

	Outstanding June 30, 2023
<i>Copiers-Administration</i> : Lease entered into on March 8, 2023, with a 60 month non-cancellable lease term and a bargain purchase option. Monthly payments are \$457.61 plus applicable taxes. The interest rate is 10.10%. The value of the capital asset as of June 30, 2023 is \$21,509 with accumulated amortization of \$717 for a net value of \$20,792.	\$ 20,692
Total Financing Lease Liabilities	\$ 20,692

Future minimum financing lease payments are as follows:

Year Ending June 30	Financing Lease Liabilities		
	Principal	Interest	Total
2024	\$ 3,581	\$ 1,910	\$ 5,491
2025	3,957	1,534	5,491
2026	4,372	1,120	5,492
2027	4,830	661	5,491
2028	3,952	167	4,119
Totals	\$ 20,692	\$ 5,392	\$ 26,084

NOTE 7 – CHANGE IN LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for June 30, 2023.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Financing Leases	\$ -	\$ 21,509	\$ (817)	\$ 20,692	\$ 3,581
Net Pension Liability	3,921,333	1,571,517	(1,028,690)	4,464,160	-
Net OPEB Liability	4,618,376	2,097,748	(3,289,831)	3,426,293	-
Compensated Absences	227,754	108,306	(123,498)	212,562	102,727
Totals	\$ 8,767,463	\$ 3,799,080	\$ (4,442,836)	\$ 8,123,707	\$ 106,308

For governmental activities, long-term liabilities are generally liquidated by the general and special revenue funds.

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

NOTE 8 – RIGHT-TO-USE LEASE OBLIGATIONS

Right-to-use equipment lease liabilities currently outstanding at June 30, 2023 are as follows:

	Outstanding June 30, 2023
<i>Copier-Administration</i> : Lease entered into on November 28, 2017, with a 60 month non-cancellable lease term. Monthly payments were \$529.19 plus applicable taxes. Historical prime rate in effect of 5% used for purposes of discounting future payments. This lease expired December 28, 2022.	\$ -
<i>Copier-WIOA</i> : Lease entered into on July 11, 2019, with a 60 month non-cancellable lease term. Monthly payments are \$361.94 plus applicable taxes and additional charges for excess usage. Historical prime rate in effect of 5.5% used for purposes of discounting future payments. The value of the right to use asset as of June 30, 2023 is \$19,098 with accumulated amortization of \$15,175 for a net value of \$3,923.	4,558
Total Right-to-Use Equipment Lease Liabilities	\$ 4,558

Right-to-use building lease liabilities currently outstanding at June 30, 2023 are as follows:

	Outstanding June 30, 2023
<i>Building-Administration</i> : Lease entered into on March 11, 2014, with a 20 year lease term. Monthly payments are \$3,275. Historical prime rate in effect of 3.25% used for purposes of discounting future payments. The value of the right to use asset as of June 30, 2023 is \$577,885 with accumulated amortization of \$268,915 for a net value of \$308,970.	\$ 356,165
<i>Building-Aging</i> : Lease entered into on January 1, 2021, with a 2.5 year lease term. Monthly payments were \$150. Historical prime rate in effect of 3.25% used for purposes of discounting future payments. The lease expired on June 30, 2023.	-
<i>Building-WIOA</i> : Lease entered into on June 1, 2020, with an initial 3 year lease term and a 3 year renewal option. Monthly payments are \$3,000. Historical prime rate in effect of 3.25% used for purposes of discounting future payments. This lease expired on May 31, 2023.	-
Total Right-to-Use Building Lease Liabilities	\$ 356,165
Total Right-to-Use Lease Obligations	\$ 360,723

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

NOTE 8 – RIGHT-TO-USE LEASE OBLIGATIONS (continued)

Future minimum right-to-use lease payments are as follows:

Year Ending June 30	Right-to-Use Lease Liabilities				
	Equipment		Buildings		Total
	Principal	Interest	Principal	Interest	
2024	\$ 4,197	\$ 146	\$ 28,141	\$ 11,159	\$ 43,643
2025	361	1	29,070	10,230	39,662
2026	-	-	30,029	9,271	39,300
2027	-	-	31,019	8,281	39,300
2028	-	-	32,043	7,257	39,300
2029-2033	-	-	176,783	19,717	196,500
2034	-	-	29,080	395	29,475
Totals	\$ 4,558	\$ 147	\$ 356,165	\$ 66,310	\$ 427,180

NOTE 9 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS

Plan Descriptions

The Other Post-Employment Benefits Trust Funds (OPEB Trusts), which 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 through South Carolina Public Employment Benefit Authority (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 OPEB 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. 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 Carolina, including all agencies, and public school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees. Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15-24 years of service for 50% employer funding.

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 government entities. The SCLTDITF provides disability payments to eligible employees that have been approved for disability.

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

NOTE 9 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

Contributions and Funding Policies

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires the 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.

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, 2023 was 6.25%. The South Carolina Retirement System collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Non-employer contributions 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 had on 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.

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, 2023. 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 is calculated differently for each OPEB Trust. For the SCRHITF, the allocation percentage is based on the covered payroll surcharge contribution for each employer.

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. Therefore, employers classify this revenue in the same manner as it classifies grants from other entities.

The Council's proportionate share of appropriated funds was \$535 and is reported as revenues from a contribution made by a non-employer contributing entity.

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 OPEB 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.

Contributions to the OPEB plans from the Council were as follows for the year ended June 30, 2023:

SCRHITF	\$	139,934
SCLTDITF	\$	982

The Council also recorded fringe benefit expenses for insurance benefits for active employees in the amount of \$262,896 for the year ended June 30, 2023.

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

NOTE 9 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the Council reported a liability of \$3,426,293 for its proportionate share of the net OPEB liability, of which \$3,424,642 was for SCRHITF and \$1,651 was for SCLTDITF. The net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021 that was projected forward to the measurement date. The Council's proportion of the net OPEB liability 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 participants, actuarially determined. The Council's proportionate share at June 30, 2023 was .022513% for SCRHITF, which was a .000336% increase from its proportionate share of .022177% from June 30, 2022. The proportionate share at June 30, 2023 was .014247% for SCLTDITF, which was a .001073% increase from its proportionate share of .013174% from June 30, 2022.

For the year ended June 30, 2023, the Council recognized OPEB expense of \$132,243, of which \$130,891 was for SCRHITF and \$1,352 was for SCLTDITF.

At June 30, 2023, the Council reported deferred outflows of resources and deferred inflows of resources related to the SCRHITF OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual investment experience	\$ 26,928	\$ -
Differences between expected and actual experience	73,506	301,122
Assumption changes	772,168	1,100,836
Changes in proportionate share and differences between employer contributions and proportionate share of total plan contributions	176,963	542,240
Council contributions subsequent to the measurement date	139,934	-
Total	\$ 1,189,499	\$ 1,944,198

Council contributions to the SCRHITF subsequent of the measurement date of \$139,934 reported as deferred outflows will be recognized as a reduction 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 will be recognized in OPEB expense as follows:

<u>Year Ending June 30:</u>	
2024	\$ (153,021)
2025	(117,001)
2026	(116,989)
2027	(166,175)
2028	(156,673)
Thereafter	(184,774)
	\$ (894,633)

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

NOTE 9 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

At June 30, 2023, the Council reported deferred outflows of resources and deferred inflows of resources related to the SCLTDITF OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual investment experience	\$ 545	\$ -
Differences between expected and actual experience	437	294
Assumption changes	330	235
Outstanding outflow balance between employer contributions and proportionate share of plan contributions	39	173
Council contributions subsequent to the measurement date	982	-
Total	\$ <u>2,333</u>	\$ <u>702</u>

Council contributions to the SCLTDITF subsequent of the measurement date of \$982 reported as deferred outflows will be recognized as a reduction 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 will be recognized in OPEB expense as follows:

<u>Year Ending June 30:</u>	
2024	\$ 72
2025	116
2026	201
2027	160
2028	4
Thereafter	96
	\$ <u>649</u>

Actuarial Assumptions and Methods

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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 the plan members to that point.

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

NOTE 9 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

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 multipliers based on plan experience; the rates are projected on a fully generational basis using 80% of the ultimate rates of Scale MP-2019 to account for future mortality improvements.
Health care trend rate	Initial trend starting at 6.00% and gradually decreasing to an ultimate trend rate of 4.00% over a period of 15 years
Aging Factors	Based on plan specific experience
Retiree Participation	79% participation for retirees who are eligible for funded premiums 59% participation for retirees who are eligible for partial funded premiums 20% participation for retirees who are 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.

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 OPEB 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% were 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.

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

NOTE 9 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

Roll Forward Disclosure

The actuarial valuations were 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 Statement 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.

The following table represents the components of the net OPEB liability as of June 30, 2022:

OPEB Trust	Total OPEB Liability	Plan Fiduciary Net Position	Employers' Net OPEB Liability(Asset)	Net Position as a Percentage of the Total OPEB Liability
SCRHITF	\$ 16,835,502,593	\$ 1,623,661,403	\$ 15,211,841,190	9.64%
SCLTDITF	\$ 46,410,320	\$ 34,824,847	\$ 11,585,473	75.04%

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 Statement No. 74 in the Trusts' notes to the financial statements and required supplementary information. Liability calculations performed by the Trusts' actuary are for the purpose of satisfying the requirements of GASB Statements No. 74 and 75 and are not applicable for other purposes, such as determining the Trusts' funding requirements.

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:

SCRHITF			
Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Allocation- Weighted Long- Term Expected Real Rate of Return
U.S. Domestic Fixed Income	80.0%	0.95%	0.76%
Cash Equivalents	20.0%	0.35%	0.07%
Total	100.0%		0.83%
Expected Inflation			2.25%
Total Return			3.08%
Investment Return Assumption			2.75%

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

NOTE 9 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

SCLTDITF			
Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
U.S. Domestic Fixed Income	80.0%	0.95%	0.76%
Cash Equivalents	20.0%	0.35%	0.07%
Total	100.0%		0.83%
Expected Inflation			2.25%
Total Return			3.08%
Investment Return Assumption			3.00%

Single Discount Rate

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 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.

Sensitivity Analysis

The following table presents the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 3.69%, 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:

	1.00% Decrease (2.69%)	Current Discount Rate (3.69%)	1.00% Increase (4.69%)
Council's proportionate share of the SCRHITF net OPEB liability	\$ 4,048,853	\$ 3,424,642	\$ 2,923,003

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

	1.00% Decrease	Current Healthcare Cost Trend Rate	1.00% Increase
Council's proportionate share of the SCRHITF net OPEB liability	\$ 2,816,433	\$ 3,424,642	\$ 4,134,759

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

NOTE 9 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

The following table presents the SCLTDITF's net OPEB liability calculated using a Single Discount Rate of 3.41%, 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:

	1.00% Decrease (2.41%)	Current Discount Rate (3.41%)	1.00% Increase (4.41%)
Council's proportionate share of the SCLTDITF net OPEB liability	\$ 1,913	\$ 1,651	\$ 1,397

The SCLTDITF's net OPEB liability is not affected by changes in the healthcare cost trend rates due to the method used to calculate benefit payments. Therefore, the sensitivity to changes in the healthcare cost trend rates have not been calculated.

OPEB Plan Fiduciary Net Position

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

Payables to the OPEB Plans

At June 30, 2023, the Council had \$11,452 in outstanding payables for the SCRHITF plan for legally required contributions, which is reported in the statement of net position and the balance sheet with accrued liabilities. The Council remitted all legally required contributions for the SCLTDITF plan to PEBA. Therefore, the Council has reported no outstanding payables to the plan.

NOTE 10 – PENSION AND RETIREMENT PLAN

Plan Description

Council employees participate in the South Carolina Retirement System (SCRS), a cost sharing multiple-employer defined benefit pension plan, administered by the South Carolina Public Employee Benefit Authority (PEBA). The plan was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts and participating charter schools, public higher education institutions, other participating local subdivisions of government and first-time individuals elected to the South Carolina General Assembly.

Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. 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 first-term individuals elected to the South Carolina General Assembly. 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.

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

NOTE 10 – PENSION AND RETIREMENT PLAN (continued)

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 Class Two member who has separated from services with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable services 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-year or eight-year earned service requirement, respectively.

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.

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. The Retirement Funding and Administration Act of 2017 increased, but also established a ceiling for SCRS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS. The legislation also increased employer contribution rates beginning July 1, 2017 for SCRS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. The General Assembly postponed the one percent increase in the employer contribution rate that was scheduled to go into effect beginning July 1, 2020. In accordance with the legislation funding schedule, employer contribution rates will continue to increase by 1 percentage point each year until reaching 18.5 percent 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 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 plan. The statute set rates intended to reduce the unfunded liability of SCRS 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 may not be decreased until the plans are at least 85 percent funded.

- Required employee contribution rates¹ for fiscal year 2022-2023 are as follows:

Employee Class Two	9.00% of earnable compensation
Employee Class Three	9.00% of earnable compensation
- Required employer contribution rates¹ for fiscal year 2022-2023 are as follows:

Employer Class Two	17.41% of earnable compensation
Employer Class Three	17.41% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

¹Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

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

NOTE 10 – PENSION AND RETIREMENT PLAN (continued)

Contributions to the pension plan from the Council for the year ended June 30, 2023 were \$389,801.

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 \$4,464,160 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 that was projected forward to the measurement date. The Council's proportion 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 participants, actuarially determined. The Council's proportionate share at June 30, 2023 was .018415%, which was a .000295% increase from its proportionate share of .018120% at June 30, 2022.

For the year ended June 30, 2023, the Council recognized pension expense of \$175,783. At June 30, 2023, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 38,785	\$ 19,455
Assumption Changes	143,176	-
Net difference between projected and actual earnings on pension plan investments	6,884	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	51,793	303,600
Council contributions subsequent to the measurement date	389,801	-
Total	<u>\$ 630,439</u>	<u>\$ 323,055</u>

Council contributions subsequent to the measurement date of \$389,801 reported as deferred outflows will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30:</u>	<u>Amount</u>
2024	\$ (153,829)
2025	46,605
2026	(91,613)
2027	116,420
Thereafter	<u>-</u>
Total	<u>\$ (82,417)</u>

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

NOTE 10 – PENSION AND RETIREMENT PLAN (continued)

Actuarial Assumptions and Methods

Actuarial valuations of the ongoing 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 sensitivity information shown in this report were determined by the System's 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 of the System. The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2022.

Actuarial Assumptions	
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Investment rate of return ¹	7.00%
Projected salary increases	3.0% to 11.0% (varies by service) ¹
Benefit adjustments	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), was 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
General Employees	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%

Net Pension Liability

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

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension 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%

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 Statement No. 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 Statements No. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

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

NOTE 10 – PENSION AND RETIREMENT PLAN (continued)

Long-term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2022 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 the expected inflation and is summarized in the table below. For actuarial purposes, the 7.00 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.

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.79%	3.12%
Bonds	26.0%	-0.35%	-0.09%
Private Equity¹	9.0%	8.75%	0.79%
Private Debt¹	7.0%	6.00%	0.42%
Real Assets	12.0%		
Real Estate ¹	9.0%	4.12%	0.37%
Infrastructure ¹	3.0%	5.88%	0.18%
Total Expected Real Return ²	100.0%		4.79%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.04%

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

²Portable 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 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

The following table presents the collective NPL of the Council calculated using the discount rate of 7.00 percent, as well as what the Councils' NPL would be if it were calculated using a discount rate of 1.00 percent lower (6.00 percent) or 1.00 percent higher (8.00 percent) than the current rate.

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Council's proportionate share of the net pension liability	\$ 5,723,646	\$ 4,464,160	\$ 3,417,121

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

NOTE 10 – PENSION AND RETIREMENT PLAN (continued)

Pension Plan Fiduciary Net Position

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued Annual Comprehensive Financial Report containing financial statements and required supplementary information for SCRS. The financial statements of the Pension Trust Funds is publically 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.

Payables to the Pension Plan

At June 30, 2023, the Council had \$48,391 in outstanding payables to the plan for legally required contributions, which is reported in the statement of net position and the balance sheet with accrued liabilities.

NOTE 11 – RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Council along with other governments and agencies within the state are insured under the South Carolina Municipal Insurance and Risk Fund (SCMIRF), a public entity risk pool currently operating as a common risk management and insurance fund. The Council pays annual premiums to SCMIRF for its general insurance coverage. SCMIRF is self-sustaining through member premiums and by purchases of commercial insurance coverage on a portion of its liabilities. There have been no significant reductions in insurance coverage and settlements have not exceeded coverage for each of the past three years.

Workers compensation is insured under a retrospective rated policy where premiums paid are estimated throughout the year and adjusted subsequently to the policy period based on actual experience.

The Council continues to carry insurance for other risks of loss including employee health, dental, group life, and accident insurance under the State of South Carolina. The state accumulates assets to cover risks that its members incur in their normal operations. Specifically, the state assumes substantially all of the risk for the above.

NOTE 12 – LOAN FUND

The outstanding balance of loans granted through the Council's loan fund was \$95,000 at June 30, 2023. The borrower was in default on this loan and the Council obtained a judgment against the debtor in the amount of \$100,000. Notwithstanding the judgment amount, the Council entered into an agreement with the debtor to accept in full and final satisfaction of the judgment, the amount of \$38,000 to be paid by December 31, 2022. The debtor failed to pay the full satisfaction amount prior to that date; therefore the Council has deemed its obligation to accept further payments toward the satisfaction amount null and void and is seeking to collect the entire remaining loan balance of \$95,000.

NOTE 13 – CONTINGENT LIABILITIES

The Council receives a substantial amount of its support from federal, state, and local governments. A major reduction in the level of this support, if this were to occur, would have a major effect on the Council's programs and activities.

NOTE 14 – GRANTS

Some expenditures in the WIOA programs, FTA programs, and AAA programs are contracted with other agencies to perform specific services set forth in their respective grant agreements. The Council is periodically audited by the state and federal government for compliance with those grant agreements. If such an audit or compliance review discloses expenditures not in accordance with the terms of the grant, the grantor agency could disallow the costs and require reimbursement of the disallowed costs. The Council generally has the right of recovery from subcontractors.

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

NOTE 14 – GRANTS (continued)

Based upon prior experience, management believes that the Council will not incur significant losses from possible grant disallowances.

NOTE 15 – NET POSITION AND FUND BALANCE RESTATEMENT

The following prior period adjustment was made as a result of the change in accounting policy for recognizing regional appropriations and state aid.

	Governmental Activities	General Fund
As Originally Reported	\$ (7,549,220)	\$ 1,186,497
Change in Accounting Policy	<u>380,276</u>	<u>380,276</u>
As Restated	<u><u>\$ (7,168,944)</u></u>	<u><u>\$ 1,566,773</u></u>

NOTE 16 – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

GASB has issued Statement No. 100, *Accounting Changes and Error Corrections*, to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information. The requirements of this statement are effective for periods beginning after June 15, 2023.

GASB has issued Statement No. 101, *Compensated Absences*, to align the recognition and measurement guidance under a unified model and to amend certain previously required disclosures. This standard is effective for periods beginning after December 15, 2023.

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 28, 2023, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	BUDGETED AMOUNTS		ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
State Revenues	\$ 49,693	\$ 245,533	\$ 245,533	\$ -
Participating Local Governments	866,399	821,620	328,713	(492,907)
Other Income	-	-	14,700	14,700
TOTAL REVENUES	\$ 916,092	\$ 1,067,153	\$ 588,946	\$ (478,207)
EXPENDITURES				
DIRECT PERSONNEL COSTS				
Salaries and Wages	\$ 311,237	\$ 311,237	\$ 331,465	\$ (20,228)
Fringe Benefits and Release Time	1,416,966	1,416,966	1,397,835	19,131
Total Direct Personnel Costs	\$ 1,728,203	\$ 1,728,203	\$ 1,729,300	\$ (1,097)
CONTRACTUAL OBLIGATIONS				
Accounting, Legal, and Consulting	\$ 35,135	\$ 53,000	\$ 65,877	\$ (12,877)
Other Professional Services	10,850	10,850	1,683	9,167
Agency Insurance	31,000	33,200	33,116	84
Total Contractual Obligations	\$ 76,985	\$ 97,050	\$ 100,676	\$ (3,626)
BUILDING AND EQUIPMENT				
Office Rental and Lease	\$ 51,900	\$ 51,900	\$ 48,900	\$ 3,000
Utilities	6,950	6,950	7,592	(642)
Office Cleaning	6,000	6,000	6,330	(330)
Lawn and Landscape Maintenance	4,830	4,830	5,110	(280)
Equipment Rental and Lease	22,430	22,430	22,023	407
Maintenance and Repairs	1,375	3,375	3,405	(30)
Total Building and Equipment	\$ 93,485	\$ 95,485	\$ 93,360	\$ 2,125
TRANSPORTATION AND CONFERENCES				
Staff Travel	\$ 2,000	\$ 2,000	\$ 6,968	\$ (4,968)
Staff Conferences	850	850	1,303	(453)
Board Travel, Conferences, Meetings	25,000	42,500	45,083	(2,583)
SCARC Expense	6,000	6,000	9,273	(3,273)
Automobile	1,000	1,000	1,111	(111)
Total Transportation and Conferences	\$ 34,850	\$ 52,350	\$ 63,738	\$ (11,388)
OFFICE OPERATIONS				
Security Services	\$ 3,000	\$ 3,000	\$ 3,149	\$ (149)
IT Services	21,145	31,145	23,251	7,894
Office Supplies	14,150	14,150	20,621	(6,471)
Telephone and Communications	29,350	29,350	27,901	1,449
Postage and Shipping	5,000	5,000	4,186	814
Printing	10,990	10,990	10,641	349
Staff Training	500	500	928	(428)
Memberships and Subscriptions	9,097	9,097	8,407	690
Total Office Operations	\$ 93,232	\$ 103,232	\$ 99,084	\$ 4,148

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	BUDGETED AMOUNTS		ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
TOTAL EXPENDITURES	\$ 2,026,755	\$ 2,076,320	\$ 2,086,158	\$ (9,838)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (1,110,663)	\$ (1,009,167)	\$ (1,497,212)	\$ (488,045)
OTHER FINANCING SOURCES (USES)				
Indirect Cost Allocations	\$ 368,096	\$ 368,096	\$ 286,618	\$ (81,478)
Fringe Cost Allocations	1,231,606	1,231,606	958,700	(272,906)
Interfund Transfers Out	(489,039)	(590,535)	(314,497)	276,038
TOTAL OTHER FINANCING SOURCES (USES)	\$ 1,110,663	\$ 1,009,167	\$ 930,821	\$ (78,346)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ (566,391)	\$ (566,391)
FUND BALANCE BEGINNING OF YEAR	1,186,497	1,186,497	1,186,497	-
Adjustment to Fund Balance (Note 15)	-	-	380,276	380,276
FUND BALANCE END OF YEAR	\$ 1,186,497	\$ 1,186,497	\$ 1,000,382	\$ (186,115)

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
PLANNING & TRANSPORTATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	BUDGETED AMOUNTS		ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Federal Revenues	\$ 3,211,681	\$ 3,213,995	\$ 1,210,851	\$ (2,003,144)
State Revenues	2,159	42,205	22,247	(19,958)
Service and Special Contracts	203,209	269,362	186,177	(83,185)
TOTAL REVENUES	\$ 3,417,049	\$ 3,525,562	\$ 1,419,275	\$ (2,106,287)
EXPENDITURES				
DIRECT PERSONNEL COSTS				
Salaries and Wages	\$ 538,017	\$ 538,017	\$ 423,838	\$ 114,179
Total Direct Personnel Costs	\$ 538,017	\$ 538,017	\$ 423,838	\$ 114,179
CONTRACTUAL OBLIGATIONS				
Other Sub-Tier Expenses	\$ 963,343	\$ 963,343	\$ 199,494	\$ 763,849
Other Professional Services	1,862,277	1,991,584	591,044	1,400,540
Total Contractual Obligations	\$ 2,825,620	\$ 2,954,927	\$ 790,538	\$ 2,164,389
BUILDING AND EQUIPMENT				
Non-Expendable Equipment	\$ 3,500	\$ 3,500	\$ 1,272	\$ 2,228
Total Building and Equipment	\$ 3,500	\$ 3,500	\$ 1,272	\$ 2,228
TRANSPORTATION AND CONFERENCES				
Staff Travel	\$ 8,678	\$ 11,728	\$ 5,664	\$ 6,064
Staff Conferences	6,660	6,655	6,815	(160)
Meetings and Meals	400	400	791	(391)
Automobile	2,720	2,720	37	2,683
Total Transportation and Conferences	\$ 18,458	\$ 21,503	\$ 13,307	\$ 8,196
OFFICE OPERATIONS				
Advertisements	\$ 1,025	\$ 1,025	\$ 6,394	\$ (5,369)
Staff Training	1,318	1,318	255	1,063
Memberships and Subscriptions	4,480	4,590	4,441	149
Expendable Equipment	1,000	7,050	13,350	(6,300)
Miscellaneous	508	559	305	254
Total Office Operations	\$ 8,331	\$ 14,542	\$ 24,745	\$ (10,203)
TOTAL EXPENDITURES	\$ 3,393,926	\$ 3,532,489	\$ 1,253,700	\$ 2,278,789
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 23,123	\$ (6,927)	\$ 165,575	\$ 172,502

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
PLANNING & TRANSPORTATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	BUDGETED AMOUNTS		ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
OTHER FINANCING SOURCES (USES)				
Indirect Cost Allocations	\$ (141,640)	\$ (141,640)	\$ (108,585)	\$ 33,055
Fringe Cost Allocations	(320,422)	(320,418)	(252,421)	67,997
HR&BA Cost Allocations	-	-	(1,816)	(1,816)
Interfund Transfers In	438,939	468,985	197,247	(271,738)
TOTAL OTHER FINANCING SOURCES (USES)	\$ (23,123)	\$ 6,927	\$ (165,575)	\$ (172,502)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ -	\$ -
FUND BALANCE BEGINNING OF YEAR	-	-	-	-
FUND BALANCE END OF YEAR	\$ -	\$ -	\$ -	\$ -

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
COMMUNITY & ECONOMIC DEVELOPMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	BUDGETED AMOUNTS		ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Federal Revenues	\$ 470,000	\$ 570,000	\$ 104,911	\$ (465,089)
Service and Special Contracts	<u>272,760</u>	<u>384,957</u>	<u>209,695</u>	<u>(175,262)</u>
TOTAL REVENUES	<u>\$ 742,760</u>	<u>\$ 954,957</u>	<u>\$ 314,606</u>	<u>\$ (640,351)</u>
EXPENDITURES				
DIRECT PERSONNEL COSTS				
Salaries and Wages	\$ 176,391	\$ 176,391	\$ 174,692	\$ 1,699
Total Direct Personnel Costs	<u>\$ 176,391</u>	<u>\$ 176,391</u>	<u>\$ 174,692</u>	<u>\$ 1,699</u>
CONTRACTUAL OBLIGATIONS				
Other Professional Services	\$ 49,168	\$ 252,124	\$ 48,171	\$ 203,953
Total Contractual Obligations	<u>\$ 49,168</u>	<u>\$ 252,124</u>	<u>\$ 48,171</u>	<u>\$ 203,953</u>
TRANSPORTATION AND CONFERENCES				
Staff Travel	\$ 3,382	\$ 4,422	\$ 4,669	\$ (247)
Staff Conferences	1,165	1,165	1,155	10
Automobile	-	-	163	(163)
Total Transportation and Conferences	<u>\$ 4,547</u>	<u>\$ 5,587</u>	<u>\$ 5,987</u>	<u>\$ (400)</u>
OFFICE OPERATIONS				
Advertisements	\$ 3,308	\$ 8,908	\$ 5,480	\$ 3,428
Postage and Shipping	-	-	307	(307)
Staff Training	315	315	425	(110)
Memberships and Subscriptions	1,185	1,185	515	670
Expendable Equipment	-	2,500	-	2,500
Miscellaneous	341	442	-	442
Total Office Operations	<u>\$ 5,149</u>	<u>\$ 13,350</u>	<u>\$ 6,727</u>	<u>\$ 6,623</u>
CONTRACTED SERVICE PROVIDERS	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ 400,000</u>
TOTAL EXPENDITURES	<u>\$ 635,255</u>	<u>\$ 847,452</u>	<u>\$ 235,577</u>	<u>\$ 611,875</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 107,505</u>	<u>\$ 107,505</u>	<u>\$ 79,029</u>	<u>\$ (28,476)</u>
OTHER FINANCING SOURCES (USES)				
Indirect Cost Allocations	\$ (42,920)	\$ (42,920)	\$ (40,943)	\$ 1,977
Fringe Cost Allocations	(105,051)	(105,051)	(104,040)	1,011
HR&BA Cost Allocations	(2,134)	(2,134)	(3,060)	(926)
Interfund Transfers In	<u>42,600</u>	<u>42,600</u>	<u>69,014</u>	<u>26,414</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ (107,505)</u>	<u>\$ (107,505)</u>	<u>\$ (79,029)</u>	<u>\$ 28,476</u>

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
COMMUNITY & ECONOMIC DEVELOPMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	(BUDGETARY	FINAL BUDGET
			BASIS)	POSITIVE
				(NEGATIVE)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ -	\$ -
FUND BALANCE BEGINNING OF YEAR	-	-	-	-
FUND BALANCE END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
AREA AGING AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	BUDGETED AMOUNTS		ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Federal Revenues	\$ 5,021,644	\$ 6,055,278	\$ 3,004,647	\$ (3,050,631)
State Revenues	2,522,999	2,735,851	1,247,359	(1,488,492)
Other Income	16,333	17,908	6,715	(11,193)
TOTAL REVENUES	\$ 7,560,976	\$ 8,809,037	\$ 4,258,721	\$ (4,550,316)
EXPENDITURES				
DIRECT PERSONNEL COSTS				
Salaries and Wages	\$ 582,698	\$ 582,698	\$ 549,675	\$ 33,023
Total Direct Personnel Costs	\$ 582,698	\$ 582,698	\$ 549,675	\$ 33,023
CONTRACTUAL OBLIGATIONS				
Other Sub-Tier Expenses	\$ 794,833	\$ 866,730	\$ 450,318	\$ 416,412
Other Professional Services	731,796	897,450	31,913	865,537
Total Contractual Obligations	\$ 1,526,629	\$ 1,764,180	\$ 482,231	\$ 1,281,949
BUILDING AND EQUIPMENT				
Office Rental and Lease	\$ 2,300	\$ 2,300	\$ 1,800	\$ 500
Equipment Rental and Lease	27,940	28,020	28,963	(943)
Total Building and Equipment	\$ 30,240	\$ 30,320	\$ 30,763	\$ (443)
TRANSPORTATION AND CONFERENCES				
Staff Travel	\$ 8,750	\$ 10,296	\$ 15,556	\$ (5,260)
Staff Conferences	3,959	3,904	6,680	(2,776)
Meetings and Meals	75	75	-	75
Automobile	135	135	1,213	(1,078)
Total Transportation and Conferences	\$ 12,919	\$ 14,410	\$ 23,449	\$ (9,039)
OFFICE OPERATIONS				
Advertisements	\$ -	\$ -	\$ 222	\$ (222)
IT Services	1,858	1,858	3,440	(1,582)
Office Supplies	1,900	14,700	7,785	6,915
Telephone and Communications	2,150	2,150	5,222	(3,072)
Postage and Shipping	-	100	-	100
Printing	575	575	172	403
Staff Training	1,320	1,435	600	835
Memberships and Subscriptions	5,762	5,912	724	5,188
Expendable Equipment	-	2,500	-	2,500
Miscellaneous	747	627	-	627
Total Office Operations	\$ 14,312	\$ 29,857	\$ 18,165	\$ 11,692
CONTRACTED SERVICE PROVIDERS	\$ 4,911,260	\$ 5,976,104	\$ 2,744,192	\$ 3,231,912
TOTAL EXPENDITURES	\$ 7,078,058	\$ 8,397,569	\$ 3,848,475	\$ 4,549,094

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
AREA AGING AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	BUDGETED AMOUNTS		ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 482,918	\$ 411,468	\$ 410,246	\$ (1,222)
OTHER FINANCING SOURCES (USES)				
Indirect Cost Allocations	\$ (108,928)	\$ (108,928)	\$ (77,421)	\$ 31,507
Fringe Cost Allocations	(347,033)	(347,033)	(327,367)	19,666
HR&BA Cost Allocations	(26,957)	(26,957)	(40,783)	(13,826)
Interfund Transfers In	-	71,450	35,325	(36,125)
TOTAL OTHER FINANCING SOURCES (USES)	\$ (482,918)	\$ (411,468)	\$ (410,246)	\$ 1,222
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ -	\$ -
FUND BALANCE BEGINNING OF YEAR	-	-	-	-
FUND BALANCE END OF YEAR	\$ -	\$ -	\$ -	\$ -

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
WORKFORCE INNOVATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	BUDGETED AMOUNTS		ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Federal Revenues	\$ 4,166,533	\$ 4,174,015	\$ 3,060,044	\$ (1,113,971)
Service and Special Contracts	<u>160,385</u>	<u>160,385</u>	<u>129,795</u>	<u>(30,590)</u>
TOTAL REVENUES	\$ 4,326,918	\$ 4,334,400	\$ 3,189,839	\$ (1,144,561)
EXPENDITURES				
DIRECT PERSONNEL COSTS				
Salaries and Wages	\$ 447,329	\$ 447,329	\$ 415,393	\$ 31,936
Total Direct Personnel Costs	<u>\$ 447,329</u>	<u>\$ 447,329</u>	<u>\$ 415,393</u>	<u>\$ 31,936</u>
CONTRACTUAL OBLIGATIONS				
Other Sub-Tier Expenses	\$ 637,445	\$ 778,942	\$ 298,830	\$ 480,112
Other Professional Services	<u>446,983</u>	<u>404,953</u>	<u>315,486</u>	<u>89,467</u>
Total Contractual Obligations	<u>\$ 1,084,428</u>	<u>\$ 1,183,895</u>	<u>\$ 614,316</u>	<u>\$ 569,579</u>
BUILDING AND EQUIPMENT				
Office Rental & Lease	\$ 27,002	\$ 27,002	\$ 27,000	\$ 2
Utilities	50,279	50,279	23,978	26,301
Office Cleaning	33,540	33,540	21,835	11,705
Lawn and Landscape Maintenance	18,981	18,981	11,490	7,491
Equipment Rental and Lease	8,687	8,687	5,762	2,925
Maintenance and Repairs	4,361	4,361	6,488	(2,127)
Non-Expendable Equipment	<u>3,425</u>	<u>3,425</u>	<u>-</u>	<u>3,425</u>
Total Building and Equipment	<u>\$ 146,275</u>	<u>\$ 146,275</u>	<u>\$ 96,553</u>	<u>\$ 49,722</u>
TRANSPORTATION AND CONFERENCES				
Staff Travel	\$ 10,527	\$ 15,527	\$ 7,349	\$ 8,178
Staff Conferences	17,975	15,475	7,614	7,861
WDB Travel, Conferences, Meetings	16,977	13,448	1,640	11,808
Meetings and Meals	900	900	36	864
Automobile	<u>225</u>	<u>225</u>	<u>4,474</u>	<u>(4,249)</u>
Total Transportation and Conferences	<u>\$ 46,604</u>	<u>\$ 45,575</u>	<u>\$ 21,113</u>	<u>\$ 24,462</u>
OFFICE OPERATIONS				
Advertisements	\$ 2,252	\$ 2,252	\$ 834	\$ 1,418
Security Services	150,286	150,286	97,199	53,087
IT Services	54,602	54,602	66,537	(11,935)
Office Supplies	3,600	3,600	1,932	1,668
Telephone and Communications	7,200	7,200	5,690	1,510
Printing	-	-	6,672	(6,672)
Staff Training	6,776	6,776	4,629	2,147
Memberships and Subscriptions	4,725	4,725	2,032	2,693
Expendable Equipment	-	9,000	-	9,000
Miscellaneous	<u>595</u>	<u>612</u>	<u>-</u>	<u>612</u>
Total Office Operations	<u>\$ 230,036</u>	<u>\$ 239,053</u>	<u>\$ 185,525</u>	<u>\$ 53,528</u>

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
WORKFORCE INNOVATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	BUDGETED AMOUNTS		ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
EXPENDITURES (Continued)				
CONTRACTED SERVICE PROVIDERS	\$ 2,005,073	\$ 1,905,100	\$ 1,522,999	\$ 382,101
TOTAL EXPENDITURES	\$ 3,959,745	\$ 3,967,227	\$ 2,855,899	\$ 1,111,328
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 367,173	\$ 367,173	\$ 333,940	\$ (33,233)
OTHER FINANCING SOURCES (USES)				
Indirect Cost Allocations	\$ (74,608)	\$ (74,608)	\$ (58,387)	\$ 16,221
Fringe Cost Allocations	(266,409)	(266,409)	(247,392)	19,017
HR&BA Cost Allocations	(26,156)	(26,156)	(30,892)	(4,736)
Interfund Transfers In	-	-	2,731	2,731
TOTAL OTHER FINANCING SOURCES (USES)	\$ (367,173)	\$ (367,173)	\$ (333,940)	\$ 33,233
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ -	\$ -
FUND BALANCE BEGINNING OF YEAR	-	-	-	-
FUND BALANCE END OF YEAR	\$ -	\$ -	\$ -	\$ -

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are prepared and legally adopted on a basis consistent with generally accepted accounting principles (GAAP) as applicable to governments for all governmental funds maintained by the Council. Amounts presented in the “*Original*” budget column in the budgetary comparison schedules reflect amounts originally adopted. Amounts presented in the “*Final*” budget column include any amendments or supplemental appropriations formally authorized by the Council’s Board of Directors. All annual appropriations lapse at fiscal year-end.

A proposed budget for the ensuing fiscal year is submitted by management to the Council’s Board during June of each year. The budget is prepared by cost centers within each fund and is organized into a combined total budget. The budget must be balanced. The Board votes to adopt the budget for the ensuing fiscal year, subject to amendment or modification, during subsequent meetings. The Council’s policies allow funds to be transferred between functions and objects. However, the total budget cannot be increased beyond that level without the approval of the Board in a supplementary action. The legal level of control is at the fund level.

Formal budgetary accounting is employed as a management control for the Council. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of money are recorded in order to reserve that portion of the applicable appropriations, is not utilized by the Council.

NOTE 2 – PRESENTATION

The budgetary comparison schedule presents the general fund and each major individual special revenue fund for which an annual budget is legally adopted.

NOTE 3 – EXPENDITURES IN EXCESS OF BUDGET

Actual expenditures in the General Fund exceeded budgetary appropriations by \$9,838 for the year ended June 30, 2023.

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COUNCIL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEMS
LAST 10 FISCAL YEARS**

	South Carolina Retirement System (SCRS)									
	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Council's proportion of the net pension liability (asset)	0.018415%	0.018120%	0.018684%	0.023014%	0.021923%	0.021403%	0.022632%	0.023398%	0.019648%	
Council's proportionate share of the net pension liability (asset)	\$ 4,464,160	\$ 3,921,333	\$ 4,774,015	\$ 5,255,013	\$ 4,912,277	\$ 4,818,160	\$ 4,834,162	\$ 4,437,544	\$ 3,382,734	
Council's covered payroll	\$ 1,827,842	\$ 1,773,696	\$ 1,732,382	\$ 2,113,394	\$ 1,883,818	\$ 1,757,837	\$ 1,757,508	\$ 2,224,436	\$ 1,809,346	
Council's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	244.23%	221.08%	275.58%	248.65%	260.76%	274.10%	275.06%	199.49%	186.96%	
Plan fiduciary net position as a percentage of the total pension liability	57.10%	60.70%	50.70%	54.40%	54.10%	53.30%	52.90%	57.00%	59.90%	

Notes: The amounts presented above for each fiscal year were determined as of the measurement date of the plan's fiscal year end.

The Council is retroactively reporting data back to the year of GASB Statement 68 implementation, which was fiscal year ending 2015. Information on the proportionate share of net pension liability is not available prior to that fiscal year.

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COUNCIL'S CONTRIBUTIONS - PENSION PLAN
SOUTH CAROLINA RETIREMENT SYSTEMS
LAST 10 FISCAL YEARS**

		<i>South Carolina Retirement System (SCRS)</i>									
		Fiscal Year									
		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$	389,801	\$ 363,124	\$ 318,710	\$ 324,336	\$ 353,837	\$ 284,727	\$ 249,641	\$ 242,390	\$ 239,127	\$ 189,077
Contributions in relation to the contractually required contribution		(389,801)	(363,124)	(318,710)	(324,336)	(353,837)	(284,727)	(249,641)	(242,390)	(239,127)	(189,077)
Contribution deficiency (excess)	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Council's covered payroll	\$	2,238,951	\$ 2,212,823	\$ 2,068,202	\$ 2,104,710	\$ 2,455,496	\$ 2,292,340	\$ 2,187,917	\$ 2,221,720	\$ 2,224,436	\$ 1,809,346
Contributions as a percentage of covered payroll		17.41%	16.41%	15.41%	15.41%	14.41%	12.42%	11.41%	10.91%	10.75%	10.45%

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE PENSION PLAN SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 - ACTUARIAL METHODS & ASSUMPTIONS USED

The table below provides a summary of the changes in actuarial methods and assumptions used in calculations of the total pension liability for the South Carolina Retirement System (SCRS). This information was obtained from the financial statements of the SCRS, which is administered by the retirement division of the South Carolina Public Employee Benefit Authority (PEBA).

Summary of Actuarial Methods and Significant Assumptions		
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Valuation date	07/01/21	07/01/20
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percentage of payroll	Level percentage of payroll
Amortization period	26 years maximum, closed period ¹	27 years maximum, closed period ¹
Actuarial Assumptions:		
Inflation rate	2.25%	2.25%
Projected salary increases	3.0% to 11.0% (varies by service) ²	3.0% to 11.0% (varies by service) ²
Investment rate of return	7.00%	7.00%
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually
Mortality	2020 PRSC Table	2020 PRSC Table

¹Pension reform legislation enacted effective July 1, 2017 schedules the amortization period to be reduced from 30 years to 20 years over a ten-year schedule.

²Includes inflation at 2.25%.

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COUNCIL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
LAST 10 FISCAL YEARS

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
South Carolina Retiree Health Insurance Trust Fund (SCRHITF)										
Council's proportion of the net OPEB liability (asset)	0.022513%	0.022177%	0.022833%	0.028076%	0.026581%	0.025945%				
Council's proportionate share of the net OPEB liability (asset)	\$ 3,424,642	\$ 4,617,957	\$ 4,121,687	\$ 4,245,519	\$ 3,766,683	\$ 3,514,208	\$	\$	\$	\$
Council's covered payroll	\$ 2,216,741	\$ 2,077,478	\$ 2,114,660	\$ 2,456,364	\$ 2,289,799	\$ 2,188,995	\$	\$	\$	\$
Council's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	154.49%	222.29%	194.91%	172.84%	164.50%	160.54%				
Plan fiduciary net position as a percentage of the total OPEB liability	9.64%	7.48%	8.39%	8.44%	7.91%	7.60%				
South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF)										
Council's proportion of the net OPEB liability (asset)	0.014247%	0.013174%	0.139740%	0.021104%	0.020784%	0.020596%				
Council's proportionate share of the net OPEB liability (asset)	\$ 1,651	\$ 419	\$ 42	\$ 415	\$ 636	\$ 373	\$	\$	\$	\$
Council's covered payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$	\$	\$	\$
Council's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	N/A	N/A	N/A	N/A	N/A	N/A				
Plan fiduciary net position as a percentage of the total OPEB liability	75.04%	92.84%	99.29%	95.17%	92.20%	95.29%				

Notes: The amounts presented above for each fiscal year were determined as of the measurement date of the plan's fiscal year end.

The Council implemented GASB Statement 75 in the fiscal year ending 2018. Information on OPEB liabilities are not available prior to that date.

Contributions for the SCLTDITF plan are not based on a measure of pay; therefore, covered payroll for the measurement period is not presented.

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COUNCIL'S CONTRIBUTIONS - OPEB PLANS
LAST 10 FISCAL YEARS**

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
South Carolina Retiree Health Insurance Trust Fund (SCRHITF)										
Contractually required contributions	\$ 139,934	\$ 138,301	\$ 129,263	\$ 131,544	\$ 148,557	\$ 126,073				
Contributions in relation to the contractually required contributions	<u>(139,934)</u>	<u>(138,301)</u>	<u>(129,263)</u>	<u>(131,544)</u>	<u>(148,557)</u>	<u>(126,073)</u>				
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
Council's covered payroll	\$ 2,238,951	\$ 2,212,823	\$ 2,068,202	\$ 2,104,710	\$ 2,455,496	\$ 2,292,240				
Contributions as a percentage of covered payroll	6.25%	6.25%	6.25%	6.25%	6.05%	5.50%				
South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF)										
Contractually required contributions	\$ 982	\$ 1,075	\$ 998	\$ 1,053	\$ 1,549	\$ 1,513				
Contributions in relation to the contractually required contributions	<u>(982)</u>	<u>(1,075)</u>	<u>(998)</u>	<u>(1,053)</u>	<u>(1,549)</u>	<u>(1,513)</u>				
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
Council's covered payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A				
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A				

Notes: The Council implemented GASB Statement 75 in the fiscal year ending 2018. Information on OPEB contributions are not available prior to that date.

Contributions for the SCLTDITF plan are not based on a measure of pay; therefore, covered payroll for the measurement period is not presented.

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE OPEB PLANS SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 - ACTUARIAL METHODS & ASSUMPTIONS USED

The table below provides a summary of the actuarial methods and assumptions used in calculations of the actuarially total OPEB liability for the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF). This information was obtained from the financial statements of the South Carolina Public Employee Benefit Authority (PEBA), Insurance Benefits and Other Postemployment Benefits Trust Funds.

SCRHITF: Summary of Actuarial Methods and Significant Assumptions

	June 30, 2023	June 30, 2022
Valuation Date	07/01/21	07/01/20
Actuarial Cost Method	Entry age normal	Entry age normal
Inflation	2.25%	2.25%
Investment Rate of Return	2.75% net of OPEB Plan investment expense; including inflation	2.75% net of OPEB Plan investment expense; including inflation
Demographic Assumptions	Based on the experience study performed for SCRS for the 5 year period ending 6-30-2019	Based on the experience study performed for SCRS for the 5 year period ending 6-30-2019
Single Discount Rate	3.69%	1.92%
Mortality	2020 PRSC Table	2020 PRSC Table
Health Care Trend Rate	Initial trend starting at 6.00% and gradually decreasing to 4.00% over a 15 year period	Initial trend starting at 6.00% and gradually decreasing to 4.00% over a 15 year period
Aging Factors	Based on plan specific experience	Based on plan specific experience
Retiree Participation	79% for retirees eligible for funded premiums 59% for retirees eligible for partial funded premiums 20% for retirees eligible for non-funded premiums	79% for retirees eligible for funded premiums 59% for retirees eligible for partial funded premiums 20% for retirees eligible for non-funded premiums

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE OPEB PLANS SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 - ACTUARIAL METHODS & ASSUMPTIONS USED (continued)

SCLTDITF: Summary of Actuarial Methods and Significant Assumptions

	June 30, 2023	June 30, 2022
Valuation Date	07/01/21	07/01/20
Actuarial Cost Method	Entry age normal	Entry age normal
Inflation	2.25%	2.25%
Investment Rate of Return	3.00% net of OPEB Plan investment expense; including inflation	3.00% net of OPEB Plan investment expense; including inflation
Single Discount Rate	3.41%	2.48%
Salary, Termination, and Retirement Rates	Based on the experience study performed for SCRS for the 5 year period ending 6-30-2019	Based on the experience study performed for SCRS for the 5 year period ending 6-30-2019
Disability Incidence	165% of the rates developed for SCRS pension plans	165% of the rates developed for SCRS 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	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	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	Third party administrative expenses were included in the benefit projections

SUPPLEMENTARY INFORMATION

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>OTHER SPECIAL REVENUE FUND NON-PROJECTS</u>
ASSETS	
Accounts Receivable	\$ 668
Due From Other Funds	<u>2,514</u>
TOTAL ASSETS	\$ <u>3,182</u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts Payable and Accrued Liabilities	\$ 33
Accrued Personnel Costs	<u>3,149</u>
Total Liabilities	\$ <u>3,182</u>
Fund Balances	
Fund Balance - Special Revenue Fund	\$ <u>-</u>
Total Fund Balances	\$ <u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u><u>3,182</u></u>

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>OTHER SPECIAL REVENUE FUND NON-PROJECTS</u>
REVENUES	
Interest Income	\$ 827
Other Income	<u>5,492</u>
TOTAL REVENUES	\$ <u>6,319</u>
EXPENDITURES	
DIRECT PERSONNEL COSTS	
Salaries and Wages	\$ <u>46,141</u>
Total Direct Personnel Costs	<u>\$ 46,141</u>
CONTRACTUAL OBLIGATIONS	
Other Sub-Tier Expenses	\$ <u>7,420</u>
Total Contractual Obligations	<u>\$ 7,420</u>
BUILDING AND EQUIPMENT	
Non-Expendable Equipment	\$ <u>21,509</u>
Total Building and Equipment	<u>\$ 21,509</u>
TRANSPORTATION AND CONFERENCES	
Staff Travel	\$ 2,260
Staff Conferences	844
Meetings and Meals	1,547
Automobile	78
Total Transportation and Conferences	<u>\$ 4,729</u>
OFFICE OPERATIONS	
Advertisements	\$ 1,081
Staff Training	1,762
Memberships and Subscriptions	50
Miscellaneous	1,733
Total Office Operations	<u>\$ 4,626</u>
DEBT SERVICE	
Principal Paid on Financing Lease	\$ 817
Interest Paid on Financing Lease	<u>555</u>
Total Debt Service	<u>\$ 1,372</u>
TOTAL EXPENDITURES	\$ <u>85,797</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ <u>(79,478)</u>

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>OTHER SPECIAL REVENUE FUND NON-PROJECTS</u>
OTHER FINANCING SOURCES (USES)	
Indirect Cost Allocations	\$ (1,282)
Fringe Cost Allocations	(27,480)
HR&BA Cost Allocations	76,551
Financing Lease Purchase Proceeds	21,509
Interfund Transfers In	<u>10,180</u>
TOTAL OTHER FINANCING SOURCES (USES)	\$ <u>79,478</u>
NET CHANGE IN FUND BALANCE	\$ -
FUND BALANCE BEGINNING OF YEAR	<u>-</u>
FUND BALANCE END OF YEAR	<u><u>\$ -</u></u>

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
PLANNING & TRANSPORTATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	PLANNING & TRANSPORTATION FUND			
	WATER QUALITY	TRANSPORTATION	SPECIAL & SERVICE CONTRACTS	TOTAL
REVENUES				
Federal Revenues	\$ 30,621	\$ 1,180,230	\$ -	\$ 1,210,851
State Revenues	-	22,247	-	22,247
Service and Special Contracts	109,628	-	76,549	186,177
TOTAL REVENUES	\$ 140,249	\$ 1,202,477	\$ 76,549	\$ 1,419,275
EXPENDITURES				
DIRECT PERSONNEL COSTS				
Salaries and Wages	\$ 32,910	\$ 332,170	\$ 58,758	\$ 423,838
Total Direct Personnel Costs	\$ 32,910	\$ 332,170	\$ 58,758	\$ 423,838
CONTRACTUAL OBLIGATIONS				
Other Sub-Tier Expenses	\$ -	\$ 199,494	\$ -	\$ 199,494
Other Professional Services	51,366	539,036	642	591,044
Total Contractual Obligations	\$ 51,366	\$ 738,530	\$ 642	\$ 790,538
BUILDING AND EQUIPMENT				
Non-Expendable Equipment	\$ -	\$ 1,272	\$ -	\$ 1,272
Total Building and Equipment	\$ -	\$ 1,272	\$ -	\$ 1,272
TRANSPORTATION AND CONFERENCES				
Staff Travel	\$ -	\$ 4,826	\$ 837	\$ 5,663
Staff Conferences	-	6,815	-	6,815
Meetings and Meals	84	250	458	792
Automobile	-	31	6	37
Total Transportation and Conferences	\$ 84	\$ 11,922	\$ 1,301	\$ 13,307
OFFICE OPERATIONS				
Advertisements	\$ 1,308	\$ 2,268	\$ 2,818	\$ 6,394
Staff Training	-	-	255	255
Memberships and Subscriptions	80	4,361	-	4,441
Expendable Equipment	377	11,330	1,643	13,350
Miscellaneous	-	-	305	305
Total Office Operations	\$ 1,765	\$ 17,959	\$ 5,021	\$ 24,745
TOTAL EXPENDITURES	\$ 86,125	\$ 1,101,853	\$ 65,722	\$ 1,253,700
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 54,124	\$ 100,624	\$ 10,827	\$ 165,575

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
PLANNING & TRANSPORTATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	PLANNING & TRANSPORTATION FUND			
	WATER QUALITY	TRANSPORTATION	SPECIAL & SERVICE CONTRACTS	TOTAL
OTHER FINANCING SOURCES (USES)				
Indirect Cost Allocations	\$ (8,664)	\$ (87,218)	\$ (12,703)	\$ (108,585)
Fringe Cost Allocations	(19,600)	(197,827)	(34,994)	(252,421)
HR&BA Cost Allocations	-	(140)	(1,676)	(1,816)
Interfund Transfers In	-	184,561	38,546	223,107
Interfund Transfers Out	(25,860)	-	-	(25,860)
TOTAL OTHER FINANCING SOURCES (USES)	\$ (54,124)	\$ (100,624)	\$ (10,827)	\$ (165,575)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ -	\$ -
FUND BALANCE BEGINNING OF YEAR	-	-	-	-
FUND BALANCE END OF YEAR	\$ -	\$ -	\$ -	\$ -

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
COMMUNITY & ECONOMIC DEVELOPMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	COMMUNITY & ECONOMIC DEVELOPMENT FUND			
	HOME CONSORTIUM	COMMUNITY DEVELOPMENT	EDA PLANNING	TOTAL
REVENUES				
Federal Revenues	\$ -	\$ 34,911	\$ 70,000	\$ 104,911
Service and Special Contracts	-	189,906	19,789	209,695
TOTAL REVENUES	\$ -	\$ 224,817	\$ 89,789	\$ 314,606
EXPENDITURES				
DIRECT PERSONNEL COSTS				
Salaries and Wages	\$ -	\$ 132,675	\$ 42,017	\$ 174,692
Total Direct Personnel Costs	\$ -	\$ 132,675	\$ 42,017	\$ 174,692
CONTRACTUAL OBLIGATIONS				
Other Professional Services	\$ 4,491	\$ 5,109	\$ 38,571	\$ 48,171
Total Contractual Obligations	\$ 4,491	\$ 5,109	\$ 38,571	\$ 48,171
TRANSPORTATION AND CONFERENCES				
Staff Travel	\$ -	\$ 4,623	\$ 46	\$ 4,669
Staff Conferences	-	1,155	-	1,155
Automobile	-	154	9	163
Total Transportation and Conferences	\$ -	\$ 5,932	\$ 55	\$ 5,987
OFFICE OPERATIONS				
Advertisements	\$ 1,477	\$ 3,668	\$ 335	\$ 5,480
Postage and Shipping	-	307	-	307
Staff Training	-	425	-	425
Memberships and Subscriptions	-	-	515	515
Total Office Operations	\$ 1,477	\$ 4,400	\$ 850	\$ 6,727
TOTAL EXPENDITURES	\$ 5,968	\$ 148,116	\$ 81,493	\$ 235,577
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (5,968)	\$ 76,701	\$ 8,296	\$ 79,029
OTHER FINANCING SOURCES (USES)				
Indirect Cost Allocations	\$ -	\$ (32,074)	\$ (8,869)	\$ (40,943)
Fringe Cost Allocations	-	(79,016)	(25,024)	(104,040)
HR&BA Cost Allocations	-	(1,731)	(1,329)	(3,060)
Interfund Transfers In	5,968	36,120	26,926	69,014
TOTAL OTHER FINANCING SOURCES (USES)	\$ 5,968	\$ (76,701)	\$ (8,296)	\$ (79,029)

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
COMMUNITY & ECONOMIC DEVELOPMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

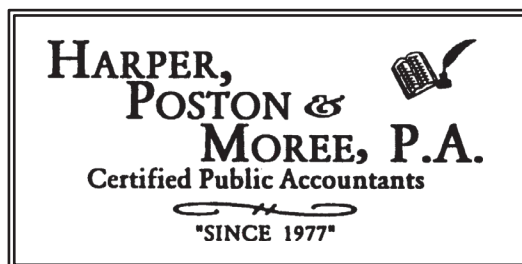
	COMMUNITY & ECONOMIC DEVELOPMENT FUND			
	HOME CONSORTIUM	COMMUNITY DEVELOPMENT	EDA PLANNING	TOTAL
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ -	\$ -
FUND BALANCE BEGINNING OF YEAR	-	-	-	-
FUND BALANCE END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF COST ALLOCATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

		DIRECT COSTS								
		FINANCIAL	COMMUNITY &		AREA	OTHER		TOTAL	ADMIN &	TOTAL
		STATEMENT	PLANNING &	ECONOMIC	AGING	WORKFORCE	SPECIAL	LOAN	DIRECT	
	EXPENDITURES	TRANSPORTATION	DEVELOPMENT	AGENCY	INNOVATION	PROGRAMS	PROGRAM	COSTS	COST POOL	
Salaries and Wages	\$ 1,941,204	\$ 423,838	\$ 174,692	\$ 549,675	\$ 415,393	\$ 46,141	\$ -	\$ 1,609,739	\$ 331,465	\$ 1,941,204
Fringe Benefits and Release Time	1,397,835	-	-	-	-	-	-	-	1,397,835	1,397,835
Accounting, Legal & Consulting	65,877	-	-	-	-	-	-	-	65,877	65,877
Other Sub-Tier Expense	956,062	199,494	-	450,318	298,830	7,420	-	956,062	-	956,062
Other Professional Services	988,297	591,044	48,171	31,913	315,486	-	-	986,614	1,683	988,297
Agency Insurance	33,116	-	-	-	-	-	-	-	33,116	33,116
Office Rental and Lease	77,700	-	-	1,800	27,000	-	-	28,800	48,900	77,700
Utilities	31,570	-	-	-	23,978	-	-	23,978	7,592	31,570
Office Cleaning	28,165	-	-	-	21,835	-	-	21,835	6,330	28,165
Lawn and Landscape Maintenance	16,600	-	-	-	11,490	-	-	11,490	5,110	16,600
Equipment Rental and Lease	56,748	-	-	28,963	5,762	-	-	34,725	22,023	56,748
Maintenance and Repairs	9,893	-	-	-	6,488	-	-	6,488	3,405	9,893
Non-Expendable Equipment	22,781	1,272	-	-	-	21,509	-	22,781	-	22,781
Staff Travel	42,466	5,664	4,669	15,556	7,349	2,260	-	35,498	6,968	42,466
Staff Conferences	24,411	6,815	1,155	6,680	7,614	844	-	23,108	1,303	24,411
Board Travel, Conferences, Meetings	46,723	-	-	-	1,640	-	-	1,640	45,083	46,723
Meetings and Meals	2,374	791	-	-	36	1,547	-	2,374	-	2,374
SCARC Expense	9,273	-	-	-	-	-	-	-	9,273	9,273
Automobile	7,076	37	163	1,213	4,474	78	-	5,965	1,111	7,076
Advertisements	14,011	6,394	5,480	222	834	1,081	-	14,011	-	14,011
Security Services	100,348	-	-	-	97,199	-	-	97,199	3,149	100,348
IT Services	93,228	-	-	3,440	66,537	-	-	69,977	23,251	93,228
Office Supplies	30,338	-	-	7,785	1,932	-	-	9,717	20,621	30,338
Telephone and Communications	38,813	-	-	5,222	5,690	-	-	10,912	27,901	38,813
Postage and Shipping	4,493	-	307	-	-	-	-	307	4,186	4,493
Printing	17,485	-	-	172	6,672	-	-	6,844	10,641	17,485
Staff Training	8,599	255	425	600	4,629	1,762	-	7,671	928	8,599
Memberships and Subscriptions	16,169	4,441	515	724	2,032	50	-	7,762	8,407	16,169
Expendable Equipment	13,350	13,350	-	-	-	-	-	13,350	-	13,350
Miscellaneous	2,038	305	-	-	-	1,733	-	2,038	-	2,038
Contracted Service Providers	4,267,191	-	-	2,744,192	1,522,999	-	-	4,267,191	-	4,267,191
Debt Service	1,372	-	-	-	-	1,372	-	1,372	-	1,372
TOTAL EXPENDITURES	\$ 10,365,606	\$ 1,253,700	\$ 235,577	\$ 3,848,475	\$ 2,855,899	\$ 85,797	\$ -	\$ 8,279,448	\$ 2,086,158	\$ 10,365,606
Indirect Cost Recoveries	-	108,585	40,943	77,421	58,387	1,282	-	286,618	(286,618)	-
Fringe Cost Recoveries	-	252,421	104,040	327,367	247,392	27,480	-	958,700	(958,700)	-
HR&BA Cost Recoveries	-	1,816	3,060	40,783	30,892	(76,551)	-	-	-	-
GRAND TOTAL ALL COSTS	\$ 10,365,606	\$ 1,616,522	\$ 383,620	\$ 4,294,046	\$ 3,192,570	\$ 38,008	\$ -	\$ 9,524,766	\$ 840,840	\$ 10,365,606

SINGLE AUDIT SECTION

Robert D. Harper, Jr. CPA
Robin B. Poston CPA



Stacey C. Moree CPA
Wyndie B. Moree CPA

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

To the Board of Directors
Waccamaw Regional Council of Governments
Georgetown, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Waccamaw Regional Council of Governments 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 November 28, 2023.

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 opinion 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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 the Report

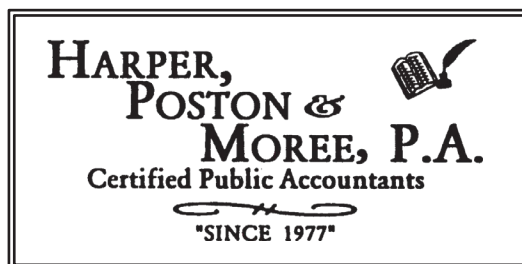
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in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

Harper, Poston & Moree, P.A.

Harper, Poston & Moree, P.A.
Certified Public Accountants

Pawleys Island, South Carolina
November 28, 2023

Robert D. Harper, Jr. CPA
Robin B. Poston CPA



Stacey C. Moree CPA
Wyndie B. Moree CPA

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

To the Board of Directors
Waccamaw Regional Council of Governments
Georgetown, South Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Waccamaw Regional Council of Governments' 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.

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 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 have 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 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.

Harper, Poston & Moree, P.A.

Harper, Poston & Moree, P.A.
Certified Public Accountants

Pawleys Island, South Carolina
November 28, 2023

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the basic financial statements.
2. No control deficiencies were disclosed during the audit of the basic financial statements.
3. No instances of noncompliance, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No control deficiencies were disclosed during the audit of major federal award programs.
5. The auditor's report on compliance for major federal award programs expresses an unmodified opinion.
6. There were no audit findings relative to major federal award programs reported in Part C of this schedule.
7. The following programs were tested as major programs:

<u>Program Title</u>	<u>CFDA No.</u>
Aging Cluster:	
Title III, Part B	93.044
Title III, Part C	93.045
Nutrition Services Incentive Program	93.053
Highway Planning and Construction Cluster:	
Highway Planning and Construction	20.205

8. The threshold for distinguishing types A and B programs was \$750,000.
9. The Council was determined to be a low risk auditee.

B. Findings - Financial Statement Audit

None.

C. Findings and Questioned Costs - Major Federal Award Programs Audit

None.

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

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	ASSISTANCE LISTING NUMBER	FEDERAL AWARD/ PASS-THROUGH GRANTOR'S NUMBER	TOTAL EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
U.S. DEPARTMENT OF COMMERCE				
Direct Programs:				
Economic Development Administration:				
Aid to Planning Organization	11.302	ED22ATL3020026	\$ 70,000	\$ -
Total - U.S. Department of Commerce			\$ 70,000	\$ -
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through Department on Aging:				
Aging Cluster:				
Title III, Part B - Supportive Services	93.044	R8 MG23-SVC	\$ 533,269	\$ -
Title III, Part B - Ombudsmen	93.044	R8 MG23-OMB	137,419	-
Title III, Part B - P&A	93.044	R8 MG23-ADMIN	76,229	-
Title III, Part B - Legal	93.044	R8 MG23-SVC	42,979	-
Title III, Part B - Information & Assistance	93.044	R8 MG23-SVC	78,520	-
Title III, Part B - Assessment Services	93.044	R8 MG23-SVC	127,042	-
COVID-19 Title III, Part B - Supportive Services	93.044	R08 ARP22	96,883	-
COVID-19 Title III, Part B - P&A	93.044	R08 ARP22	6,661	-
Title III, Part C - IIIC-1 Group Dining	93.045	R8 MG23-SVC	228,615	-
Title III, Part C - IIIC-1 P&A	93.045	R8 MG23-ADMIN	14,804	-
Title III, Part C - IIIC-2 Meals	93.045	R8 MG23-SVC	540,262	-
Title III, Part C - IIIC-2 P&A	93.045	R8 MG23-ADMIN	127,645	-
COVID-19 Title III, Part C - IIIC-1 Group Dining	93.045	R08 ARP22	102,700	-
COVID-19 Title III, Part C - IIIC-1 P&A	93.045	R08 ARP22	6,714	-
COVID-19 Title III, Part C - IIIC-2 Meals	93.045	R08 ARP22	180,758	-
COVID-19 Title III, Part C - IIIC-2 P&A	93.045	R08 ARP22	7,347	-
Nutrition Services Incentive Program	93.053	R8 MG23-SVC	198,335	-
Total - Aging Cluster			\$ 2,506,182	\$ -
Title III, Part D - Preventive Health	93.043	R8 MG23-SVC	\$ 43,618	\$ -
Senior Medicare Patrol	93.048	R8 IC 23	19,049	-
COVID-19 ADRCS Relief	93.048	ADRC-COVID-08	1,357	-
Title III, Part E - Family Caregiver Staff	93.052	R8 MG23-RESPITE	78,182	-
Title III, Part E - Family Caregiver Service	93.052	R8 MG23-RESPITE	213,537	-
Title III, Part E - Family Caregiver Service SRC	93.052	R8 MG23-RESPITE	19,846	-
Title III, Part E - P&A	93.052	R8 MG23-RESPITE	21,621	-
COVID-19 Title III, Part E - Family Caregiver Service	93.052	R08 ARP22	7,560	-
COVID-19 Title III, Part E - Ombudsmen CARES	93.052	CARES FCG OMB-08	1,140	-
Title VII, Chapter 2, Ombudsmen	93.042	R8 MG23-OMB	15,197	-
State Health Insurance Assistance Program	93.324	R8 IC 23	47,781	-
Medicare Enrollment Assistance Program - F SHIP	93.071	R8 IC 23	8,217	-
Medicare Enrollment Assistance Program - F AAA	93.071	R8 IC 23	16,536	-
Ombudsman and Beneficiary Counseling - PRIME	93.634	R08 PRIME21	4,233	-
COVID-19 Ombudsman LTCOP	93.747	N/A	591	-
Total - U.S. Department of Health and Human Services			\$ 3,004,647	\$ -

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

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	ASSISTANCE LISTING NUMBER	FEDERAL AWARD/ PASS-THROUGH GRANTOR'S NUMBER	TOTAL EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
U.S. DEPARTMENT OF TRANSPORTATION				
Direct Programs:				
U.S. Department of Transportation:				
Federal Transit Cluster:				
Federal Transit Formula Grants	20.507	SC-2020-001-00	\$ 37,273	\$ -
Federal Transit Formula Grants	20.507	SC-2021-020-00	42,472	-
COVID 19 - Federal Transit Formula Grants	20.507	SC-2021-021-00	73,499	-
Total - Federal Transit Cluster			\$ 153,244	\$ -
Direct Programs:				
U.S. Department of Transportation:				
Transit Services Cluster:				
Enhanced Mobility of Seniors	20.513	SC-2019-036-01-00	\$ 35,739	\$ -
Enhanced Mobility of Seniors	20.513	SC-2020-027-01-00	59,684	-
Enhanced Mobility of Seniors	20.513	SC-2021-018-00	91,949	-
Enhanced Mobility of Seniors	20.513	SC-2022-012-00	19,115	-
COVID-19 Enhanced Mobility of Seniors	20.513	SC-2022-007-00	2,600	-
COVID-19 Enhanced Mobility of Seniors	20.513	SC-2022-013-00	2,850	-
Total - Transit Services Cluster			\$ 211,937	\$ -
Passed Through S.C. Department of Transportation, Federal Highway:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	MPO PLTMA	\$ 241,259	\$ -
Highway Planning and Construction	20.205	Rural/Regional	125,000	-
Highway Planning and Construction	20.205	GSATS 2045 MTP	195,660	-
Highway Planning and Construction	20.205	SC-90 Corridor	78,853	-
Passed Through N.C. Department of Transportation:				
Highway Planning and Construction	20.205	7500025459	154,000	-
Total - Highway Planning and Construction Cluster			\$ 794,772	\$ -
Passed Through N.C. Department of Transportation:				
Metropolitan Planning and Research	20.505	NC-2022-037-00	\$ 20,277	\$ -
Total - U.S. Department of Transportation			\$ 1,180,230	\$ -
U.S. DEPARTMENT OF LABOR				
Passed Through S.C. Department of Employment and Workforce:				
WIOA Cluster:				
WIOA Adult Program	17.258	21A011	\$ 233,304	\$ 272,250
WIOA Adult Program	17.258	22A011	625,288	552,363
WIOA Adult Program	17.258	21LRA11	93,035	-
WIOA Adult Program	17.258	22EBA11	146,692	119,451
WIOA Youth Program	17.259	21Y011	263,575	106,891
WIOA Youth Program	17.259	22Y011	702,966	411,231
WIOA Youth Program	17.259	21LRY11	155,327	-
WIOA Dislocated Workers Program	17.278	21DW011	337,210	36,321
WIOA Dislocated Workers Program	17.278	22DW011	502,647	24,492
Total - WIOA Cluster			\$ 3,060,044	\$ 1,522,999
Total - U.S. Department of Labor			\$ 3,060,044	\$ 1,522,999

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

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	ASSISTANCE LISTING NUMBER	FEDERAL AWARD/ PASS-THROUGH GRANTOR'S NUMBER	TOTAL EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
ENVIRONMENTAL PROTECTION AGENCY				
Passed Through S.C. Department of Health and Environmental Control:				
Water Quality Management Planning	66.454	EQ-2-312	\$ 17,100	\$ -
Nonpoint Source Implementation Grants	66.460	EQ-9-466	<u>13,521</u>	<u>-</u>
Total - Environmental Protection Agency			<u>\$ 30,621</u>	<u>\$ -</u>
U.S. DEPARTMENT OF TREASURY				
Passed Through S.C. Rural Infrastructure Authority:				
COVID-19 State and Local Fiscal Recovery Funds	21.027	N/A	\$ <u>34,911</u>	\$ <u>-</u>
Total - U.S. Department of Treasury			<u>\$ 34,911</u>	<u>\$ -</u>
TOTAL FEDERAL AWARDS EXPENDED			<u><u>\$ 7,380,453</u></u>	<u><u>\$ 1,522,999</u></u>

WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note A – Basis of Presentation:

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of Waccamaw Regional Council of Governments under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Waccamaw Regional Council of Governments, it is not intended to and does not present financial position, changes in net position, or cash flows of Waccamaw Regional Council of Governments.

Note B – Summary of Significant Accounting Policies:

Expenditures reported in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures of federal awards made prior to December 26, 2014 are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*.

Note C – Indirect Cost Rate:

Waccamaw Regional Council of Governments charges indirect costs to its federal programs based on an indirect cost allocation plan submitted to the Department of Interior (fbo Economic Development Administration) and did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance and covered in 2 *CFR Part 200.414*.

**WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Findings – Financial Statement Audit

There are no prior year auditing findings related to the audit of the financial statements that are required to be reported.

Findings – Major Federal Awards Program Audit

There are no prior year audit findings related to the audit of major federal awards programs that are required to be reported.