SOUTH CAROLINA COUNTIES OPEB TRUST

AUDITED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
South Carolina Counties OPEB Trust
1919 Thurmond Mall
Columbia, South Carolina 29201

Opinions
We have audited the accompanying Statements of Plan Net Position of the South Carolina Counties OPEB Trust, (the "Trust"), as of and for the years ended June 30, 2023 and 2022, and the related Statements of Changes in Plan Net Position for the years then ended, and the related notes to the financial statements, which collectively comprise the Trust'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 Trust, as of June 30, 2023 and 2022, and the respective changes in financial position thereof for the years 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Trust, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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 Trust'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 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, 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 Trust'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 Trust's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 5, and the Schedule of Investment Returns on page 15, 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.

The Brittingham Group LLP

West Columbia, South Carolina
January 25, 2024

SOUTH CAROLINA COUNTIES OPEB TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) of the financial activities of the South Carolina Counties OPEB Trust (the Trust) is an overview of its fiscal operations for the years ended June 30, 2023 and 2022. Readers are encouraged to consider the information presented in conjunction with the Financial Statements.

Overview of the Trust

The Trust was created to provide for the employer costs of retiree post-employment health and dental insurance benefits for retired employees of certain member counties that choose to join the Trust. Each participating member County must agree to develop an Other Post-Employment Benefit ("OPEB") Plan which is incorporated in the Trust. Currently, the Trust has two participating members, York and Dorchester Counties.

Financial Highlights

- Net position held in trust for other post-employment benefits, as reported in the Statement of Fiduciary Net Position, total $14,593,702 and $13,631,530 for the years ended June 30, 2023 and 2022, respectively.
- Total additions as reflected in the Statement of Changes in Fiduciary Net Position are $967,372 for the year ended June 30, 2023 and consist of contributions from Dorchester County and investment income. Total additions for the year ended June 30, 2022 are $663,992 and consist of contributions from York County and investment income.
- Total deductions as reflected in the Statement of Changes in Fiduciary Net Position total $5,200 and $5,200 for the years ended June 30, 2023 and 2022, respectively and consist of administrative expenses.

Overview of Financial Statements

This MD&A serves as an introduction to the basic financial statements. The Trust has two basic financial statements, the notes to the financial statements and the two required supplementary schedules. The basic financial statements and the required disclosures are in compliance with the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board, utilizing the accrual basis of accounting.

The Statement of Changes in Fiduciary Net Position is the first basic financial report. This is a snapshot of account balances at fiscal year end. This statement reflects assets available for future payments to retirees and their beneficiaries and any current liabilities owed as of fiscal year end.

The Statements of Changes in Plan Net Position is the second financial report. This report reflects all the activities that occurred during the fiscal year and reflects the impact of those activities as additions or deductions to the plan. The trend of additions versus deductions to the plan will indicate the condition of the Trust's financial position over time.

The Notes to the Financial Statements (Notes) are an integral part of the financial reports. The Notes provide detailed discussion of key policies and activities that occurred during the period.

Condensed Financial Information

Comparative summary financial statements of the Trust are presented as follows:

Fiduciary Net Position
June 30,

	2023	2022	2021
Assets:			
Cash and cash equivalents	$ 14,593,702	$ 13,631,530	$ 12,972,738
Total assets	14,593,702	13,631,530	12,972,738
Fiduciary net position held in trust for other postemployment benefits (OPEB)	$ 14,593,702	$ 13,631,530	$ 12,972,738

Changes in Fiduciary Net Position
Years Ended June 30,

	2023	2022	2021
Additions:			
Contributions	$ 543,801	$ 600,000	$ 1,446,960
Investment income	423,571	63,992	54,625
Total additions	967,372	663,992	1,501,585
Deductions:			
Administrative expenses	5,200	5,200	5,200
Total deductions	5,200	5,200	5,200
Net increase	962,172	658,792	1,496,385
Fiduciary net position			
Beginning of year	13,631,530	12,972,738	11,476,353
End of year	$ 14,593,702	$ 13,631,530	$ 12,972,738

Additions and Deductions to Net Position
For the period ending June 30, 2023, total additions amounted to $967,372, which included a contribution from Dorchester County in the amount of $543,801 and investment income in the amount of $423,571.

For the period ending June 30, 2022, total additions amounted to $663,992, which included a contribution from York County in the amount of $600,000, and investment income in the amount of $63,992.

For the periods ending June 30, 2023 and 2022, total deductions amounted to $5,200 and $5,200, respectively, comprised entirely of administrative expenses.

Request for Additional Information
Questions about this report, or requests for additional financial information should be addressed as follows: Mr. Timothy C. Winslow, South Carolina Counties OPEB Trust, 1919 Thurmond Mall, Columbia, South Carolina 29201.

SOUTH CAROLINA COUNTIES OPEB TRUST

STATEMENT OF FIDUCIARY NET POSITION

	As of June 30,	
	2023	**2022**
Assets :		
Cash and cash equivalents	$ 14,593,702	$ 13,631,530
Total assets	14,593,702	13,631,530
Fiduciary net position held in trust for OPEB	$ 14,593,702	$ 13,631,530

See accompanying notes.

SOUTH CAROLINA COUNTIES OPEB TRUST

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

	Years Ended June 30,	
	2023	**2022**
Additions:		
Contributions	$ 543,801	$ 600,000
Investment income	423,571	63,992
Total additions	967,372	663,992
Deductions:		
Administrative expenses	5,200	5,200
Total deductions	5,200	5,200
Net increase in fiduciary net position held in trust for OPEB	962,172	658,792
Fiduciary net position held in trust for OPEB, beginning of year	13,631,530	12,972,738
Fiduciary net position held in trust for OPEB, end of year	$ 14,593,702	$ 13,631,530

See accompanying notes.

1. Summary of Significant Accounting Policies

General
The South Carolina Counties OPEB Trust (the "Trust") was established June 22, 2009, to provide a mechanism for funding OPEB liabilities of any member Counties that elect to participate in the Trust. An agent multiple-employer irrevocable trust was established for these purposes. The Trust's Board of Trustees has fiduciary responsibility for the investment of monies and administration of the Program pursuant to the Trust Agreement and Bylaws. As of June 30, 2023, two employers (York and Dorchester Counties) have adopted resolutions to join the Trust and have made contributions to the Trust.

The Trust provides a mechanism for funding the payment of health and welfare benefits for qualified recipients. The plan covers retired employees and eligible dependents as determined by each participating county. The benefit provisions, such as the benefit provided and the policies for receiving such benefits are determined by each participating county.

Basis of Accounting
The Trust's financial statements are prepared using the accrual basis of accounting. The members contributions to their plan are recognized when the member has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each participating member plan.

Cash and Cash Equivalents
The Trust considers all cash and highly liquid investments with original maturities of three months or less to be cash equivalents. All cash equivalents are recorded at cost, which approximates fair value.

Investments
Net investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments, interest income earned and investment expense. Net investment income is allocated to each employer based on the employer's percentage of ownership in the respective investment strategies using the daily investment gain or loss provided by the custodian financial institution. The recognition of net investment income is also affected by the timing of the OPEB contributions and reimbursements.

Taxes
The Trust's income is excludable from gross income as defined under Section 115 of the Internal Revenue Code. Accordingly, the accompanying financial statements do not include a provision for federal or state income taxes.

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1. Summary of Significant Accounting Policies (Continued)

Fair Value

The Trust categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Trust has the following recurring fair value measurements as of June 30, 2023:

- Cash and cash equivalents are valued using quoted prices for identical assets (Level 1 inputs.)

Use of Estimates

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

Termination

The Trustees may terminate the Trust if they determine that the Trust no longer has a valid purpose. Upon termination of the Trust, any assets remaining in the Trust will be used for the payment of all obligations and expenses of the Trust, including the payment of remaining debts, liabilities and administrative expenses of the Trust Fund and satisfaction of all obligations to provide Benefits under the Trust Agreement. Upon satisfaction of all such expenses and obligations, any remaining assets in the Trust will be disposed of in a manner directed by the Trustees consistent with (a) Code Section 115 and the regulations issued there under and (b) GASB codification and its requirements that (i) a Member's Contributions to this Trust be irrevocable; (ii) the Trust assets be dedicated to providing Benefits to retirees and their beneficiaries in accordance with the terms of their Plan, and (iii) the Trust assets be legally protected from creditors of the member or the members Plan administrator. Until the Trustees identify a disposition satisfying the requirements in (a) and (b) above, the Trust will continue, and the remaining Trust Funds will be subject to administrative costs. In no event will any Member be entitled to receive a refund of any portion of the remaining assets in the Trust.

2. Plan Description and Contribution Information

Plan Description

The York County OPEB Plan and the Dorchester County OPEB Plan consist of a Trust Agreement and Plan Document. These plans cover regular employees and police officers as determined by the member counties. The benefit provisions, such as the benefit provided and the policies for receiving such benefits are determined by the member counties.

The following data is from the latest employer Plan valuations (June 30, 2023 for both York and Dorchester Counties):

	York	Dorchester	Total
Retired plan participants	338	109	447
Active plan participants	328	898	1,226
Total	666	1,007	1,673

Investment Policies:

Investing for the Trust is governed by the Trust's investment policy, as approved by the Board of Trustees and states that investments are limited to investments in savings accounts, certificates of deposits, Treasury Bills and other forms of United States government obligations.

All of the Trust's investments are uninsured or unregistered, with the securities held by the counterparty's trust department or agent in the Trust's name. As such, the Trust is not subject to custodial credit risk.

For the years ended June 30, 2023, and 2022, the annual money weighted rate of return on the Trust's investments was 2.699% and 0.485%, respectively. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts invested.

The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table:

Allocation/Exposure	Policy Target	Long-Term Expected Portfolio Real Rate of Return
U.S. Government Obligations	100.00%	3.00%
Total Expected Return	100.00%	3.00%

2. Plan Description and Contribution Information (Continued)

Contributions:
The participating employers are responsible for determining the appropriate amount of contributions to remit to the Trust based upon the provisions within their Plan. A record is maintained of the net asset balances of each participating employer within the Trust. The total annual contributions and benefit payments made from the Trust by the participating employer is recognized in the Trust. Employee contributions are not permitted.

Administrative Expenses:
Administrative expenses are deducted from the participating employer's portfolio value in the Trust based on the participating employer's portfolio value in the Trust on a regular basis. Total administrative expenses paid by the participating employers for the years ended June 30, 2023 and 2022 were $5,200 and $5,200, respectively.

3. Funded Status and Funding Progress

The funded status of the York County Plan and the Dorchester County Plan as of the most recent actuarial valuation date is as follows:

Member County	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of covered Payroll ({b - a} /c)
York	$ 11,539,030	$ 41,480,144	$ 29,941,114	27.82%	$ 22,829,100	131.15%
Dorchester	3,654,672	12,931,680	9,277,008	28.26%	52,420,565	17.70%
Total	$ 15,193,702	$ 54,411,824	$ 39,218,122	27.92%	$ 75,249,665	52.12%

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

3. Funded Status and Funding Progress (Continued)

Investment performance is a significant factor in actuarial valuations. Currently Trust investments are limited to investments in savings accounts, certificates of deposits, Treasury Bills and other forms of United States government obligations. All of which have anticipated lag when comparing long-term returns to actuarial assumptions. In the events the Trust is allowed to invest in equities in the future, which would require changes to the current Investment Policy that would need to be approved by the Board of Trustees, the impact of lower-than-expected short-term performance should have a minimal impact on actuarial results assuming a higher rate of return will be achieved in the future when asset levels become more substantial.

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

While valuation dates and specific actuarial methods and assumptions used may vary, the following methods and assumptions were used in the valuation received by the participating counties:

	York	**Dorchester**
Valuation date	June 30, 2023	June 30, 2023
Actuarial cost method	Individual entry age normal level percent of salary	Individual entry age normal level percent of salary
Remaining amortization periods	20 years	20 years
Actuarial assumptions:		
Investment rate of return	3.00%	3.00%
Inflation rate	2.50%	2.50%
Healthcare cost trend rate	N/A	Range of 4.00% to 6.00%

4. Investments and Deposits

The following information includes disclosures of credit and interest rate risk and is designed to inform financial statement users about investment risks which could affect the Trust's ability to meet its obligations. This information classifies investments by risk type, while the financial statements disclose investments by asset class.

Custodial Credit Risk-Deposits
Custodial credit risk for deposits is the risk that in the events of a bank failure, the Trust's deposits may not be recovered. The total carrying amount and bank balance of the Trust's cash and cash equivalents were $14,593,702 and $13,631,530 as of June 30, 2023 and 2022, respectively. All amounts were collateralized by FDIC or securities held by the Trust's financial institution as of June 30, 2023 and 2022.

Custodial Credit Risk-Investments
Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the Trust will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. Investing for the Trust is governed by the Trust's investment policy, as approved by the Board of Trustees and states that investments may be made in a variety of instruments including Treasury Bills and other forms of United States government obligations.

All the Trust's investments are uninsured or unregistered, with the securities held by the counterparty's trust department or agent in the Trust's name. As such, the Trust is not subject to custodial credit risk.

Interest Rate Risk-Investments
Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in interest rates. The Trust's investment policy does not contain provisions for interest rate risk. The Trust had no investments as of June 30, 2023 and 2022.

Credit Risk
Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Trust. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Trust had no investments as of June 30, 2023 and 2022.

4. Investments and Deposits (Continued)

Concentration of Credit Risk-Investments
Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Trust's investment policy does not contain provisions for the concentration of credit risk.

5. Related Party Transactions

The Trust has an agreement with the South Carolina Association of Counties (the "Association") whereby the Association serves as administrator for the Trust. The Association did not charge any fees for their services during the years ended June 30, 2023 and 2022.

6. Subsequent Events

Subsequent events have been evaluated by management through January 25, 2024, which is the same date the Schedule was issued. Subsequent events after the issue date have not been evaluated.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

SOUTH CAROLINA COUNTIES OPEB TRUST

SCHEDULE OF INVESTMENT RETURNS

LAST 10 FISCAL YEARS

Year	**Annual Money-Weighted Rate of Return, Net of Investment Expenses**
2023	2.699%
2022	0.485%
2021	0.441%
2020	1.150%
2019	1.740%
2018	-0.003%
2017	0.041%
2016	2.308%
2015	1.375%
2014	3.472%