

**PARKER SEWER AND FIRE SUBDISTRICT**

**GREENVILLE, SOUTH CAROLINA**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2020**

PARKER SEWER AND FIRE SUBDISTRICT

GREENVILLE, SOUTH CAROLINA

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PARKER SEWER AND FIRE SUBDISTRICT

GREENVILLE, SOUTH CAROLINA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Parker Sewer and Fire Subdistrict  
Greenville, South Carolina

We have audited the accompanying financial statements of the governmental activities and each major fund of Parker Sewer and Fire Subdistrict (the Subdistrict) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Subdistrict's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Parker Sewer and Fire Subdistrict, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, 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.

Accounting principles generally accepted in the United States of America require that the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund on page 40, the Schedule of Parker Sewer and Fire Subdistrict's Proportionate Share of the Net Pension Liability – South Carolina Retirement System on page 41, Schedule of Parker Sewer and Fire Subdistrict's Contributions – South Carolina Retirement System on page 42, Schedule of Parker Sewer and Fire Subdistrict's Proportionate Share of the Net Pension Liability – Police Officers Retirement System on page 43, Schedule of Parker Sewer and Fire Subdistrict's Contributions – Police Officers Retirement System on page 44, Schedule of Changes in Total OPEB Liability and Related Ratios on page 45 and the Notes to Required Supplementary Information on page 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Subdistrict's financial statements as a whole. The supplementary schedules presented on pages 47 through 54 are presented for purposes of additional analysis and are not a required part of the financial statements.

This other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

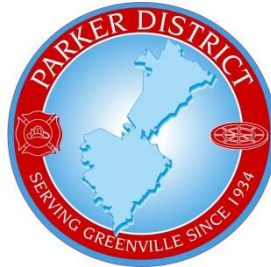
*Bradshaw, Gordon & Clinkenales, LLC*

November 3, 2020, except for Note 15, as to which the date is December 18, 2020

**PARKER SEWER & FIRE SUBDISTRICT**  
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CAM D. SALLE, SEC/TREAS  
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GREGORY FARLEY, FIRE CHIEF  
CHARLES NARAY, FINANCIAL ADMINISTRATOR  
MARK JACOBS, FLEET

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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This section of Parker Sewer and Fire Subdistrict's annual financial report presents our discussion and analysis of Parker Sewer and Fire Subdistrict's financial performance and activities during the fiscal year ended June 30, 2020. This analysis is designed to assist the reader of the financial statements in focusing on the significant financial issues and activities and to identify any significant changes in financial position. The information presented here should be considered in conjunction with the financial statements taken as a whole.

**SUMMARY OF THE ORGANIZATION**

Parker Sewer and Fire Subdistrict (the "District") is a special purpose district that was formed by the South Carolina General Assembly in 1934. It occupies approximately 23 square miles in western Greenville County, South Carolina, and services approximately 40,000 residents of the area. The District's governing body is composed of Marshall Alan Kay (Chairman), Randall A. Jones (Vice Chairman), Cam D. Salle (Secretary/Treasurer), Mark K. Ells (Board Member), and Sarah B. Franco (Board Member). The District's duties and responsibilities include:

- Providing fire protection services and fire safety education –

Fire protection is provided through four fully-staffed fire stations that are strategically located across the District. The Fire Department is staffed by 80 firefighters. The District maintains an ISO 1 rating.

- Installing, maintaining and rehabilitating sewer lines and other sewer related equipment –

The District's Wastewater Collection System (the "WWCS") is comprised of approximately 263 miles of gravity mainlines, 7,000 manholes, and six pump stations. The District does not treat wastewater, but discharges collected effluent to trunk lines owned by the regional wastewater treatment authority Renewable Water Resources. The WWCS is staffed by 29 personnel.

- A Financial Administration Department and Fleet Maintenance Department provides support services to the line functions in the WWCS and Fire Department.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of the following components:

1. This Management's discussion and analysis
2. Government-wide financial statements
3. Fund financial statements
4. Notes to the financial statements
5. Required supplementary information
6. Other Information

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the District's finances taken as a whole, in a manner similar to a business.

*The Statement of Net Position* presents information on the District's assets and liabilities, with the difference between the two reported as net position. The Statement of Net Position presents information on all of the District's assets and liabilities and provides information about the nature and amount of investments in resources (assets) and the obligation to creditors (liabilities). It provides a measure of the District's financial health by providing the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the District.

*The Statement of Activities* presents information showing how the District's net position changed during the fiscal year. All changes in net assets are reported when the underlying events giving rise to the changes occur, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide statements distinguish functions of the District that are principally supported by funds from property taxes, and fees provided by sewer rehabilitation and maintenance services and other sources. Elements in this financial statement are reported based on the economic resources measurement focus and the accrual method of accounting. The government wide financial statements can be found on pages 3 - 5 of the accompanying financial statements.

Net Position – Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on its use.

Fund financial statements – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with stated uses for the funds. The District has a general fund and two special revenue funds. Information is presented separately in the governmental balance sheet and statement of revenues, expenditures, and changes in fund balances for each of these funds. The fund financial statements can be found on pages 6 - 9 of the accompanying financial statements.

## **OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

*Governmental funds* are used to account for the same District activities reported in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows in and out of the funds and the balances left at year-end that are available for spending. These funds are reported based on the modified accrual method of accounting and the current financial resources measurement focus, which measures cash and all other financial assets that can readily be converted to cash. Governmental fund statements provide a short-term view of the District's financial operations.

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

Notes to basic 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. The notes to the basic financial statements can be found on pages 10 – 39.

Required Supplementary Information – In addition to the MD&A, basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the budget, pension liabilities, and retirement and OPEB plans. This section includes the following schedules: the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, found on page 40, the Schedule of Parker Sewer and Fire Subdistrict's Proportionate Share of the Net Pension Liability – South Carolina Retirement System, found on page 41, the Schedule of Parker Sewer and Fire Subdistrict's Contributions – South Carolina Retirement System, found on page 42, the Schedule of Parker Sewer and Fire Subdistrict's Proportionate Share of the Net Pension Liability – Police Officers Retirement System, found on page 43, the Schedule of Parker Sewer and Fire Subdistrict's Contributions – Police Officers Retirement System, found on page 44, and the Schedule of Changes in Total OPEB Liability and Related Ratios, found on page 45, as well as the notes to required supplementary information on page 46.

Other Information – Other information concerning fire and sewer allocations and the detailed budget are included in this section. The Detailed Schedule of Expenditures – Budget and Actual – General Fund is listed on pages 47 – 49 and The Detailed Schedule of Expenditures – Fire and Sewer Allocations – General Fund is found on pages 50 – 52, the Statements of Gross Revenues, Expenditures for Capital Projects and Changes in Fund Balance is found on page 53 and the Projected Debt Service Coverage of the System is found on page 54.



## **FINANCIAL HIGHLIGHTS**

Increases and decreases over time are based on amounts collected for and expended on programs and are determined by the availability of funds during the course of the year. Following are the financial highlights for the District as of the years ended June 30, 2020 and 2019.

- Primary revenue sources for the District are property taxes, the Sewer Rehabilitation Fee, and the Sewer Capital Fee. The Sewer Rehabilitation Fee and Sewer Capital Fee may only be utilized for capital projects associated with the WWCS.
- The Sewer Capital Fee was charged for the first time during the year ended June 30, 2020. The revenue received from this fee is restricted for use in sewer capital projects.
- The Subdistrict follows the guidance of GASB Statements Nos. 74 and 75. These statements require that the District recognize the unfunded liabilities associated with its participation in its Other Post-Employment Benefits (OPEB) plan. The actuarial evaluation of OPEB indicates a Net OPEB liability of \$27,614,061 at the current discount rate of 2.21%.
- Total Property Taxes received in the year ended June 30, 2020 were \$10,809,563 as compared to \$10,923,447 in the year ended June 30, 2019; Total Sewer Rehabilitation Charges in the year ended June 30, 2020 were \$1,971,381 as compared to \$1,941,858 in the year ended June 30, 2019. Total Sewer Capital Fee charges in the year ended June 30, 2020 were \$1,103,941. There were no such charges in the prior year.
- Unassigned Fund Balance in the General Fund for the year ended June 30, 2020 was \$9,616,896 as compared to \$8,876,977 in the year ended June 30, 2019. Restricted Fund Balance in the Special Revenue Fund for the year ended June 30, 2020 was \$9,466,289 as compared to \$4,525,852 in the year ended June 30, 2019. The increase in the Restricted Fund Balance is attributable mainly to the receipt of bond proceeds from the sewer system Revenue Bonds Series 2019, and the reduction of proceeds from the Master Lease Agreement 2016 and the Revenue Bonds Series 2017, both being applied to projects in the District's Capital Improvement Program. Restricted Fund Balance in the Sewer Capital Fee Fund for the year ended June 30, 2020 was \$605,036 due to the receipt of sewer capital fee charges for the first time.

Management's Discussion and Analysis  
For the year ended June 30, 2020

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Condensed Statement of Net Position

Comparative data is accumulated and presented to assist analysis. The following provides a summary of changes in net position between the years ended June 30, 2020 and 2019 as derived from the government-wide Statement of Net Position.

	Governmental Activities		Change
	2020	2019	
<b>Assets:</b>			
Cash and investments – unrestricted	\$ 10,019,231	\$ 9,062,568	\$ 956,663
Cash – restricted	9,666,130	3,973,218	5,692,912
Other current assets	1,171,908	1,254,273	(82,365)
Noncurrent assets	32,676,205	29,309,607	3,366,598
<b>Total Assets</b>	<b>53,533,474</b>	<b>43,599,666</b>	<b>9,933,808</b>
Deferred Outflows of Resources	8,937,708	6,845,581	2,092,127
<b>Liabilities:</b>			
Current liabilities	692,926	600,367	92,559
Long term liabilities (due within one year)	1,581,535	1,115,824	465,711
Long term liabilities (due in more than one year)	56,685,480	42,788,681	13,896,799
<b>Total Liabilities</b>	<b>58,959,941</b>	<b>44,504,872</b>	<b>14,455,069</b>
Deferred Inflows of Resources	5,657,185	8,159,618	(2,502,433)
<b>Net Position:</b>			
Net investment in capital assets	17,723,917	18,176,320	(452,403)
Restricted for sewer rehabilitation projects	4,578,042	3,553,421	1,024,621
Unrestricted	(24,447,903)	(23,948,984)	(498,919)
<b>Total Net Position</b>	<b>\$ (2,145,944)</b>	<b>\$ (2,219,243)</b>	<b>\$ 73,299</b>

For the year ended June 30, 2020, total assets and liabilities of the District were \$53,533,474 and \$58,959,941, respectively. After considering Deferred Inflows and Deferred Outflows of Resources and new investments, Net Position increased by \$73,299 to (\$2,145,944).

Overall, the Subdistrict's total 2020 liabilities increased by 32.48%, or a net amount of \$14,455,069 over 2019 amounts. The increase was attributable mainly to the changes in the total OPEB liability of \$6,191,334 and the issuance of the Revenue Bonds Series 2019.

Management's Discussion and Analysis  
For the year ended June 30, 2020

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

The following table presents Parker Sewer and Fire Subdistrict's Statement of Activities for the years ended June 30, 2020 and 2019 as derived from the government-wide Statement of Activities.

Function/Program Revenues:	Governmental Activities		
	2020	2019	Changes
General and administrative	\$ 888,124	\$ 445,486	\$ 442,638
Operating grants	-	-	-
Sewer maintenance	1,971,381	1,941,858	29,523
Sewer capital fee	1,103,941	-	1,103,941
<b>Total Governmental Activities</b>	<b>3,963,446</b>	<b>2,387,344</b>	<b>1,576,102</b>
General Revenues:			
Property taxes	10,809,563	10,948,273	(138,710)
Interest	206,460	217,837	(11,377)
Gain on Sale of Assets	3,700	34,450	(30,750)
<b>Total General Revenues</b>	<b>11,019,723</b>	<b>11,200,560</b>	<b>(180,837)</b>
Program Expenses:			
General and administrative	6,127,307	4,845,260	1,282,047
Public safety	5,385,095	4,770,904	614,191
Sewer maintenance	2,130,479	1,920,758	209,721
Fleet maintenance	439,713	445,351	(5,638)
Interest on long-term liabilities	587,081	383,110	203,971
Bond issuance costs	240,195	169,119	71,076
<b>Total Expenses</b>	<b>14,909,870</b>	<b>12,534,502</b>	<b>2,375,368</b>
Changes in Net Position	73,299	1,053,402	(980,103)
Net Position Beginning of Year	(2,219,243)	(3,272,645)	1,053,402
Net Position, End of Year	\$ (2,145,944)	\$ (2,219,243)	\$ 73,299

For the District, General Revenues were \$11,019,723. General Revenues decreased (\$180,837) from the prior year primarily due to a (\$138,710) decrease in property taxes received. Additional revenues included \$1,971,381 for Sewer Rehabilitation charges, \$1,103,941 for Sewer Capital Fee charges, and \$888,124 for General and Administrative services. Net Governmental Activities for the year were (\$10,946,424) as compared to (\$10,147,158) in the previous year. Overall net position increased by \$73,299.

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## **FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS**

The focus of the District's governmental funds is to provide information on the near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing financial requirements. At the end of the current fiscal year, the District's governmental funds report combined ending fund balances of \$19,981,923.

The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to comply with certain restrictions of the funds. The District has presented the following governmental funds:

General Fund – This fund is used as an operating fund for all financial resources not required to be accounted for in another fund and is funded primarily by property taxes. The General Fund had a fund balance of \$9,645,676 at June 30, 2020, an increase of \$758,737. Increases and decreases are the result of availability of funds from current financial resources.

Special Revenue Fund – This fund is used primarily for capital projects. The Special Revenue Fund had a fund balance of \$9,731,211, an increase of \$5,205,359 from the prior year. Increases and decreases are based on the contributions to, bond issuance and expenditures from the special revenue fund for capital projects.

Sewer Capital Fee Fund – This fund is used for sewer capital projects. The Sewer Capital Fee Fund had a fund balance of \$605,036. This was the first year for this fund, as the Sewer Capital Fee charges were implemented in the current year.

### **Required Financial Statements**

*The Balance Sheet – Governmental Funds* serves as a useful indicator of the District's current financial position. As noted earlier, governmental funds use the modified accrual method of accounting, and the current financial resources measurement focus.

The General Fund balance increased by \$758,737 through the fiscal year 2020 from \$8,886,939 in 2019. The unassigned fund balance increased from \$8,876,977 to \$9,616,896, an increase of \$739,919. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

*The Statement of Revenues, Expenditures and Changes in Fund Balances* provides information regarding the success of the District's operations over the past year and can be used to assess whether the District has recovered all costs through taxes and charges.

**FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS (CONTINUED)**

The Statement of Revenues, Expenditures and Changes in Fund Balances indicates that the Total Revenues were \$15,051,014 for the General Fund, Special Revenue fund, and Sewer Capital Fee fund combined. Total expenditures were \$17,018,909. Fund balance increased during the year ended June 30, 2020 by \$6,569,132, compared to a decrease of \$1,539,633 during the year ended June 30, 2019.

**CAPITAL ASSETS**

As of June 30, 2020, the District had a net investment in capital assets not being depreciated of \$7,141,743, comprised of land and infrastructure construction in progress. Capital assets being depreciated include buildings, equipment, trucks, fire and emergency vehicles, infrastructure, and intangible assets with investments net of depreciation totaling \$25,534,462. These amounts represent a net change of additions, transfers, and disposals over the prior year.

Major capital asset events during the current year include the following:

- Purchase of \$19,027 of large equipment
- Purchase of \$15,000 of software
- Purchase of \$107,310 of trucks
- Partial completion of \$4,393,591 of infrastructure construction in process
- Disposal of \$41,637 of trucks, all of which were fully depreciated

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Capital Assets, net of depreciation:		
Land	\$ 336,750	\$ 336,750
Infrastructure construction in progress	6,804,993	2,411,402
Buildings	3,092,399	3,230,113
Small equipment	211,593	313,726
Large equipment	821,069	918,599
Trucks	364,413	320,254
Fire and emergency vehicles	2,296,127	2,573,401
Infrastructure	18,623,031	19,039,498
Intangibles	<u>125,830</u>	<u>165,864</u>
 Total Capital Assets, Net of Depreciation	 <u>\$ 32,676,205</u>	 <u>\$ 29,309,607</u>

## **BUDGET VARIANCES**

Revenues had an overall negative variance of \$218,634 from budgeted amount of \$12,035,467; including a positive variance of \$165,497 from the collection of property taxes, a negative variance of \$430,114 for charges for services, and a positive variance of \$45,983 for interest income over the year ended June 30, 2020.

Current expenditures including general and administrative, public safety, sewer maintenance and fleet maintenance had an overall positive variance of \$985,305. Capital outlay expenditures had a negative variance of \$11,134 comprised of general and administrative, public safety, and sewer maintenance expenditures. The total overall positive variance for expenditures was \$974,171 from the final budgeted amounts of \$12,035,467. Overall net change in fund balance had a positive variance of \$755,537, resulting from a \$755,537 increase in fund balance as opposed to the budgeted decrease of \$0 for the year ended June 30, 2020.

Positive or negative variances in expenditures were primarily due to the total amounts for and expended on programs. These amounts are determined by the availability of funds during the course of the year. Actual amounts may exceed budgeted amounts as funds become available.

## **PENSIONS**

Effective July 1, 2017, eligible employees of the Parker District Fire Department began participation in the South Carolina Police Officers Retirement System (PORS). The PORS plan is designed for first-responders and offers additional benefits above and beyond the South Carolina Retirement System (SCRS), which is open to almost all state and local government employees in the state. Since PORS provides a higher benefit level, it also requires higher employee and employer contributions. Costs for the District increased from 16.84% to 17.84% of the total wages of eligible firefighters, effective July 1, 2019.

## **Request for Financial Information**

This report is designed to provide a general overview of Parker Sewer and Fire Subdistrict's finances to show accountability for the money it receives. Questions concerning any of the information provided in this report or requests for addition information should be directed to:

Marshall Alan Kay, Chairman of the Board  
Parker Sewer and Fire Subdistrict  
117 Smythe Street  
Greenville, SC 29611

PARKER SEWER AND FIRE SUBDISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2020

	<u>Primary Government Governmental Activities</u>
<b>ASSETS:</b>	
Cash and investments – unrestricted	\$ 10,019,231
Cash – restricted	9,666,130
Escrow funds – restricted	612,454
Taxes receivable, net	473,010
Rehab fees receivable – restricted	36,328
Sewer capital fees receivable - restricted	21,336
Prepaid expenses	28,780
Noncurrent assets:	
Capital assets not being depreciated	7,141,743
Capital assets being depreciated, net of accumulated depreciation	<u>25,534,462</u>
Total Assets	<u>53,533,474</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred pension charges	3,077,444
Deferred other postemployment benefit (OPEB) charges	<u>5,860,264</u>
Total Deferred Outflows of Resources	<u>8,937,708</u>
<b>LIABILITIES:</b>	
Accounts payable and accrued expenses	393,833
Accrued payroll and related expenses	299,093
Long-term liabilities:	
Due within one year:	
Capital lease obligations	487,292
Bonds payable	340,000
Deferred amortizable bond premium	22,933
Compensated absences	538,292
Interest	173,218
Other liabilities	19,800
Due in more than one year:	
Capital lease obligations	2,104,320
Bonds payable	16,195,000
Deferred amortizable bond premium	633,351
Net pension liability	10,138,748
Net other post employment benefits (OPEB) liability	<u>27,614,061</u>
Total Liabilities	<u>58,959,941</u>

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

PARKER SEWER AND FIRE SUBDISTRICT

STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2020

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DEFERRED INFLOWS OF RESOURCES:

Deferred pension credits	1,739,968
Deferred OPEB credits	<u>3,917,217</u>
 Total Deferred Inflows of Resources	 <u>5,657,185</u>

NET POSITION:

Net investment in capital assets	17,723,917
Restricted for:	
Sewer rehabilitation projects	4,578,042
Unrestricted	<u>(24,447,903)</u>
 Total Net Position	 <u>\$ (2,145,944)</u>

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



PARKER SEWER AND FIRE SUBDISTRICT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
<u>Functions/Programs:</u>	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
Governmental Activities:					
General and administrative	\$ 6,127,307	\$ 888,124	\$ -	\$ -	\$ (5,239,183)
Public safety	5,385,095	-	-	-	(5,385,095)
Sewer maintenance	2,130,479	1,971,381	-	-	(159,098)
Sewer capital fee	-	1,103,941	-	-	1,103,941
Fleet maintenance	439,713	-	-	-	(439,713)
Interest on long-term liabilities	587,081	-	-	-	(587,081)
Bond issuance costs	240,195	-	-	-	(240,195)
	<u>\$ 14,909,870</u>	<u>\$ 3,963,446</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(10,946,424)</u>
General Revenues:					
Property taxes					10,809,563
Interest					206,460
Gain on sale of assets					3,700
					<u>11,019,723</u>
CHANGE IN NET POSITION					73,299
NET POSITION, Beginning of year					<u>(2,219,243)</u>
NET POSITION, End of year					<u>\$ (2,145,944)</u>

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

PARKER SEWER AND FIRE SUBDISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2020

ASSETS

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Sewer Capital Fee Fund</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and investments	\$ 10,019,231	\$ 9,082,429	\$ 583,700	\$ 19,685,360
Escrow funds	-	612,454	-	612,454
Taxes/fees receivable	473,010	36,328	21,336	530,674
Prepaid expenses	28,780	-	-	28,780
TOTAL ASSETS	<u>\$ 10,521,021</u>	<u>\$ 9,731,211</u>	<u>\$ 605,036</u>	<u>\$ 20,857,268</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Sewer Capital Fee Fund</u>	<u>Total Governmental Funds</u>
LIABILITIES:				
Accounts payable and accrued expenses	\$ 393,832	\$ -	\$ -	\$ 393,832
Accrued payroll and related expenses	299,093	-	-	299,093
Other liabilities	19,800	-	-	19,800
TOTAL LIABILITIES	<u>712,725</u>	<u>-</u>	<u>-</u>	<u>712,725</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred property taxes	162,620	-	-	162,620
FUND BALANCES:				
Nonspendable:				
Prepaid expenses	28,780	-	-	28,780
Restricted for:				
Capital projects	-	9,731,211	605,036	10,336,247
Unassigned	9,616,896	-	-	9,616,896
TOTAL FUND BALANCES	<u>9,645,676</u>	<u>9,731,211</u>	<u>605,036</u>	<u>19,981,923</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 10,521,021</u>	<u>\$ 9,731,211</u>	<u>\$ 605,036</u>	<u>\$ 20,857,268</u>

PARKER SEWER AND FIRE SUBDISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2020

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Total fund balances, from page 6	\$ 19,981,923
Amounts reported for governmental activities in the Statement of Net Position (page 3) are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. Those assets consist of:	
Land, buildings, small equipment, large equipment, trucks, fire and emergency vehicles, depreciable and non-depreciable infrastructure assets, construction in progress, software in progress, and intangibles, net of accumulated depreciation of \$10,237,351.	32,676,205
Proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State pension plans are not reported in the governmental funds but are recorded in the Statement of Net Position.	(8,801,272)
The net OPEB liability, deferred inflows of resources, and deferred outflows of resources related to its participation in the OPEB plan are not reported in the governmental funds but are recorded in the Statement of Net Position.	(25,671,014)
Long-term liabilities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Those liabilities consist of:	
Compensated absences	(538,292)
Capital lease obligations	(2,591,612)
Interest	(173,218)
Bonds payable	(16,535,000)
Deferred amortizable bond premium	(656,284)
Property taxes receivable in the funds that will be collected in the future, but are not available soon enough to pay for current period's expenditures, are not current financial resources and are therefore deferred.	<u>162,620</u>
Total Net Position of Governmental Activities	<u>\$ (2,145,944)</u>

PARKER SEWER AND FIRE SUBDISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue Fund	Sewer Capital Fee Fund	Total Governmental Funds
<b>REVENUES:</b>				
Property taxes	\$ 10,904,043	\$ -	\$ -	\$ 10,904,043
Charges for services:				
Sewer rehabilitation charges	-	1,947,184	1,103,941	3,051,125
Other	784,807	104,580	-	889,387
Other income:				
Interest	127,983	77,881	595	206,459
<b>TOTAL REVENUES</b>	<u>11,816,833</u>	<u>2,129,645</u>	<u>1,104,536</u>	<u>15,051,014</u>
<b>EXPENDITURES:</b>				
Current:				
General and administrative	4,396,727	15,346	-	4,412,073
Public safety	4,664,299	-	-	4,664,299
Sewer maintenance	915,206	566,393	-	1,481,599
Fleet maintenance	427,763	-	-	427,763
Debt service:				
Principal	466,884	409,170	-	876,054
Interest	69,283	449,860	-	519,143
Capital outlays:				
General and administrative	10,970	-	-	10,970
Public safety	110,164	-	-	110,164
Sewer maintenance	-	4,424,764	-	4,424,764
<b>TOTAL EXPENDITURES</b>	<u>11,061,296</u>	<u>5,865,533</u>	<u>-</u>	<u>16,926,829</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>755,537</u>	<u>(3,735,888)</u>	<u>1,104,536</u>	<u>(1,875,815)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from bond issuance	-	8,125,000	-	8,125,000
Proceeds from bond premium	-	556,442	-	556,442
Proceeds from disposal	3,700	-	-	3,700
Bond issuance costs	-	(240,195)	-	(240,195)
Transfers out	(500)	-	(500,000)	(500,500)
Transfers in	-	500,000	500	500,500
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<u>3,200</u>	<u>8,941,247</u>	<u>(499,500)</u>	<u>8,444,947</u>
<b>NET CHANGE IN FUND BALANCES</b>	758,737	5,205,359	605,036	6,569,132
<b>FUND BALANCES, Beginning of year</b>	<u>8,886,939</u>	<u>4,525,852</u>	<u>-</u>	<u>13,412,791</u>
<b>FUND BALANCES, End of year</b>	<u>\$ 9,645,676</u>	<u>\$ 9,731,211</u>	<u>\$ 605,036</u>	<u>\$ 19,981,923</u>

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

PARKER SEWER AND FIRE SUBDISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020

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Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities (page 5) for the year ended June 30, 2020:

Net change in fund balances – total governmental funds	\$ 6,569,132
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents the change in deferred revenues for the year.	(94,480)
Governmental funds report capital outlays as expenditures. However, in the government-wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$4,545,898) exceeded depreciation (\$1,179,300) in the current year.	3,366,598
Some compensated absences expenses reported on the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(277,988)
Changes in the Subdistrict’s net OPEB liability, deferred inflows of resources, and deferred outflows of resources for the current year are not reported in the governmental funds, but are reported in the Statement of Activities.	(1,418,796)
Changes in the Subdistrict’s proportionate share of the net pension liability, deferred outflows of resources and deferred inflows of resources for the current year are not reported in the governmental funds, but are reported in the Statement of Activities.	(220,774)
Some interest expense reported on the Statement of Activities does not require the use of current financial resources and therefore is not reported as expenditures in the governmental funds.	(67,938)
Bond proceeds, capital leases and other liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal and payments on capital leases are expenditures in the governmental funds, but the repayments reduce the long-term liabilities in the Statement of Net Position. This is the amount by which principal proceeds exceeded repayments during the year ended June 30, 2020.	(7,248,946)
Proceeds in excess of bond face value provide current financial resources to governmental funds, but deferring the premium increases long-term liabilities in the Statement of Net Position. The bond premium is income in the governmental funds, but the amortization of the bond premium reduces the long-term liabilities in the statement of Net Position. This is the amount by which proceeds exceed amortization in the current period	<u>(533,509)</u>
Total Change in Net Position of Governmental Activities	<u>\$ 73,299</u>

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

PARKER SEWER AND FIRE SUBDISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization: Parker Sewer and Fire Subdistrict, (the Subdistrict) is a special purpose district created by the General Assembly of the State of South Carolina. The Subdistrict provides fire protection and sewer services within its boundaries. The governing body is a commission elected by the Subdistrict’s residents with power to levy and collect a tax on all taxable property in the Subdistrict, and to incur bonded indebtedness in such manner and upon such terms and conditions as the General Assembly shall prescribe by general law.

The basic operations of the Subdistrict are financed by property taxes on all taxable property in the Subdistrict. These operations are reflected in the General Fund in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds. The Subdistrict also receives sewer rehabilitation charges and sewer capital fee charges. These charges are reflected in the Special Revenue Fund and Sewer Capital Fee Funds, respectively, in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.

For the purpose of applying accounting principles generally accepted in the United States of America (GAAP) to its activities, the Subdistrict’s management has determined that it is a governmental entity. The Governmental Accounting Standards Board (GASB), which has jurisdiction over accounting and financial reporting standards applicable to governmental entities, and the Financial Accounting Standards Board (FASB), which has jurisdiction over such standards applicable to nongovernmental entities, have agreed on a definition of a governmental entity that is to be used when determining whether governmental accounting principles are applicable. Since (a) the Subdistrict is a public benefit entity, (b) the members of the Subdistrict’s governing commission are selected by the Subdistrict’s residents through popular election, and (c) upon dissolution of the Subdistrict, all of the net assets would revert to another governmental entity as pursuant to state law, the Subdistrict meets the criteria set forth in the definition of a governmental entity. Accordingly, the accompanying financial statements of the Subdistrict have been prepared in accordance with GAAP applicable to governmental units.

The accounting and reporting policies of the Subdistrict related to funds included in the accompanying basic financial statements conform to accounting principles GAAP applicable to state and local governmental entities. GAAP for local governments include those principles prescribed by the GASB, the American Institute of Certified Public Accountants in the audit and accounting guide entitled *State and Local Governments* and by the FASB when applicable.

Reporting Entity: Pursuant to governmental GAAP, in evaluating the Subdistrict as a reporting entity, management must consider all potential component units. The decision to include any potential component units in the Subdistrict’s reporting entity was based on the following criteria:

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- The Subdistrict’s financial accountability for the potential component unit was considered. The Subdistrict is financially accountable if it appoints a voting majority of the governing board of the potential component unit and (a) it is able to impose its will on the potential component unit or (b) a financial benefit/burden relationship exists between the Subdistrict and the potential component unit.
- The potential component unit’s fiscal dependence on the Subdistrict was considered.
- The nature and significance of the relationship between the Subdistrict and the potential component unit was considered to determine whether exclusion of the potential component unit from the reporting entity would render the Subdistrict’s financial statements misleading or incomplete.

In September 2017, Parker Sewer and Fire District formed a non-profit entity, PDFD Community Funding Corporation (“PDFD”) to promote and support public safety, disaster preparedness and relief. PDFD’s board of directors is appointed by the Subdistrict; therefore, PDFD is required for inclusion in the financial statements of the Subdistrict as a component unit. However, management has evaluated the activity and determined it was immaterial in the current year.

Based on the above criteria, management has determined that there are no other potential component units eligible for inclusion in the Subdistrict’s financial statements.

Basis of Presentation: The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the Subdistrict (the “Primary Government”). Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Presently, the Subdistrict has no business-type activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues consist of charges to customers who use, purchase or directly benefit from services, goods or privileges provided by a given program, and operating or capital grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Taxes, interest income and other items not classified as program revenues are reported as general revenues.

The fund financial statements report transactions related to certain functions or activities in separate funds in order to aid financial management and to comply with certain restrictions of the funds. The Subdistrict has presented the following major governmental funds:

- General Fund – This fund is used as an operating fund for all financial resources not required to be accounted for in another fund and is funded by property taxes from Greenville County, various other charges for services, interest and other revenues from operations.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Special Revenue Fund – This fund is used to account for the accumulation of resources for, and payments of, designated sewer rehabilitation maintenance and management projects. This fund is financed by sewer rehabilitation charges, interest, and other revenues in connection with sewer rehabilitation projects as defined in an agreement with Western Carolina Regional Sewer Authority (ReWa). See Note 13 for more information.
- Sewer Capital Fee Fund – This fund is used to account for the accumulation of resources for, and payment of, sewer capital projects. This fund is financed by sewer capital fee charges and interest.

Measurement Focus/Basis of Accounting: Measurement focus refers to what is being measured. Basis of accounting refers to when revenues and expenses/expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position and the Statement of Activities presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, or when they become both measurable and available. “Measurable” means the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Subdistrict considers funds received from property taxes as available if they are collected within 60 days of year-end. A one-year availability period is used for recognition of all other Governmental Fund revenues. The revenues susceptible to accrual include funds received from property taxes and sewer rehabilitation charges and other charges for services. All other fund revenues are recognized when received. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, and pensions and other postemployment benefits (OPEB), which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Cash and Investments: The Subdistrict maintains its cash balances, including cash balances in the Special Revenue Fund and Sewer Capital Fee Fund, in local banks. The Subdistrict maintains its investments with the State of South Carolina Treasurer.



## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Investments: Provisions of various sections within GASB Statement No. 72 (GASB #72), *Fair Value Measurements and Application*, define fair value, establish a framework for measuring fair value in accounting principles generally accepted in the United States of America, and require certain disclosures about fair value measurements. Those provisions address acceptable valuation techniques and establish a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1), and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are as follows:

- *Level 1 inputs* are unadjusted quoted prices for identical assets and liabilities in active markets to which the reporting entity has access.
- *Level 2 inputs* are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. They include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable (for example, interest rates); and inputs that are derived from or corroborated by observable market data.
- *Level 3 inputs* are unobservable and are significant to the fair value measurement.

Provisions of GASB #72 require disclosures about fair value measurements for certain financial assets and liabilities.

Taxes Receivable: Taxes receivable consists of real and personal property taxes receivable from Greenville County. All taxes receivable are shown net of an allowance for uncollectible taxes.

Prepaid Expenses: Prepaid expenses are recorded to reflect payment of costs applicable to future accounting periods and are amortized using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets: Capital assets generally result from expenditures in the governmental funds. These assets are reported in the government-wide financial statements, but are not reported in the fund financial statements.

All capital assets are recorded at historical cost or estimated historical cost if actual cost is unavailable. Estimated historical cost was used to value the majority of the non-infrastructure assets acquired prior to July 1, 2003. The Subdistrict's non-infrastructure assets include land, construction in progress, buildings, small equipment, large equipment, trucks, fire and emergency vehicles and intangible assets. The Subdistrict's capitalization limit for its non-infrastructure assets is \$10,000. Interest is not capitalized during the construction of non-infrastructure capital assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Because the Subdistrict is considered a phase 3 governmental entity under GASB Statement No. 34, it is not required to and does not report sewer infrastructure additions acquired or improvements made prior to July 1, 2003. Beginning July 1, 2003, the Subdistrict began capitalizing costs of additions and improvements to its sewer infrastructure that increase the sewer’s capacity or efficiency or that extend the sewer’s life. Capitalized sewer infrastructure is valued at historical cost, excluding interest incurred during construction. The Subdistrict’s capitalization limit for sewer infrastructure is \$50,000.

Capital assets other than land, infrastructure construction in progress and software in progress are depreciated over the estimated useful lives of the related assets using the straight-line method. Once construction projects are completed, the costs of the completed projects are transferred to the appropriate capital asset category, and depreciation begins. Depreciation, which includes amortization on the Subdistrict’s intangible assets, is computed by the straight-line method.

In the government-wide financial statements, maintenance and repairs are expensed when incurred. Betterments and renewals that meet the Subdistrict’s capitalization limits are capitalized. When capital assets are sold or otherwise disposed of, the asset cost and related accumulated depreciation are removed from the respective accounts, and the resulting gains or losses are included in the Statement of Activities.

Estimated useful lives are as follows:

Buildings	15 – 40 years
Small equipment	5 – 10 years
Large equipment	7 – 10 years
Trucks	5 – 10 years
Fire and emergency vehicles	10 years
Infrastructure	50 years
Intangible assets – software and loan costs	3 – 15 years

Payables, Accruals and Long-Term Liabilities: All payables, accrued liabilities and long-term liabilities are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, long-term obligations, claims and judgments, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability only when payment is due.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions: In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note 11 and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The Subdistrict recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the Subdistrict's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the Plan's fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Deferred Outflows and Inflows of Resources: As defined by GASB Concept Statement No. 4, *Elements of Financial Statements*, deferred outflows of resources and deferred inflows of resources represent the consumption of net position by the government or an acquisition of net position by the government, respectively, that is applicable to a future reporting period.

In addition to assets, the Statement of Net Position and the Balance Sheet will report a separate section whenever the element, *deferred outflows of resources*, is presented. This separate financial statement element represents a consumption of net position that applies to a future period(s) and that will be recognized as an outflow of resources (expense/expenditure) during that future period(s). The Subdistrict currently has two types of deferred outflows of resources: (1) The Subdistrict reports deferred pension charges in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and Police Officers Retirement System. (2) The Subdistrict also reports deferred OPEB charges in its Statements of Net Position in connection with its participation in its OPEB plan.

These deferred pension charges are either (a) recognized in the subsequent period as a reduction of the net pension liability (e.g., pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition to liabilities, the Statement of Net Position and the Balance Sheet will report a separate section whenever the element, *deferred inflows of resources*, is presented. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and that will be recognized as an inflow of resources (revenue) during that future period(s). The Subdistrict currently has three types of deferred inflows of resources: (1) The Subdistrict reports deferred property taxes only in the governmental funds Balance Sheet; it is deferred and recognized as an inflow of resources (property tax revenues) in the period the amounts become available. (2) The Subdistrict also reports deferred pension credits in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and the Police Officers Retirement System. (3) The Subdistrict also reports deferred OPEB credits in its Statements of Net Position in connection with its participation in its OPEB plan. These deferred pension and OPEB credits are amortized in a systematic and rational method and recognized as a reduction of pension or OPEB expense in future periods in accordance with GAAP.

Fund Balances: As prescribed by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental funds report fund balance in classifications based primarily on the extent to which the Subdistrict is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

- Nonspendable Fund Balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
- Restricted Fund Balance – includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the Subdistrict’s highest level of decision-making authority, the Board of Commissioners. Commitments may be changed or lifted only by the Subdistrict taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).
- Assigned Fund Balance – includes amounts intended to be used by the Subdistrict for specific purposes that are neither restricted nor committed. Intent is expressed by the Board of Commissioners to use the assigned amounts for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted, or committed.
- Unassigned Fund Balance – includes all residual amounts in governmental funds that are not classified as nonspendable, restricted, committed, or assigned. This residual classification is also used for all negative fund balances.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In all cases, encumbrance amounts have been assigned for specific purposes for which resources have already been allocated.

Net Position: Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by debt and other liabilities associated with capital assets. Net position is reported as restricted when there are limitations imposed on its use. Unrestricted net position is any amount not included in net investment in capital assets or in restricted net position.

Restricted Assets/Net Position: Restricted assets at June 30, 2020 consist of cash and fees receivable totaling \$10,071,325 and are restricted for designated sewer rehabilitation maintenance and management projects. When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Subdistrict first applies restricted position and then unrestricted position.

Use of Estimates: The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Total OPEB Liability: The Subdistrict adopted GASB Statement No 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as of July 1, 2017. The total OPEB liability is reported in compliance with GASB Statement No. 75 because the Subdistrict does not pre-fund the OPEB plan in a trust that meets the criteria in the GASB standards. The total OPEB liability represents the actuarial present value of projected OPEB benefit payments attributable to employees' past service as of June 30, 2020. See Note 8 for more information.

Recently Issued Accounting Pronouncement: GASB Statement No. 87, *Leases*, was issued to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of GASB Statement No. 87 are effective for fiscal year 2022. The Subdistrict is currently evaluating the impact GASB Statement No 87 may have on its financial statements.

## NOTE 2 – DEPOSITS AND INVESTMENTS

Custodial Credit Risk Related to Deposits: Custodial credit risk is the risk that in an event of bank failure, the Subdistrict's deposits may not be returned. South Carolina laws authorize investments by political subdivisions in instruments including but not limited to (a) obligations of the United States of America or its related agencies, (b) obligations of the State of South Carolina, or (c) deposits in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). South Carolina law requires banks to collateralize deposits for governmental entities that exceed the amount of insurance coverage provided by the FDIC. The Subdistrict has no additional deposit policy for custodial credit risk as of June 30, 2020. The FDIC provides up to \$250,000 of coverage for the Subdistrict's bank accounts. All uninsured deposits are collateralized by securities held by the respective pledging financial institutions.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments: The South Carolina State Treasurer held none of the investments noted in the table below. As of June 30, 2020 the association had the following investments as defined by GASB:

Investment Type	Credit Rating <sup>(1)</sup>	Fair Value Level <sup>(2)</sup>	Fair Value	Percentage of Total Investments	Weighted Average Maturity (in Years)
Money Market Mutual Funds	AAAm, AAA-mf, AAAMmf	1	\$4,656,295	34.0%	0.1

<sup>(1)</sup> If available, credit ratings are from Standard & Poor's, Moody's Investors Service and Fitch Ratings.

<sup>(2)</sup> See Note 1 for information about the Subdistrict's fair value hierarchy

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

Concentration of Credit Risk: The Subdistrict places no limit on the amount that may be invested in any one issuer. At June 30, 2020, 34.0% of the Subdistrict's investments were in the State of South Carolina Local Government Investment Pool.

The Subdistrict had the following investments and cash at June 30, 2020:

Investments:

State of South Carolina Local Government Investment Pool (Maturity of less than one year)	\$ 9,042,385
Money Market Mutual Funds	<u>4,656,295</u>
<b>Total Investments</b>	<b>13,698,680</b>
 Cash	 <u>6,599,135</u>
<b>Total Investments and Cash</b>	<b><u>\$ 20,297,815</u></b>

These amounts are presented in the accompanying government-wide Statement of Net Position as follows:

Cash and investments – unrestricted	\$ 10,019,231
Cash – restricted	9,666,130
Escrow funds – restricted	<u>612,454</u>
	<b><u>\$ 20,297,815</u></b>

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

The Subdistrict’s investments in the State of South Carolina Local Government Investment Pool (the Pool) are invested with the South Carolina State Treasurer’s Office, which established the Pool pursuant to Section 6-6-10 of the South Carolina Code of Laws. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. The Pool is a 2a7-like pool, which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but has a policy that it will operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.

The Subdistrict’s investments in the Pool were not rated by nationally recognized statistical rating organizations at June 30, 2020.

NOTE 3 – FAIR VALUE INFORMATION

The following table sets forth by level, within the fair value hierarchy, the Subdistrict’s investments at fair value as of June 30, 2020:

Description	Assets		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Cash and investments held by State Treasurer	\$ 9,042,385	\$ -	\$ 9,042,385
Money market mutual funds	4,656,295	4,656,295	-
Total Investments at Fair Value	<u>\$ 13,698,680</u>	<u>\$ 4,656,295</u>	<u>\$ 9,042,385</u>

The Subdistrict had no Level 3 assets or liabilities at June 30, 2020.

NOTE 4 – PROPERTY TAXES

Greenville County, South Carolina (the County) is responsible for collecting sufficient property taxes to meet the Subdistrict’s funding obligation. This obligation is established each year by the Board of Commissioners and does not necessarily represent actual taxes collected. The property taxes are considered both measurable and available for purposes of recognizing revenue and a receivable from the County at the time they are collected by the County.

Property taxes other than those on motor vehicles are levied and billed by the County on real and business personal properties on October 1 based on the assessed valuation of the property located within the Subdistrict as of the preceding December 31. For the year ended June 30, 2020, the assessed value was approximately \$123 million at a rate of 89.6 mils. These taxes are due without penalty through January 15. Penalties are added to taxes depending on the date paid as follows:

January 16 through February 1	3% of tax
February 2 through March 16	10% of tax
After March 16	15% of tax plus \$15 execution cost

Current year real and business personal taxes become delinquent on March 17. Unpaid property taxes become a lien against the property as of the date the tax liability is fixed (usually December 31 of the year preceding the tax levy). The levy date for motor vehicles is the first day of the month in which the motor vehicle license is renewed. These taxes are due by the last day of the same month.

The Subdistrict’s taxes receivable at June 30, 2020 totaled \$530,674, which includes \$36,328 in rehab taxes receivable and \$21,336 in sewer capital fee receivable, is composed of gross property taxes of \$715,432 less an allowance for estimated uncollectible property taxes of \$184,758. Delinquent property taxes of \$368,054 have been recognized as revenue at June 30, 2020 because they had been received by the Subdistrict within 60 days of year-end. The remaining delinquent property tax receivable of \$162,620 has been recorded by the Subdistrict as deferred property taxes at June 30, 2020 on the governmental fund basic financial statements because it was not collected within 60 days after year-end and thus is not considered available for accrual.



## NOTE 5 – CAPITAL ASSETS

The following is a summary of capital assets activities for the year ended June 30, 2020:

	July 1, 2019	Additions	Transfers	Disposals	June 30, 2020
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 336,750	\$ -	\$ -	\$ -	\$ 336,750
Infrastructure construction in progress	2,411,402	4,393,591	-	-	6,804,993
<b>Total Capital Assets Not Being Depreciated</b>	<b>2,748,152</b>	<b>4,393,591</b>	<b>-</b>	<b>-</b>	<b>7,141,743</b>
Capital assets being depreciated:					
Buildings	6,120,684	10,970	-	-	6,131,654
Small equipment	1,633,471	-	-	-	1,633,471
Large equipment	2,253,107	19,027	-	-	2,272,134
Trucks	1,080,692	107,310	-	(41,637)	1,146,365
Fire and emergency vehicles	4,637,977	-	-	-	4,637,977
Infrastructure	20,823,399	-	-	-	20,823,399
Intangible asset – software	174,000	15,000	-	-	189,000
Intangible asset – loan and bond issue costs	75,476	-	-	-	75,476
<b>Total Capital Assets Being Depreciated</b>	<b>36,798,806</b>	<b>152,307</b>	<b>-</b>	<b>(41,637)</b>	<b>36,909,476</b>
Less accumulated depreciation:					
Buildings	2,890,571	148,684	-	-	3,039,255
Small equipment	1,319,743	102,135	-	-	1,421,878
Large equipment	1,334,511	116,554	-	-	1,451,065
Trucks	760,437	63,152	-	(41,637)	781,952
Fire and emergency vehicles	2,064,576	277,274	-	-	2,341,850
Infrastructure	1,783,901	416,467	-	-	2,200,368
Intangible asset – software	49,010	51,034	-	-	100,044
Intangible asset – loan and bond issue costs	34,602	4,000	-	-	38,602
<b>Total Accumulated Depreciation</b>	<b>10,237,351</b>	<b>1,179,300</b>	<b>-</b>	<b>(41,637)</b>	<b>11,375,014</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>26,561,455</b>	<b>(1,026,993)</b>	<b>-</b>	<b>-</b>	<b>25,534,462</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 29,309,607</b>	<b>\$ 3,366,598</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 32,676,205</b>

NOTE 5 – CAPITAL ASSETS (CONTINUED)

Depreciation and amortization expense was charged as a direct expense to programs of the primary government as follows:

Governmental activities:	
General and administrative	\$ 16,206
Public safety	537,941
Sewer maintenance	618,805
Fleet maintenance	<u>6,348</u>
	<u>\$ 1,179,300</u>

NOTE 6 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2020 was as follows:

	July 1, 2019	Additions	Reductions	June 30, 2020	Amount due in one year
Governmental activities:					
Long-term liabilities:					
Compensated absences	\$ 260,304	\$ 277,988	\$ -	\$ 538,292	\$ 538,292
Net OPEB liability	21,422,727	6,191,334	-	27,614,061	-
Net pension liability	10,095,953	42,795	-	10,138,748	-
Capital lease obligations	3,317,666	-	(726,054)	2,591,612	487,292
Series 2017 revenue bonds	8,560,000	-	-	8,560,000	200,000
Series 2019 revenue bonds	-	8,125,000	(150,000)	7,975,000	140,000
Deferred amortizable bond premium	<u>122,775</u>	<u>556,442</u>	<u>(22,933)</u>	<u>656,284</u>	<u>22,933</u>
Governmental Activities					
Long-term Liabilities	<u>\$ 43,779,425</u>	<u>\$ 15,193,559</u>	<u>\$ (898,987)</u>	<u>\$ 58,073,997</u>	<u>\$ 1,388,517</u>

Compensated absences, net OPEB liability, and the net pension liability attributable to governmental activities have been liquidated in the past by the General Fund. The Subdistrict’s policies regarding compensated absences and its net pension liability are described below in Note 7 and Note 11 respectively. The Subdistrict’s policies regarding its OPEB obligation are described below in Note 8 and Note 9.

On August 27, 2009, the Subdistrict entered into a lease agreement and ground lease agreement totaling \$3,720,000 for the construction of a new fire station in the Subdistrict. On April 25, 2012 the Subdistrict entered into a First Supplement to the lease agreement to refund the original lease and is payable annually on April 1, in incrementally increasing installments of principal through April 2024. Interest is payable semi-annually on April 1 and October 1 through April 2024, with an interest rate of 2.18%. The agreement is secured by the building and property, including land, with a net book value totaling \$1,823,282. Interest expense for the year ended June 30, 2020 was \$28,122, and is included in interest on long-term liabilities in the accompanying Statement of Activities. As of June 30, 2020, the outstanding balance was \$1,110,000.

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

On June 27, 2016, the Subdistrict entered into a master lease agreement totaling \$1,531,000 for the purchase of various pieces of equipment for sewer maintenance. As of June 30, 2020, eleven pieces of equipment have been purchased with these funds, and the remainder is in an escrow account in the Subdistrict’s name. This lease was payable in semiannual installments including principal and interest on July 1 and January 1 through July 2019, with an interest rate of 1.22%. The agreement was secured by the escrow account and any equipment purchased with the funds from the agreement. There was no interest expense related to this master lease agreement for the year ended June 30, 2020. This master lease agreement was paid in full during the year ended June 30, 2020.

On January 8, 2018, the Subdistrict entered into a master lease agreement totaling \$1,930,000 for the purchase of two fire engines. This lease is payable in semiannual installments including principal and interest on July 8 and January 8 through January 2026, with an interest rate of 2.38%. This agreement is secured by the fire engines, with a net book value totaling \$1,610,808. Interest expense for the year ended June 30, 2020 was \$37,236 and is included in interest on long-term liabilities in the accompanying Statement of Activities. As of June 30, 2020, the outstanding balance was \$1,481,612.

The remaining capital leases will be liquidated by the General Fund. Future minimum payments under capital leases at June 30, 2020, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 487,292	58,642	\$ 545,934
2022	508,030	47,345	555,375
2023	528,808	35,680	564,488
2024	549,727	23,549	573,276
2025	255,755	10,981	266,736
Thereafter	262,000	4,741	266,741
	<u>\$ 2,591,612</u>	<u>\$ 180,938</u>	<u>\$ 2,772,550</u>

Following is a summary of the capital assets held under the capital leases at June 30, 2020:

Fire station and land	\$ 2,948,752
Fire engines and emergency vehicles	<u>1,911,700</u>
Capital assets held under capital leases	4,860,452
Less accumulated depreciation	<u>1,426,362</u>
Net Capital Assets Held Under Capital Leases	<u>\$ 3,434,090</u>

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

In May 2017, Parker Sewer and Fire Subdistrict issued \$8,560,000 sewer system Revenue Bonds Series 2017 (the “Series 2017 Revenue Bonds”). The bond issue was used to defray the costs of various improvements to the sewer system including sewer line repair and replacements throughout the Subdistrict and to pay costs of issuance of the Series 2017 Revenue Bonds. The principal is payable annually on April 1, beginning in 2021, in incrementally increasing installments through 2047. Interest is payable semi-annually on April 1 and October 1, at interest rates yielding between 1.5% to 3.8% through 2047. Interest expense for the year ended June 30, 2020 was \$303,559. The Series 2017 Revenue Bonds are secured solely by the Pledged Revenues.

In July 2019, Parker Sewer and Fire Subdistrict issued \$8,125,000 sewer system Revenue Bonds Series 2019 (the “Series 2019 Revenue Bonds”). The bond issue was used to defray the costs of various improvements to the sewer system including sewer line repair and replacements throughout the Subdistrict and to pay costs of issuance of the Series 2019 Revenue Bonds. The principal is payable annually on April 1, beginning in 2020, in incrementally increasing installments through 2049. Interest is payable semi-annually on April 1 and October 1, at interest rates yielding between 1.4% to 3.2% through 2049. Interest expense for the year ended June 30, 2020 was \$296,356. The Series 2019 Revenue Bonds are secured solely by the Pledged Revenues.

Debt service requirements on bonds payable are as follows:

GOVERNMENTAL ACTIVITIES

Year Ending June 30,	Bond Payable	
	Principal	Interest
2021	\$ 340,000	\$ 597,369
2022	355,000	587,169
2023	360,000	576,519
2024	370,000	564,219
2025	385,000	553,819
2026 – 2030	2,135,000	2,548,544
2031 – 2035	2,550,000	2,135,886
2036 – 2040	3,015,000	1,659,094
2041 – 2045	3,620,000	1,060,051
2046 – 2049	3,405,000	341,400
	<u>\$ 16,535,000</u>	<u>\$ 10,624,070</u>

The sales proceeds from the 2017 bond issuance totaled \$8,691,545, producing a bond premium of \$131,545, which is amortized over the life of the debt offsetting the interest expense. The sales proceeds from the 2019 bond issuance totaled \$8,681,442, producing a bond premium of \$556,442, which is amortized over the life of the debt offsetting the interest expense. As of June 30, 2020, the balance of the bond premiums was \$656,284.

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

Future amortization of the bond premiums is as follows:

2021	\$	22,933
2022		22,933
2023		22,933
2024		22,933
2025		22,933
2026 – 2030		114,665
2031 – 2035		114,665
2036 – 2040		114,665
2041 – 2045		114,665
2046 – 2049		82,959
		<hr/>
	\$	656,284
		<hr/> <hr/>

NOTE 7 – COMPENSATED ABSENCES

The Subdistrict’s policy allows employees to accumulate vacation leave. Upon termination, the employees are entitled to be paid for their accumulated vacation up to a maximum of 45 days. Vacation is accumulated based on years of service. See Note 6 for additional information.

NOTE 8 – RETIREE HEALTH PLAN

The Subdistrict follows the guidance of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), for reporting certain postemployment health care and life insurance benefits.

Plan Description: The Subdistrict administers a single-employer defined benefit healthcare plan (the Retiree Health Plan). Benefit provisions are established and may be amended by the Subdistrict’s Board of Commissioners. Members of the Board of Commissioners are elected by the taxpayers of the Subdistrict. The Retiree Health Plan provides benefits through the Subdistrict’s self-insured welfare benefit plan (Note 9), which covers both active and retired employees.

The Retiree Health Plan provides the following benefits:

- Lifetime prescription, vision and dental coverage is provided for eligible retirees and their spouses.
- Medical coverage is provided to eligible retirees and their spouses up to age 65, at which point the retiree/spouse must enter a Medicare Advantage Plan or seek a supplemental plan elsewhere if he/she wishes to continue medical coverage.

NOTE 8 – RETIREE HEALTH PLAN (CONTINUED)

- If an active employee should die from a work-related injury or illness, the plan provides his/her spouse and dependents with coverage under the Retiree Health Plan at no cost to them until three years have passed since the employee’s death, or the employee’s widow/widower remarries. Consolidated Omnibus Budget Reconciliation Act (COBRA) coverage begins at the end of this death benefit.
- Disabled retirees are allowed coverage on the same basis as normal retirement.
- Life insurance benefits are provided to the Subdistrict’s active employees.

The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy: The contribution requirements of the Retiree Health Plan members and the Subdistrict are also established and may be amended by the Subdistrict’s Board of Commissioners.

Total OPEB Liability: The total OPEB liability for the Subdistrict was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 75.

For the year ended June 30, 2020, the valuation date was July 1, 2018, and the measurement date was June 30, 2020. There have been no significant changes between the valuation date and fiscal year end.

As of the valuation date, the participant data was:

Actives	98
Retirees	75
Beneficiaries	-
Spouses of Retirees	<u>22</u>
 Total	 <u><u>195</u></u>

Total OPEB liability as a percentage of covered payroll is presented in the table below:

Total OPEB liability	\$ 27,614,061
Covered payroll	4,986,791
Total OPEB liability as percentage of covered payroll	553.74%

Actuarial Assumptions: The discount rate used for June 30, 2020 was 2.21%. The 20 Year Tax-Exempt Municipal Bond Yield used for June 30, 2020 was also 2.21%. The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

NOTE 8 – RETIREE HEALTH PLAN (CONTINUED)

The plan has not had a formal actuarial experience study. Other key actuarial assumptions are listed below:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	2.21%
Inflation	2.30%
Medical Trend Rate	Pre 65: 6.00% – 4.00% over 58 years Post 65: 7.3% – 4.2% over 63 years
Projected salary increases including inflation	Graded Scale Including Merit Increases

Changes in total OPEB liability: The changes in the total OPEB liability for the year ended June 30, 2020 are presented in the table below:

Balance as of June 30, 2019	\$ 21,422,727
Changes for the year:	
Service costs	847,531
Interest on total OPEB liability	768,637
Effect of plan changes	-
Effect of economic/demographic gains or losses	-
Effect of assumptions changes or inputs	5,198,921
Benefit payments	<u>(623,755)</u>
Balance as of June 30, 2020	<u>\$ 27,614,061</u>

Sensitivity Analysis: The following table presents the total OPEB liability of the Subdistrict, calculated using the discount rate of 2.21%, as well as what the Subdistrict’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	<u>1% Decrease</u> <u>(1.21%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(2.21%)</u>	<u>1% Increase</u> <u>(3.21%)</u>
Total OPEB Liability	\$ 32,919,765	\$ 27,614,061	\$ 23,451,396

NOTE 8 – RETIREE HEALTH PLAN (CONTINUED)

The following presents the total OPEB liability of the Subdistrict, calculated using the current healthcare cost trend rates as well as what the Subdistrict’s total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 22,508,186	\$ 27,614,061	\$ 34,422,902

For the year ended June 30, 2020, OPEB expense was calculated as follows:

Service cost	\$ 847,531
Interest on net OPEB liability	768,637
Effect of plan changes	-
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of economic/demographic gains or losses	(924,063)
Recognition of assumption changes or inputs	<u>1,350,444</u>
OPEB expense	<u><u>\$ 2,042,549</u></u>

As of June 30, 2020, the deferred inflows and outflows of resources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 3,603,847
Changes of assumptions	<u>5,860,264</u>	<u>313,370</u>
	<u><u>\$ 5,860,264</u></u>	<u><u>\$ 3,917,217</u></u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

Year Ended June 30:

2021	\$ 426,381
2022	530,837
2023	635,294
2024	350,535
2025	-
Thereafter	<u>-</u>
	<u><u>\$ 1,943,047</u></u>



## NOTE 9 – WELFARE BENEFIT PLAN AND RELATED LIABILITIES

The Subdistrict established a self-insurance program providing medical and dental benefits on a pay-as-you-go basis to the current employees and their families and retired employees and their spouses in accordance with Commission policies. At June 30, 2020, 96 retired employees were eligible for coverage under the plan. See Note 8 above for information pertaining to the Retiree Health Plan portion of the Subdistrict's welfare benefit plan. Monthly premiums consisted of amounts sufficient to pay all current claims plus administrative and excess-loss insurance costs.

Under the plan, the maximum claims the Subdistrict can incur for any one plan participant in one year is \$55,000. Claims in excess of these limits will be paid by the excess-loss policy. The excess-loss policy has an unlimited lifetime maximum reimbursement on each plan participant, and a maximum aggregate reimbursement amount of \$1 million. The Subdistrict's net contribution to the plan during the year ended June 30, 2020 was \$2,046,971. Changes in the Subdistrict's healthcare liabilities during the year ended June 30, 2020 are as follows.

Liabilities for healthcare, Beginning of year	\$ 148,162
Plus: Claims incurred	2,073,916
Less: Claims paid	<u>2,046,971</u>
 Liabilities for Healthcare, End of Year	 <u><u>\$ 175,107</u></u>

The June 30, 2020 liabilities for healthcare are included in accounts payable in the accompanying financial statements.

The Subdistrict accounts for active employee healthcare costs separately from retiree healthcare costs. The amounts shown above pertain to active employees.

## NOTE 10 – RISK MANAGEMENT

The Subdistrict is exposed to various types of risk including loss related to torts; theft of, damage to and destruction of assets; injuries to employees and others; and damage to property of others. The Subdistrict obtained commercial insurance covering all of its known risks of loss as follows (other than medical and dental benefits described in Notes 8 and 9):

- Worker's Compensation
- Directors and Officers
- General Liability
- Crime
- Force Majeure

No claim settlements have exceeded insurance coverage during the years ended June 30, 2020, 2019, or 2018. There were no significant reductions in insurance coverage during the year ended June 30, 2020.

## NOTE 11 – PENSION PLAN

### *General Information about the Pension Plan*

The Subdistrict participates in the State of South Carolina’s retirement plans, which are administered by the South Carolina Public Employee Benefit Authority (PEBA), which was created on July 1, 2012, and administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the system and the trust funds. By law, the Budget and Control Board, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Systems in conducting that review. PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for South Carolina Retirement Systems’ Pension Trust Funds. The CAFR is publicly available on the Retirement Benefits’ link on PEBA’s website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA Attn: Retirement Systems Finance, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the State of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Description: The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1945, pursuant to provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

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

- Generally, all employees of covered employers are required to participate in and contribute to the SCRS as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the SCRS with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

## NOTE 11 – PENSION PLAN (CONTINUED)

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

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

- A Class Two member of the SCRS who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years of credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.
- The annual retirement allowance of eligible retirees or their surviving annuitants under the SCRS 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.
- A Class Two member of the PORS who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

NOTE 11 – PENSION PLAN (CONTINUED)

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

Contributions: Contributions to each of the Plans are prescribed in Title 9 of the South Carolina Code of Laws. The board may increase the percentage rate in SCRS and PORS employer contributions on the basis of the actuarial valuations. If the scheduled employee and employer contributions provided in statute or the rates adopted by the board in insufficient to maintain a twenty-nine year amortization schedule of the unfunded liabilities of the plans, the board shall increase the contribution rates for the employer as necessary to maintain the amortization period.

If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio\_ that is equal to or greater than eighty-five percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than eighty-five percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than eighty-five percent, then effective the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ration that is equal or greater than eighty-five percent.

The Retirement System Funding and Administration act established a ceiling on employee contribution rates at 9 percent and 9.75 percent for SCRS and PORS respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation’s ultimate scheduled employer rate is 18.56 percent for SCRS and 21.24 percent for PORS. The amortization period is scheduled to be reduced one year for each of the next nine years to a twenty-year amortization schedule.

As noted above, both employees and the Subdistrict are required to contribute to the Plans at rates established and as amended by the PEBA. The Subdistrict’s contributions are actuarially determined but are communicated to and paid by the Subdistrict as a percentage of the employees’ annual eligible compensation as follows for the past three years:

	SCRS Rates			PORS Rates		
	2018	2019	2020	2018	2019	2020
Employer Rate:						
Retirement	13.41%	14.41%	15.41%	15.84%	16.84%	17.84%
Incidental Death Benefit	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
Accidental Death Benefit	0.00%	0.00%	0.00%	0.20%	0.20%	0.20%
	<u>13.56%</u>	<u>14.56%</u>	<u>15.56%</u>	<u>16.24%</u>	<u>17.24%</u>	<u>18.24%</u>
Employee Rate	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.75%</u>	<u>9.75%</u>	<u>9.75%</u>

NOTE 11 – PENSION PLAN (CONTINUED)

The required contributions and percentages of amounts contributed to the Plans by the Subdistrict for the past three years were as follows:

<u>Fiscal Year Ended</u>	<u>SCRS Contributions</u>		<u>PORS Contributions</u>	
	<u>Required Contribution</u>	<u>% Contributed</u>	<u>Required Contribution</u>	<u>% Contributed</u>
June 30, 2020	\$ 230,863	100%	\$ 679,832	100%
June 30, 2019	\$ 218,027	100%	\$ 601,627	100%
June 30, 2018	\$ 200,948	100%	\$ 546,721	100%

Eligible payrolls of the Subdistrict covered under the Plan for the past three years were as follows:

<u>Fiscal Year Ended</u>	<u>SCRS Payroll</u>	<u>PORS Payroll</u>	<u>Total Payroll</u>
June 30, 2020	\$ 1,483,698	\$ 3,727,149	\$ 5,210,847
June 30, 2019	\$ 1,497,643	\$ 3,489,542	\$ 4,987,185
June 30, 2018	\$ 1,481,918	\$ 3,366,505	\$ 4,848,423

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

The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2018. The net pension liability of each defined benefit pension plan was therefore determined based on the July 1, 2018 actuarial valuations, using membership data as of July 1, 2018, projected forward to the end of the fiscal year, and the financial information of the pension trust funds as of June 30, 2019, using generally accepted actuarial procedures. Information included in the following schedule is based on the certification provided by PEBA’s consulting actuary, Gabriel, Roeder, Smith and Company.

The net pension liability (NPL) is calculated separately for each retirement system and represents that particular system’s total pension liability determined in accordance with GASB Statement No. 67 less that system’s fiduciary net position. As of June 30, 2019, NPL amounts for the SCRS and PORS are as follows:

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers’ Net Pension Liability (Asset)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
SCRS	\$ 50,073,060,256	\$ 27,238,916,138	\$ 22,834,144,118	54.40%
PORS	\$ 7,681,749,768	\$ 4,815,808,554	\$ 2,865,941,214	62.69%

NOTE 11 – PENSION PLAN (CONTINUED)

At June 30, 2020, the Subdistrict reported liabilities of \$3,243,817 and \$6,894,931 for its proportionate share of the net pension liabilities for the SCRS and PORS Plans, respectively. The net pension liabilities were measured as of June 30, 2019, and the total pension liabilities used to calculate the net pension liabilities was determined based on the most recent actuarial valuation report as of July 1, 2018 that was projected forward to the measurement date. The Subdistrict's proportion of the net pension liabilities was based on a projection of the Subdistrict's long-term share of contributions to the pension plan relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At June 30, 2019, the Subdistrict's SCRS proportion was 0.014 percent, which was the same proportion measured as of June 30, 2018. At June 30, 2019, the Subdistrict's PORS proportion was .241 percent, which was a decrease from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Subdistrict recognized pension expense of \$1,069,450 and \$2,200,920 for the SCRS and PORS, respectively. At June 30, 2020, the Subdistrict 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
<b>SCRS</b>		
Differences between expected and actual experience	\$ 2,230	\$ 23,303
Changes of assumptions	65,368	-
Net difference between projected and actual earnings on pension plan investments	28,719	-
Changes in proportion and differences between Subdistrict contributions and proportionate share of contributions	55,401	1,614,943
Subdistrict contributions subsequent to the June 30, 2019 measurement date	230,863	-
	<u>382,581</u>	<u>1,638,246</u>

NOTE 11 – PENSION PLAN (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>PORS</b>		
Differences between expected and actual experience	141,774	50,959
Changes of assumptions	273,419	-
Net difference between projected and actual earnings on pension plan investments	87,423	-
Changes in proportion and differences between Subdistrict contributions and proportionate share of contributions	1,512,415	50,763
Subdistrict contributions subsequent to the June 30, 2019 measurement date	679,832	-
	<u>2,694,863</u>	<u>101,722</u>
<b>Total</b>	<u>\$ 3,077,444</u>	<u>\$ 1,739,968</u>

Of the Subdistrict’s deferred outflows of resources relating to pensions, \$230,863 resulted from contributions to the SCRS subsequent to the measurement date and \$679,832 resulted from contributions to the PORS subsequent to the measurement date. These amounts will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a net reduction in pension expense as follows:

<u>Year Ended June 30:</u>	<u>SCRS</u>	<u>PORS</u>	<u>TOTAL</u>
2021	\$ (1,476,723)	\$ 1,966,635	\$ 489,912
2022	(2,267)	(24,860)	(27,127)
2023	(7,538)	(28,466)	(36,004)
	<u>\$ (1,486,528)</u>	<u>\$ 1,913,309</u>	<u>\$ 426,781</u>

***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 as of July 1, 2015.

NOTE 11 – PENSION PLAN (CONTINUED)

The following table provides a summary of the actuarial cost method and assumptions used to calculate the total pension liability as of July 1, 2019.

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment rate of return	7.25%	7.25%
	(varies by service)	(varies by service)
Projected salary increases	3.0% to 12.5%	3.5% to 9.5%
	(varies by service)	(varies by service)
	lesser of 1% or \$500	lesser of 1% or \$500
Benefit adjustments	annually	annually

The post-retiree mortality assumption is dependent upon the member’s job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2016. Assumptions used in the June 30, 2019 valuation for SCRS and PORS are as follows:

Former Job Class	Males	Females
Educators and Judges	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety, Firefighters, and members of the South Carolina National Guard	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

***Long-term expected rate of return***

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2019 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00 percent real rate of return and a 2.25 percent inflation component.



NOTE 11 – PENSION PLAN (CONTINUED)

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
<i>Global Equity:</i>	<i>51%</i>		
Global Public Equity	35%	7.29%	2.55%
Private Equity	9%	7.67%	0.69%
Equity Options Strategies	7%	5.23%	0.37%
<i>Real Assets:</i>	<i>12%</i>		
Real Estate (Private)	8%	5.59%	0.45%
Real Estate (REITs)	1%	8.16%	0.08%
Infrastructure (Private)	2%	5.03%	0.10%
Infrastructure (Public)	1%	6.12%	0.06%
<i>Opportunistic:</i>	<i>8%</i>		
Global Tactical Asset Allocation/Risk Parity	7%	3.09%	0.22%
Other Opportunistic Strategies	1%	3.82%	0.04%
<i>Credit</i>	<i>15%</i>		
High Yield Bonds/Bank Loans	4%	3.14%	0.13%
Emerging Markets Debt	4%	3.31%	0.13%
Private Debt	7%	5.49%	0.38%
<i>Rate Sensitive</i>	<i>14%</i>		
Core Fixed Income	13%	1.62%	0.21%
Cash and Short Duration (Net)	1%	0.31%	0.00%
Total Expected Real Return	100%		5.41%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.66%

***Discount Rate***

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

NOTE 11 – PENSION PLAN (CONTINUED)

*Sensitivity Analysis*

The following table presents the sensitivity of the Subdistrict’s proportionate share of the net pension liabilities of the Plan as of June 30, 2019 to changes in the discount rate. It shows the Subdistrict’s liability as calculated using the discount rate of 7.25 percent, as well as what the liability would be if it were calculated using a discount rate that is 1% point lower (6.25 percent) or 1% point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability of the SCRS	\$ 4,086,533	\$ 3,243,819	\$ 2,540,525
Proportionate share of the net pension liability of the PORS	9,344,277	6,894,939	4,888,312

NOTE 12 – DEFERRED COMPENSATION PLAN

The Subdistrict offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Sections 457 and 401(k). The plan, available to all Subdistrict employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan is administered by the State of South Carolina Deferred Compensation Commission (SCDCC). The SCDCC also has custody of the plan assets.

NOTE 13 – SEWER REHABILITATION FEES

The Subdistrict has entered into an intergovernmental agreement with Western Carolina Regional Sewer Authority (ReWa) to implement a continuous program of maintenance and management for wastewater collection systems connecting with the ReWa system. The Subdistrict developed a work plan in 2005 approved by ReWa for operation and rehabilitation of the sewer system. This plan was last updated during the year ended June 30, 2016. The updated plan estimates the costs of rehabilitating sewers over approximately 10 years to be approximately \$44,781,500. This number was estimated in a study completed by an outside engineering firm using Subdistrict records.

The Subdistrict accounts for the accumulation of resources for, and payments of, designated sewer rehabilitation maintenance and management projects in connection with this agreement in the Special Revenue Fund.

#### NOTE 13 – SEWER REHABILITATION FEES (CONTINUED)

The “Sewer Service Charge” started on November 1, 2005 and was a fee based on usage. This fee was collected for the Subdistrict by Greenville Water System (“GWS”), but GWS charged the Subdistrict a fee for this service. During 2009, due to increases in the service fee charged by GWS, the Subdistrict changed to a parcel-based fee, which levies a fee to each tax parcel in the sewer service area of the Subdistrict based upon land use of that parcel, and no service fee is charged to the Subdistrict. The sewer fee received for the year ended June 30, 2020 was \$1,947,184. This fee is collected for the Subdistrict by Greenville County as a separate line item on the annual property tax bill. Major construction for this project began during the 2007 – 2008 fiscal year.

#### NOTE 14 – COVID-19 PANDEMIC

On January 30, 2020, the World Health Organization (the “WHO”) announced a global health emergency due to a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spread globally beyond its point of origin in China. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase of exposure globally, including in the United States. The Subdistrict is complying with applicable health safety guidelines issued by US federal, state and local governments. The full impact of the COVID-19 pandemic on the United States and South Carolina continues to evolve as of the date of this report. As such, uncertainty exists regarding the full magnitude the pandemic may have on the Subdistrict’s long-term results of operations, financial condition, liquidity. However, because of Greenville County’s funding commitment, the pandemic is not expected to have a material adverse effect on the Subdistrict’s results of operations, financial condition or liquidity during the fiscal year ending on June 30, 2021.

#### NOTE 15 – UPDATED OTHER INFORMATION SCHEDULES

After the audit report dated November 3, 2020 was issued, management made changes to the Statements of Gross Revenues, Expenditures for Capital Projects and Changes in Fund Balance on page 53 and the Projected Debt Service Coverage of the System on page 54, both of which are supplementary schedules included in the Other Information accompanying the audited financial statements. As such, these schedules were not subject to auditing procedures and are issued for the use of management. None of the changes made to these schedules after November 3, 2020 impacted the audited financial statements.

PARKER SEWER AND FIRE SUBDISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020

	BUDGET			ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	Original	Revisions	Final		
REVENUES:					
Property taxes	\$ 10,738,546	\$ -	\$ 10,738,546	\$ 10,904,043	\$ 165,497
Charges for services:					
Other	1,214,921	-	1,214,921	784,807	(430,114)
Other income:					
Interest	82,000	-	82,000	127,983	45,983
<b>TOTAL REVENUES</b>	<b>12,035,467</b>	<b>-</b>	<b>12,035,467</b>	<b>11,816,833</b>	<b>(218,634)</b>
EXPENDITURES:					
Current:					
General and administrative	4,277,549	-	4,277,549	4,396,727	(119,178)
Public safety	4,739,348	-	4,739,348	4,664,299	75,049
Sewer maintenance	1,780,472	-	1,780,472	915,206	865,266
Fleet maintenance	591,931	-	591,931	427,763	164,168
Debt service:					
Principal	466,884	-	466,884	466,884	-
Interest	69,283	-	69,283	69,283	-
Capital outlays:					
General and administrative	-	-	-	10,970	(10,970)
Public safety	45,000	-	45,000	110,164	(65,164)
Sewer maintenance	65,000	-	65,000	-	65,000
Fleet maintenance	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>12,035,467</b>	<b>-</b>	<b>12,035,467</b>	<b>11,061,296</b>	<b>974,171</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	755,537	755,537
OTHER FINANCING SOURCES (USES):					
Proceeds from disposal	-	-	-	3,700	3,700
Transfers to other funds	-	-	-	(500)	(500)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,200</b>	<b>3,200</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>758,737</b>	<b>\$ 758,737</b>
FUND BALANCE, Beginning of year				8,886,939	
FUND BALANCE, End of year				<u>\$ 9,645,676</u>	

PARKER SEWER AND FIRE SUBDISTRICT

SCHEDULE OF PARKER SEWER AND FIRE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY – SOUTH CAROLINA RETIREMENT SYSTEM  
LAST SEVEN FISCAL YEARS

Only seven years of information is presented as only seven years of data were available.

	Year Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
Parker Sewer and Fire District's Proportion of the Net Pension Liability	0.01421%	0.01430%	0.01380%	0.04516%	0.04449%	\$ 0.04432%	\$ 0.04432%
Parker Sewer and Fire District's Proportionate Share of the Net Pension Liability	\$ 3,243,817	\$ 3,204,263	\$ 3,107,277	\$ 9,645,896	\$ 8,436,984	\$ 7,630,435	\$ 7,949,427
Parker Sewer and Fire District's Covered-Employee Payroll	\$ 1,497,643	\$ 1,481,918	\$ 1,410,525	\$ 4,373,054	\$ 4,160,710	\$ 3,931,909	\$ 4,393,107
Parker Sewer and Fire District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	216.59%	216.22%	220.29%	220.58%	202.78%	194.06%	180.95%
Plan Fiduciary Net Position as a Percentage of the Net Pension Liability	54.40%	54.10%	53.300%	52.900%	57.000%	59.919%	56.388%

PARKER SEWER AND FIRE SUBDISTRICT

SCHEDULE OF PARKER SEWER AND FIRE DISTRICT'S CONTRIBUTIONS  
SOUTH CAROLINA RETIREMENT SYSTEM  
LAST SEVEN FISCAL YEARS

Only seven years of information is presented as only seven years of data were available.

	Year Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 230,863	\$ 218,027	\$ 200,948	\$ 163,057	\$ 483,660	\$ 453,517	\$ 416,782
Contributions in Relation to the Contractually Required Contribution	230,863	218,027	200,948	163,057	483,660	453,517	416,782
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Parker Sewer and Fire District's Covered-Employee Payroll	\$ 1,483,698	\$ 1,497,643	\$ 1,481,918	\$ 1,410,525	\$ 4,373,054	\$ 4,160,710	\$ 3,931,909
Contributions as a Percentage of Covered-Employee Payroll	15.56%	14.56%	13.56%	11.56%	11.06%	10.90%	10.60%

PARKER SEWER AND FIRE SUBDISTRICT

SCHEDULE OF PARKER SEWER AND FIRE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY – POLICE OFFICERS RETIREMENT SYSTEM  
THE LAST THREE FISCAL YEARS

Only three years of information is presented as only three years of data were available.

	Year Ended June 30,		
	2020	2019	2018
Parker Sewer and Fire District's Proportion of the Net Pension Liability	0.240582%	0.243218%	0.22309%
Parker Sewer and Fire District's Proportionate Share of the Net Pension Liability	\$ 6,894,931	\$ 6,891,690	\$ 6,111,686
Parker Sewer and Fire District's Covered-Employee Payroll	\$ 3,489,542	\$ 3,366,505	\$ 3,067,261
Parker Sewer and Fire District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	197.59%	204.71%	199.26%
Plan Fiduciary Net Position as a Percentage of the Net Pension Liability	62.690%	61.700%	62.690%

PARKER SEWER AND FIRE SUBDISTRICT

SCHEDULE OF PARKER SEWER AND FIRE DISTRICT'S CONTRIBUTIONS  
POLICE OFFICERS RETIREMENT SYSTEM  
LAST FOUR FISCAL YEARS

Only four years of information is presented as only four years of data were available.

	Year Ended June 30,			
	2020	2019	2018	2017
Contractually Required Contribution	\$ 679,832	\$ 601,627	\$ 546,721	\$ 424,509
Contributions in Relation to the Contractually Required Contribution	679,832	601,627	546,721	424,509
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Parker Sewer and Fire District's Covered-Employee Payroll	\$ 3,727,149	\$ 3,489,542	\$ 3,366,505	\$ 3,067,261
Contributions as a Percentage of Covered-Employee Payroll	18.24%	17.24%	16.24%	13.84%



REQUIRED SUPPLEMENTARY INFORMATION

PARKER SEWER AND FIRE SUBDISTRICT

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
THE LAST THREE FISCAL YEARS

Only three years of information is presented as only three years of data was available.

	Year Ended June 30,		
	2020	2019	2018
Total OPEB Liability:			
Service Cost	\$ 847,531	\$ 637,602	\$ 915,780
Interest on total OPEB liability	768,637	912,656	848,459
Effect of economic/demographic gains or (losses)	-	(5,451,973)	-
Effect of assumption changes or inputs	5,198,921	2,673,904	(940,109)
Benefit payments	(623,755)	(583,846)	(741,332)
Net change in total OPEB liability	6,191,334	(1,811,657)	82,798
Total OPEB liability, Beginning	21,422,727	23,234,384	23,151,586
Total OPEB liability, Ending	<u>\$ 27,614,061</u>	<u>\$ 21,422,727</u>	<u>\$ 23,234,384</u>
Covered payroll	\$ 4,986,791	\$ 4,986,791	\$ 4,388,400
Total OPEB liability as a % of covered payroll	553.74%	429.59%	529.45%

PARKER SEWER AND FIRE SUBDISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2020

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NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The Subdistrict prepares and adopts an annual budget for the General Fund to provide for operations. The budget is prepared using the modified accrual basis of accounting in conformity with GAAP. Changes, if any, made during the year are approved by the Board of Commissioners. Budgets are not legally required for the Special Revenue Fund.

NOTE 2 – EXCESS EXPENDITURES

General and administrative current expenditures exceeded appropriations by \$119,178. General and administrative and public safety capital outlays exceeded appropriations by \$10,970 and \$65,164, respectively. These excess expenditures were funded by the available fund balance.

NOTE 3 – COVERED-EMPLOYEE PAYROLL

At June 30, 2020, 2019, 2018, 2017, 2016, 2015 and 2014, the Subdistrict reported liabilities for its proportionate share of the net pension liability for the SCRS Plan. The net pension liabilities were measured as of June 30, 2019, 2018, 2017, 2016, 2015, 2014, and 2013, respectively, and the total pension liability used to calculate the net pension liability was determined based on the most recent actuarial valuation report as of July 1, 2018 that was projected forward to the measurement date. For the Schedule of Parker Sewer and Fire Subdistrict's Proportionate Share of the Net Pension Liability – South Carolina Retirement System, the covered-employee payroll amounts are presented as of the Plan measurement dates of June 30, 2019, 2018, 2017, 2016, 2015, 2014 and 2013, respectively, because the amounts are compared with Plan information as of these dates.

On the Schedule of Parker Sewer and Fire Subdistrict's Contributions – South Carolina Retirement System, the amounts presented as covered employee payroll are as of the Subdistrict's years ended June 30, 2020, 2019, 2018, 2017, 2016, 2015, and 2014, respectively, because the amounts are compared to Subdistrict information as of these dates.

At June 30, 2020, 2019 and 2018, the Subdistrict reported a liability for its proportionate share of the net pension liability for the PORS plan. The net pension liabilities were measured as of June 30, 2019, 2018 and 2017 and the total pension liability used to calculate the net pension liability was determined based on the most recent actuarial valuation report as of July 1, 2018 that was projected forward to the measurement date. For the Schedule of Parker Sewer and Fire Subdistrict's Proportionate Share of the Net Pension Liability – Police Officers Retirement System, the covered-employee payroll amounts are presented as of the Plan measurement dates of June 30, 2019, 2018 and 2017, because the amounts are compared with Plan information as of these dates.

On the Schedule of Parker Sewer and Fire Subdistrict's Contributions – Police Officers Retirement System, the amounts presented as covered employee payroll are as of the Subdistrict's years ended June 30, 2020, 2019, 2018 and 2017, because the amounts are compared to Subdistrict information as of these dates.

PARKER SEWER AND FIRE SUBDISTRICT

DETAILED SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020

	BUDGET			ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	Original	Revisions	Final		
CURRENT:					
GENERAL AND ADMINISTRATIVE:					
Healthcare	\$ 1,989,331	\$ -	\$ 1,989,331	\$ 1,254,612	\$ 734,719
S.C. Retirement	305,524	-	305,524	190,346	115,178
Police Officers Retirement System	670,445	-	670,445	679,832	(9,387)
OPEB Healthcare Costs	-	-	-	903,090	(903,090)
Dental insurance program	132,690	-	132,690	123,625	9,065
Social Security and unemployment	440,308	-	440,308	355,511	84,797
Workers' compensation insurance	255,000	-	255,000	171,696	83,304
Attorney fees	10,000	-	10,000	4,329	5,671
Salaries	156,716	-	156,716	151,083	5,633
Life insurance	20,000	-	20,000	17,767	2,233
Professional liability	90,000	-	90,000	108,664	(18,664)
HSA Program	65,540	-	65,540	69,956	(4,416)
Vision Program	21,574	-	21,574	22,190	(616)
Service contracts	42,000	-	42,000	167,299	(125,299)
Auditor fees	16,000	-	16,000	21,000	(5,000)
Commission per diem	10,135	-	10,135	6,361	3,774
Mileage expense	-	-	-	885	(885)
Electricity	8,736	-	8,736	10,386	(1,650)
Fees and assessments	5,500	-	5,500	5,706	(206)
Awards/recognition	12,000	-	12,000	13,129	(1,129)
Computer software/programming	4,400	-	4,400	37,730	(33,330)
Telephone	3,800	-	3,800	25,296	(21,496)
Office supplies	3,500	-	3,500	50,610	(47,110)
Natural gas	1,130	-	1,130	1,200	(70)
Building maintenance	2,500	-	2,500	-	2,500
Water/wastewater	720	-	720	462	258
Office equipment	2,600	-	2,600	1,382	1,218
Data periodicals	500	-	500	110	390
Flowers	300	-	300	-	300
Tuition reimbursement	-	-	-	1,626	(1,626)
Employee training & development	5,900	-	5,900	-	5,900
Certifications/Inspections	500	-	500	-	500
Newspaper ads/notices	200	-	200	844	(644)
	<u>4,277,549</u>	<u>-</u>	<u>4,277,549</u>	<u>4,396,727</u>	<u>(119,178)</u>
PUBLIC SAFETY:					
Salaries	3,672,683	-	3,672,683	3,509,196	163,487
Fire chief	80,000	-	80,000	124,509	(44,509)
Staff personnel	373,007	-	373,007	312,714	60,293
Electricity	41,084	-	41,084	50,897	(9,813)
Fire fighting clothes	67,501	-	67,501	76,334	(8,833)
Fuel – heating	15,987	-	15,987	14,013	1,974
Telephone	27,217	-	27,217	17,934	9,283
Building and vehicle maintenance	75,545	-	75,545	98,548	(23,003)
Fire department equipment	37,555	-	37,555	117,346	(79,791)
Physicals and fitness program	38,400	-	38,400	51,290	(12,890)

PARKER SEWER AND FIRE SUBDISTRICT

DETAILED SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020

	BUDGET			ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	Original	Revisions	Final		
<b>PUBLIC SAFETY (CONTINUED):</b>					
Certifications/inspections	11,180	-	11,180	18,182	(7,002)
Station supplies	18,565	-	18,565	-	18,565
Duncan Chapel utilities	7,200	-	7,200	2,891	4,309
Uniforms	38,700	-	38,700	58,151	(19,451)
Office supplies	8,353	-	8,353	-	8,353
Water/wastewater	9,217	-	9,217	11,307	(2,090)
Radio maintenance	38,230	-	38,230	34,949	3,281
SCBA maintenance	36,128	-	36,128	27,771	8,357
Special supplies	-	-	-	14,760	(14,760)
Employee training	46,600	-	46,600	57,399	(10,799)
Computer software/upgrades	16,780	-	16,780	-	16,780
Fire prevention – safety education	17,016	-	17,016	11,809	5,207
Vehicle maintenance	1,000	-	1,000	-	1,000
Service contracts	32,000	-	32,000	-	32,000
Newspaper ads/notice	400	-	400	-	400
Equipment maintenance	3,000	-	3,000	-	3,000
Deductible damages	2,000	-	2,000	4,518	(2,518)
Professional services	24,000	-	24,000	49,781	(25,781)
	4,739,348	-	4,739,348	4,664,299	75,049
<b>SEWER MAINTENANCE:</b>					
Salaries	1,226,722	-	1,226,722	740,581	486,141
Maintenance material	85,000	-	85,000	85,150	(150)
Superintendent	70,000	-	70,000	47,145	22,855
Contractual services	88,000	-	88,000	-	88,000
Telephone/pagers	27,000	-	27,000	-	27,000
Uniforms	25,000	-	25,000	-	25,000
Warehouse electricity	16,250	-	16,250	-	16,250
Safety equipment	35,000	-	35,000	8,867	26,133
Special supplies	15,000	-	15,000	-	15,000
Computer software	25,000	-	25,000	-	25,000
Employee health	15,000	-	15,000	-	15,000
Cleaning supplies	20,000	-	20,000	-	20,000
Office expenses	13,000	-	13,000	-	13,000
Employee training	20,000	-	20,000	-	20,000
Equipment maintenance	25,000	-	25,000	20,319	4,681
Building/yard maintenance	18,000	-	18,000	-	18,000
Professional services	17,000	-	17,000	-	17,000
Pump stations	12,000	-	12,000	9,768	2,232
Water/wastewater	7,300	-	7,300	-	7,300
Equipment rental	5,000	-	5,000	3,376	1,624
Fuel – heating	1,500	-	1,500	-	1,500
Deductible damages	10,000	-	10,000	-	10,000
Advertising	200	-	200	-	200
Newspaper ads/notices	1,000	-	1,000	-	1,000
Certification/inspections	2,500	-	2,500	-	2,500
	1,780,472	-	1,780,472	915,206	865,266

PARKER SEWER AND FIRE SUBDISTRICT

DETAILED SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020

	BUDGET			ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	Original	Revisions	Final		
<b>FLEET MAINTENANCE:</b>					
Chief mechanic	60,000	-	60,000	60,352	(352)
Salaries	103,521	-	103,521	55,033	48,488
Shop equipment	14,000	-	14,000	6,751	7,249
Equipment maintenance and purchases	5,000	-	5,000	-	5,000
Vehicle maintenance	-	-	-	1,177	(1,177)
Tires	40,000	-	40,000	38,070	1,930
Service contracts	8,000	-	8,000	-	8,000
Electricity	4,480	-	4,480	3,640	840
Phone/pager	2,500	-	2,500	295	2,205
Fuel	105,000	-	105,000	85,553	19,447
Uniforms	3,000	-	3,000	-	3,000
Office/cleaning supplies	4,000	-	4,000	-	4,000
Natural gas	1,500	-	1,500	1,457	43
Water/wastewater	1,430	-	1,430	832	598
Safety equipment	18,000	-	18,000	-	18,000
Computer software/internet	10,000	-	10,000	-	10,000
Employee health	1,500	-	1,500	-	1,500
Parts purchased	110,000	-	110,000	116,085	(6,085)
Equipment rental	500	-	500	-	500
Certifications/inspections	2,500	-	2,500	-	2,500
Building/yard maintenance	25,000	-	25,000	-	25,000
Outsourced service	60,000	-	60,000	58,518	1,482
Employee training	12,000	-	12,000	-	12,000
	<u>591,931</u>	<u>-</u>	<u>591,931</u>	<u>427,763</u>	<u>164,168</u>
<b>DEBT SERVICE:</b>					
Principal	466,884	-	466,884	466,884	-
Interest	69,283	-	69,283	69,283	-
	<u>536,167</u>	<u>-</u>	<u>536,167</u>	<u>536,167</u>	<u>-</u>
<b>CAPITAL OUTLAYS:</b>					
<b>GENERAL AND ADMINISTRATIVE</b>					
Capital O&M	-	-	-	10,970	(10,970)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,970</u>	<u>(10,970)</u>
<b>PUBLIC SAFETY:</b>					
Capital fire	45,000	-	45,000	110,164	(65,164)
	<u>45,000</u>	<u>-</u>	<u>45,000</u>	<u>110,164</u>	<u>(65,164)</u>
<b>SEWER MAINTENANCE:</b>					
Capital O&M	65,000	-	65,000	-	65,000
	<u>65,000</u>	<u>-</u>	<u>65,000</u>	<u>-</u>	<u>65,000</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 12,035,467</u>	<u>\$ -</u>	<u>\$ 12,035,467</u>	<u>\$ 11,061,296</u>	<u>\$ 974,171</u>

PARKER SEWER AND FIRE SUBDISTRICT

DETAILED SCHEDULE OF EXPENDITURES  
FIRE AND SEWER ALLOCATIONS – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020

	ALLOCATED		TOTAL
	FIRE	SEWER	
CURRENT:			
GENERAL AND ADMINISTRATIVE:			
Healthcare	\$ 915,867	\$ 338,745	\$ 1,254,612
S.C. Retirement	138,953	51,393	190,346
Police Officers Retirement System	496,277	183,555	679,832
OPEB healthcare costs	659,256	243,834	903,090
Dental insurance program	90,246	33,379	123,625
Social Security and unemployment	259,523	95,988	355,511
Workers' compensation insurance	125,338	46,358	171,696
Attorney fees	3,160	1,169	4,329
Salaries	110,291	40,792	151,083
Life insurance	12,970	4,797	17,767
Professional liability	79,325	29,339	108,664
HSA program	51,068	18,888	69,956
Vision program	16,199	5,991	22,190
Service contracts	122,128	45,171	167,299
Auditor fees	15,330	5,670	21,000
Commission per diem	4,644	1,717	6,361
Mileage expense	646	239	885
Electricity	7,582	2,804	10,386
Fees and assessments	4,165	1,541	5,706
Awards/recognition	9,584	3,545	13,129
Computer software/programming	27,543	10,187	37,730
Telephone	18,466	6,830	25,296
Office supplies	36,945	13,665	50,610
Natural gas	876	324	1,200
Water/wastewater	337	125	462
Office equipment	1,009	373	1,382
Data periodicals	80	30	110
Tuition reimbursement	1,187	439	1,626
Newspaper ads/notices	616	228	844
	3,209,611	1,187,116	4,396,727

PARKER SEWER AND FIRE SUBDISTRICT

DETAILED SCHEDULE OF EXPENDITURES  
 FIRE AND SEWER ALLOCATIONS – GENERAL FUND (CONTINUED)  
 FOR THE YEAR ENDED JUNE 30, 2020

	ALLOCATED		TOTAL
	FIRE	SEWER	
<b>PUBLIC SAFETY:</b>			
Salaries	3,509,196	-	3,509,196
Fire chief	124,509	-	124,509
Staff personnel	312,714	-	312,714
Electricity	50,897	-	50,897
Fire fighting clothes	76,334	-	76,334
Fuel – heating	14,013	-	14,013
Telephone	17,934	-	17,934
Building and vehicle maintenance	98,548	-	98,548
Fire department equipment	117,346	-	117,346
Physicals and fitness program	51,290	-	51,290
Certifications/inspections	18,182	-	18,182
Duncan Chapel utilities	2,891	-	2,891
Uniforms	58,151	-	58,151
Water/wastewater	11,307	-	11,307
Radio maintenance	34,949	-	34,949
SCBA maintenance	27,771	-	27,771
Special supplies	14,760	-	14,760
Employee training	57,399	-	57,399
Fire prevention – safety education	11,809	-	11,809
Deductible damages	4,518	-	4,518
Professional services	49,781	-	49,781
	4,664,299	-	4,664,299
<b>SEWER MAINTENANCE:</b>			
Salaries	-	740,581	740,581
Maintenance material	-	85,150	85,150
Superintendent	-	47,145	47,145
Safety equipment	-	8,867	8,867
Equipment maintenance	-	20,319	20,319
Pump stations	-	9,768	9,768
Equipment rental	-	3,376	3,376
	-	915,206	915,206

SUPPLEMENTARY INFORMATION

PARKER SEWER AND FIRE SUBDISTRICT

DETAILED SCHEDULE OF EXPENDITURES  
FIRE AND SEWER ALLOCATIONS – GENERAL FUND (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020

	ALLOCATED		TOTAL
	FIRE	SEWER	
<b>FLEET MAINTENANCE:</b>			
Chief mechanic	36,211	24,141	60,352
Salaries	33,020	22,013	55,033
Shop equipment	4,051	2,700	6,751
Vehicle maintenance	706	471	1,177
Tires	22,842	15,228	38,070
Electricity	2,184	1,456	3,640
Phone/pager	177	118	295
Fuel	51,332	34,221	85,553
Natural gas	874	583	1,457
Water/wastewater	499	333	832
Parts purchased	69,651	46,434	116,085
Outsourced service	35,111	23,407	58,518
	256,658	171,105	427,763
<b>DEBT SERVICE:</b>			
Principal	340,825	126,059	466,884
Interest	50,577	18,706	69,283
	391,402	144,765	536,167
<b>CAPITAL OUTLAYS:</b>			
General and administrative	8,008	2,962	10,970
Public safety	110,164	-	110,164
	118,172	2,962	121,134
<b>TOTAL EXPENDITURES</b>	<b>\$ 8,640,142</b>	<b>\$ 2,421,154</b>	<b>\$ 11,061,296</b>



PARKER SEWER AND FIRE SUBDISTRICT

STATEMENTS OF GROSS REVENUES, EXPENDITURES FOR CAPITAL PROJECTS AND  
CHANGES IN FUND BALANCE  
FOR THE YEARS ENDED JUNE 30, 2016 THROUGH JUNE 30, 2020

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>REVENUES:</b>					
Charges for services:					
Sewer rehabilitation charges	\$ 1,925,756	\$ 1,927,917	\$ 1,959,499	\$ 1,941,858	\$ 1,947,184
Sewer capital fee	-	-	-	-	1,103,941
Other	2,151	-	9,780	-	104,580
Other income:					
Interest	3,565	2,658	50,579	59,093	78,476
Sewer account charges	76,200	61,950	110,325	103,250	215,725
<b>TOTAL REVENUES</b>	<u>2,007,672</u>	<u>1,992,525</u>	<u>2,130,183</u>	<u>2,104,201</u>	<u>3,449,906</u>
<b>EXPENDITURES:</b>					
Current:					
General and administrative	35,382	79,861	93,409	130,973	15,346
Sewer maintenance	374,210	457,509	581,061	588,914	566,393
Debt service:					
Principal	-	251,005	507,264	513,558	409,170
Interest	-	52,162	241,284	312,154	449,860
Capital outlays:					
Sewer maintenance	1,328,118	3,536,722	4,339,832	2,998,337	4,424,764
<b>TOTAL EXPENDITURES</b>	<u>1,737,710</u>	<u>4,377,259</u>	<u>5,762,850</u>	<u>4,543,936</u>	<u>5,865,533</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>269,962</u>	<u>(2,384,734)</u>	<u>(3,632,667)</u>	<u>(2,439,735)</u>	<u>(2,415,627)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Capital lease proceeds	1,531,000	-	-	-	-
Bond proceeds	-	8,560,000	-	-	8,125,000
Bond premium	-	131,545	-	-	556,442
Bond issuance costs	-	(294,565)	-	(169,119)	(240,195)
Transfers in	-	-	-	-	500,000
Transfers out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<u>1,531,000</u>	<u>8,396,980</u>	<u>-</u>	<u>(169,119)</u>	<u>8,941,247</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 1,800,962</u>	<u>\$ 6,012,246</u>	<u>\$ (3,632,667)</u>	<u>\$ (2,608,854)</u>	<u>\$ 6,525,620</u>
FUND BALANCES, Beginning of year	\$ 3,505,914	\$ 5,306,876	\$ 11,319,122	\$ 7,686,455	\$ 5,077,601
FUND BALANCES, End of year	\$ 5,306,876	\$ 11,319,122	\$ 7,686,455	\$ 5,077,601	\$ 11,603,221

PARKER SEWER AND FIRE SUBDISTRICT

PROJECTED DEBT SERVICE COVERAGE OF THE SYSTEM  
FOR FISCAL YEARS ENDING JUNE 30

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	<u>2020 ACTUAL</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
GROSS REVENUES	3,449,906	3,501,655	3,554,179	3,607,492	3,661,604	3,716,529
ANNUAL PRINCIPAL & INTEREST REQUIREMENTS	676,463	937,369	942,169	936,519	934,219	938,819
COVERAGE	5.10	3.74	3.77	3.85	3.92	3.96