

PARKER SEWER AND FIRE SUBDISTRICT

GREENVILLE, SOUTH CAROLINA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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, 2021, 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, 2021, 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, presented on pages i – ix, 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 42, the Schedule of Parker Sewer and Fire Subdistrict's Proportionate Share of the Net Pension Liability – South Carolina Retirement System on page 43, Schedule of Parker Sewer and Fire Subdistrict's Contributions – South Carolina Retirement System on page 44, Schedule of Parker Sewer and Fire Subdistrict's Proportionate Share of the Net Pension Liability – Police Officers Retirement System on page 45, Schedule of Parker Sewer and Fire Subdistrict's Contributions – Police Officers Retirement System on page 46, Schedule of Changes in Total OPEB Liability and Related Ratios on page 47 and the Notes to Required Supplementary Information on pages 48 – 49 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 50 through 59 are presented for purposes of additional analysis and are not a required part of the financial statements.

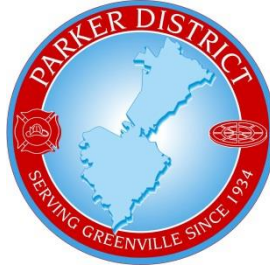
This other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Bradshaw, Gordon & Chickensaw, LLC

December 17, 2021

PARKER SEWER & FIRE SUBDISTRICT
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MANAGEMENT’S DISCUSSION AND ANALYSIS

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, 2021. 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 – 41.

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 42, the Schedule of Parker Sewer and Fire Subdistrict's Proportionate Share of the Net Pension Liability – South Carolina Retirement System, found on page 43, the Schedule of Parker Sewer and Fire Subdistrict's Contributions – South Carolina Retirement System, found on page 44, the Schedule of Parker Sewer and Fire Subdistrict's Proportionate Share of the Net Pension Liability – Police Officers Retirement System, found on page 45, the Schedule of Parker Sewer and Fire Subdistrict's Contributions – Police Officers Retirement System, found on page 46, and the Schedule of Changes in Total OPEB Liability and Related Ratios, found on page 47, as well as the notes to required supplementary information on pages 48 – 49.

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 50 – 53 and The Detailed Schedule of Expenditures – Fire and Sewer Allocations – General Fund is found on pages 54 – 57, the Statements of Gross Revenues, Expenditures for Capital Projects and Changes in Fund Balance is found on page 58 and the Projected Debt Service Coverage of the System is found on page 59.

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, 2021 and 2020.

- 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 \$32,390,343 at the current discount rate of 2.14%.
- Total Property Taxes received in the year ended June 30, 2021 were \$12,636,668 as compared to \$10,809,563 in the year ended June 30, 2020; Total Sewer Rehabilitation Charges in the year ended June 30, 2021 were \$2,004,029 as compared to \$1,971,381 in the year ended June 30, 2020. Total Sewer Capital Fee charges in the year ended June 30, 2021 were \$1,175,311 as compared to \$1,103,941 in the year ended June 30, 2020.
- Unassigned Fund Balance in the General Fund for the year ended June 30, 2021 was \$10,129,533 as compared to \$9,616,896 in the year ended June 30, 2020. Restricted Fund Balance in the Special Revenue Fund for the year ended June 30, 2021 was \$15,519,861 as compared to \$9,731,211 in the year ended June 30, 2020. The increase in the Restricted Fund Balance is attributable mainly to the receipt of bond proceeds from the sewer system Revenue Bonds Series 2021, and the reduction of proceeds from the Master Lease Agreement 2016 and the Revenue Bonds Series 2019, 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, 2021 was \$838,831 as compared to \$605,036 for the year ended June 30, 2020. This increase is due to collection of fees for the entire 12 month cycle vs. last year.

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, 2021 and 2020 as derived from the government-wide Statement of Net Position.

	Governmental Activities		Change
	2021	2020	
Assets:			
Cash and investments – unrestricted	\$ 9,957,117	\$ 10,019,231	\$ (62,114)
Cash – restricted	16,312,308	10,278,584	6,033,724
Other current assets	1,090,985	559,454	531,531
Noncurrent assets	35,244,933	32,676,205	2,568,728
Total Assets	<u>62,605,343</u>	<u>53,533,474</u>	<u>9,071,869</u>
Deferred Outflows of Resources	<u>10,092,448</u>	<u>8,937,708</u>	<u>1,154,740</u>
Liabilities:			
Current liabilities	650,871	692,926	(42,055)
Long term liabilities (due within one year)	1,451,115	1,581,535	(130,420)
Long term liabilities (due in more than one year)	69,982,810	56,685,480	13,297,330
Total Liabilities	<u>72,084,796</u>	<u>58,959,941</u>	<u>13,124,855</u>
Deferred Inflows of Resources	<u>3,138,790</u>	<u>5,657,185</u>	<u>(2,518,395)</u>
Net Position:			
Net investment in capital assets	18,342,123	17,723,917	618,206
Restricted for sewer rehabilitation projects	6,443,437	4,578,042	1,865,395
Unrestricted	<u>(27,311,355)</u>	<u>(24,447,903)</u>	<u>(2,863,452)</u>
Total Net Position	<u>\$ (2,525,795)</u>	<u>\$ (2,145,944)</u>	<u>\$ (379,851)</u>

For the year ended June 30, 2021, total assets and liabilities of the District were \$62,605,343 and \$72,084,796, respectively. After considering Deferred Inflows and Deferred Outflows of Resources and new investments, Net Position decreased by \$379,851 to (\$2,525,795).

Overall, the Subdistrict's total 2021 liabilities increased by 22.26%, or a net amount of \$13,124,855 over 2020 amounts. The increase was attributable mainly to the changes in the total OPEB liability of \$4,776,282 and the issuance of the Revenue Bonds Series 2021.

Management's Discussion and Analysis
For the year ended June 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following table presents Parker Sewer and Fire Subdistrict's Statement of Activities respectively for the years June 30, 2021 and 2020, respectively as derived from the government-wide Statement of Activities.

Function/Program Revenues:	Governmental Activities		
	2021	2020	Changes
General and administrative	\$ 357,376	\$ 888,124	\$ (530,748)
Operating grants	409,418	-	409,418
Sewer maintenance	2,004,029	1,971,381	32,648
Sewer capital fee	1,175,311	1,103,941	71,370
Total Governmental Activities	3,946,134	3,963,446	(17,312)
General Revenues:			
Property taxes	12,636,668	10,809,563	1,827,105
Interest	22,200	206,460	(184,260)
Gain on Sale of Assets	235,207	3,700	231,507
Total General Revenues	12,894,075	11,019,723	1,874,352
Program Expenses:			
General and administrative	7,190,608	6,127,307	1,063,301
Public safety	6,090,973	5,385,095	705,878
Sewer maintenance	2,553,597	2,130,479	423,118
Fleet maintenance	467,084	439,713	27,371
Interest on long-term liabilities	690,668	587,081	103,587
Bond issuance costs	227,130	240,195	(13,065)
Total Expenses	17,220,060	14,909,870	2,310,190
Change in Net Position	(379,851)	73,299	(453,150)
Net Position, Beginning of Year	(2,145,944)	(2,219,243)	73,299
Net Position, End of Year	\$ (2,525,795)	\$ (2,145,944)	\$ (379,851)

For the District, General Revenues were \$12,894,075. General Revenues increased \$1,874,352 from the prior year primarily due to increases in property valuations from revitalization efforts in the district. Additional revenues included \$2,004,029 for Sewer Rehabilitation charges, \$1,175,311 for Sewer Capital Fee charges, \$357,376 for General and Administrative services, and \$409,418 in Grant revenue. Net Governmental Activities for the year were (\$13,273,926) as compared to (\$10,946,424) in the previous year. Overall net position decreased by \$379,851.

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 \$26,517,594.

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 \$10,158,902 at June 30, 2021, an increase of \$513,226. 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 \$15,519,861 at June 30, 2021, an increase of \$5,788,650 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 \$838,831, At June 30, 2021, an increase of \$233,795. Increases and decreases are based on 37% of the Rehab taxes recieved.

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 \$513,226 through the fiscal year 2021 from \$9,645,676 in 2020. The unassigned fund balance increased from \$9,616,896 to \$10,129,533, an increase of \$512,637. 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 access 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 \$16,572,543 for the General Fund, Special Revenue fund, and Sewer Capital Fee fund combined. Total expenditures were \$18,716,888. Fund balance increased during the year ended June 30, 2021 by \$6,535,671, compared to an increase of \$6,569,132 during the year ended June 30, 2020.

CAPITAL ASSETS

As of June 30, 2021, the District had a net investment in capital assets not being depreciated of \$10,555,543, 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 \$24,689,390. 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 \$221,419 of large equipment
- Purchase of \$143,893 of trucks
- Partial completion of \$3,413,800 of infrastructure construction in process
- Disposal of \$414,475 of a building, which had \$410,985 of depreciation charged against it at time of disposal

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Capital Assets, net of depreciation:		
Land	\$ 336,750	\$ 336,750
Infrastructure construction in progress	10,218,793	6,804,993
Buildings	2,939,954	3,092,399
Small equipment	120,942	211,593
Large equipment	914,572	821,069
Trucks	420,759	364,413
Fire and emergency vehicles	2,018,853	2,296,127
Infrastructure	18,205,529	18,623,031
Intangibles	<u>68,781</u>	<u>125,830</u>
 Total Capital Assets, Net of Depreciation	 <u>\$ 35,244,933</u>	 <u>\$ 32,676,205</u>

BUDGET VARIANCES

Revenues had an overall positive variance of \$1,610,257 from budgeted amount of \$11,776,220; including a positive variance of \$1,109,023 from the collection of property taxes, and a positive variance of \$409,417 for grant revenue over the year ended June 30, 2021.

Current expenditures including general and administrative, public safety, sewer maintenance and fleet maintenance had an overall positive variance of \$1,219,685. Capital outlay expenditures had a negative variance of \$20,637 comprised of general and administrative, public safety, sewer maintenance, and fleet maintenance expenditures. The total overall positive variance for expenditures was \$208,089 from the final budgeted amounts of \$13,320,037. Overall net change in fund balance had a positive variance of \$1,204,222, resulting from a \$513,226 increase in fund balance as opposed to the budgeted decrease of \$690,996 for the year ended June 30, 2021.

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 stayed at 18.24% of the total wages of eligible firefighters participating in PORS, while costs for employees participating in SCRS stayed at 15.56% of total wages. These rates were effective July 1, 2020.

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, 2021

	Primary Government Governmental Activities
ASSETS:	
Cash and investments – unrestricted	\$ 9,957,117
Cash – restricted	15,795,010
Escrow funds – restricted	517,298
Taxes receivable, net	664,872
Rehab fees receivable – restricted	29,222
Sewer capital fees receivable – restricted	17,162
Grants receivable	350,360
Other current assets	29,369
Noncurrent assets:	
Capital assets not being depreciated	10,555,543
Capital assets being depreciated, net of accumulated depreciation	24,689,390
Total Assets	<u>62,605,343</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred pension charges	2,840,929
Deferred other postemployment benefit (OPEB) charges	7,251,519
Total Deferred Outflows of Resources	<u>10,092,448</u>
LIABILITIES:	
Accounts payable and accrued expenses	334,010
Accrued payroll and related expenses	316,861
Long-term liabilities:	
Due within one year:	
Capital lease obligations	119,611
Bonds payable	455,000
Deferred amortizable bond premium	40,715
Compensated absences	625,627
Interest	190,362
Other liabilities	19,800
Due in more than one year:	
Capital lease obligations	1,011,290
Bonds payable	23,875,000
Deferred amortizable bond premium	1,126,085
Net pension liability	11,580,092
Net other post employment benefits (OPEB) liability	32,390,343
Total Liabilities	<u>72,084,796</u>

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

PARKER SEWER AND FIRE SUBDISTRICT

STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2021

DEFERRED INFLOWS OF RESOURCES:

Deferred pension credits	354,549
Deferred OPEB credits	<u>2,784,241</u>
Total Deferred Inflows of Resources	<u>3,138,790</u>

NET POSITION:

Net investment in capital assets	18,342,123
Restricted for:	
Sewer rehabilitation projects	6,443,437
Unrestricted	<u>(27,311,355)</u>
Total Net Position	<u>\$ (2,525,795)</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, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
<u>Functions/Programs:</u>					
Governmental Activities:					
General and administrative	\$ 7,190,608	\$ 357,376	\$ -	\$ -	\$ (6,833,232)
Public safety	6,090,973	-	409,418	-	(5,681,555)
Sewer maintenance	2,553,597	2,004,029	-	-	(549,568)
Sewer capital fee	-	1,175,311	-	-	1,175,311
Fleet maintenance	467,084	-	-	-	(467,084)
Interest on long-term liabilities	690,668	-	-	-	(690,668)
Bond issuance costs	227,130	-	-	-	(227,130)
	<u>\$ 17,220,060</u>	<u>\$ 3,536,716</u>	<u>\$ 409,418</u>	<u>\$ -</u>	<u>(13,273,926)</u>
General Revenues:					
Property taxes					12,636,668
Interest					22,200
Gain on sale of assets					235,207
					<u>12,894,075</u>
CHANGE IN NET POSITION					(379,851)
NET POSITION, Beginning of year					<u>(2,145,944)</u>
NET POSITION, End of Year					<u>\$ (2,525,795)</u>

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

PARKER SEWER AND FIRE SUBDISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>ASSETS</u>			
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Sewer Capital Fee Fund</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and investments	\$ 9,957,117	\$ 14,973,341	\$ 821,669	\$ 25,752,127
Escrow funds	-	517,298	-	517,298
Taxes/fees receivable	664,872	29,222	17,162	711,256
Grants receivable	350,360	-	-	350,360
Prepaid expenses	29,369	-	-	29,369
TOTAL ASSETS	\$ 11,001,718	\$ 15,519,861	\$ 838,831	\$ 27,360,410

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	\$ 334,010	\$ -	\$ -	\$ 334,010
Accrued payroll and related expenses	316,861	-	-	316,861
Other liabilities	19,800	-	-	19,800
TOTAL LIABILITIES	670,671	-	-	670,671
DEFERRED INFLOWS OF RESOURCES:				
Deferred property taxes	172,145	-	-	172,145
FUND BALANCES:				
Nonspendable:				
Prepaid expenses	29,369	-	-	29,369
Restricted for:				
Capital projects	-	15,519,861	838,831	16,358,692
Unassigned	10,129,533	-	-	10,129,533
TOTAL FUND BALANCES	10,158,902	15,519,861	838,831	26,517,594
TOTAL LIABILITIES AND FUND BALANCES	\$ 11,001,718	\$ 15,519,861	\$ 838,831	\$ 27,360,410

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

PARKER SEWER AND FIRE SUBDISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2021

Total fund balances, from page 6	\$ 26,517,594
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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, and intangibles, net of accumulated depreciation of \$12,170,923	35,244,933
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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.	(9,093,712)
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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.	(27,923,065)
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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	(625,627)
Capital lease obligations	(1,130,901)
Interest	(190,362)
Bonds payable	(24,330,000)
Deferred amortizable bond premium	(1,166,800)

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>172,145</u>
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Total Net Position of Governmental Activities	<u><u>\$ (2,525,795)</u></u>
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PARKER SEWER AND FIRE SUBDISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Special Revenue Fund	Sewer Capital Fee Fund	Total Governmental Funds
REVENUES:				
Property taxes	\$ 12,627,143	\$ -	\$ -	\$ 12,627,143
Charges for services:				
Sewer rehabilitation charges	-	2,004,029	-	2,004,029
Sewer capital fee charges	-	-	1,175,311	1,175,311
Other sewer charges	115,411	-	-	115,411
Reinspection fees	11,025	-	-	11,025
Accident/fire response fee	58,126	-	-	58,126
New account fees	51,054	-	-	51,054
Other	97,596	1,231	-	98,827
Other income:				
Grant revenue	409,417	-	-	409,417
Interest	16,705	4,976	519	22,200
TOTAL REVENUES	13,386,477	2,010,236	1,175,830	16,572,543
EXPENDITURES:				
Current:				
General and administrative	4,342,884	73,393	120,475	4,536,752
Public safety	5,461,076	-	-	5,461,076
Sewer maintenance	1,083,585	641,717	287,390	2,012,692
Fleet maintenance	453,022	-	-	453,022
Debt service:				
Principal	1,460,711	340,000	-	1,800,711
Interest	76,173	597,350	-	673,523
Capital outlays:				
Public safety	184,726	-	-	184,726
Fleet maintenance	49,771	-	-	49,771
Sewer maintenance	-	3,510,445	34,170	3,544,615
TOTAL EXPENDITURES	13,111,948	5,162,905	442,035	18,716,888
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	274,529	(3,152,669)	733,795	(2,144,345)
OTHER FINANCING SOURCES (USES):				
Proceeds from bond issuance	-	8,135,000	-	8,135,000
Proceeds from bond premium	-	533,449	-	533,449
Proceeds from disposal	238,697	-	-	238,697
Bond issuance costs	-	(227,130)	-	(227,130)
Transfers out	-	-	(500,000)	(500,000)
Transfers in	-	500,000	-	500,000
TOTAL OTHER FINANCING SOURCES AND USES	238,697	8,941,319	(500,000)	8,680,016
NET CHANGE IN FUND BALANCES	513,226	5,788,650	233,795	6,535,671
FUND BALANCES, Beginning of year	9,645,676	9,731,211	605,036	19,981,923
FUND BALANCES, End of year	\$ 10,158,902	\$ 15,519,861	\$ 838,831	\$ 26,517,594

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, 2021

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, 2021:

Net change in fund balances – total governmental funds	\$ 6,535,671
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.	9,525
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 (\$3,779,112) exceeded depreciation (\$1,206,894) in the current year.	2,572,218
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.	(87,335)
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.	(2,252,051)
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.	(292,439)
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.	(17,145)
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, 2021.	(6,334,289)
Governmental funds report only proceeds received from the sale or involuntary conversion of capital assets, without any consideration for the net book value of the asset(s) that were sold/dispensed. The Statement of Activities reports gains or losses based on the proceeds received less the net book value of the asset(s) sold/dispensed.	(3,490)
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>(510,516)</u>
Total Change in Net Position of Governmental Activities	<u>\$ (379,851)</u>

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

PARKER SEWER AND FIRE SUBDISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The decision to include any potential component units in the Subdistrict’s reporting entity was based on the following criteria:

- 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 and infrastructure construction 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/bond 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, 2021 consist of cash and fees receivable totaling \$16,358,692 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, 2021. 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, 2021. 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, 2021 the Subdistrict had the following investments as defined by GASB:

Investment Type	Credit Rating ⁽¹⁾	Fair Value Level ⁽²⁾	Fair Value	Percentage of Total Investments	Weighted Average Maturity (in Years)
Money Market Mutual Funds	AAAm, AAA-mf, AAAmmf	1	\$ 9,589,376	51.5%	0.07

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

⁽²⁾ 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, 2021, 48.5% of the Subdistrict's investments were in the State of South Carolina Local Government Investment Pool, while the remaining 51.5% were held at US Bank in Money Market Mutual Funds.

The Subdistrict had the following investments and cash at June 30, 2021:

Investments:

State of South Carolina Local Government Investment Pool (Maturity of less than one year)	\$ 9,027,805
Money Market Mutual Funds	<u>9,589,376</u>
Total Investments	18,617,181
Cash	<u>7,652,244</u>
Total Investments and Cash	<u><u>\$ 26,269,425</u></u>

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

Cash and investments – unrestricted	\$ 9,957,117
Cash – restricted	15,795,010
Escrow funds – restricted	<u>517,298</u>
	<u><u>\$ 26,269,425</u></u>

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, 2021.

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, 2021:

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	\$ 9,027,805	\$ -	\$ 9,027,805
Money market mutual funds	9,589,376	9,589,376	-
Total Investments at Fair Value	<u>\$ 18,617,181</u>	<u>\$ 9,589,376</u>	<u>\$ 9,027,805</u>

The Subdistrict had no Level 3 assets or liabilities at June 30, 2021.

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, 2021, the assessed value was approximately \$127 million at a rate of 96.6 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, 2021 totaled \$711,256, which includes \$29,222 in rehab taxes receivable and \$17,162 in sewer capital fee receivable, is composed of gross property taxes of \$835,935 less an allowance for estimated uncollectible property taxes of \$124,679. Delinquent property taxes of \$539,111 have been recognized as revenue at June 30, 2021 because they had been received by the Subdistrict within 60 days of year-end. The remaining delinquent property tax receivable of \$172,145 has been recorded by the Subdistrict as deferred property taxes at June 30, 2021 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, 2021:

	July 1, 2020	Additions	Transfers	Disposals	June 30, 2021
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 336,750	\$ -	\$ -	\$ -	\$ 336,750
Infrastructure construction in progress	6,804,993	3,413,800	-	-	10,218,793
Total Capital Assets Not Being Depreciated	7,141,743	3,413,800	-	-	10,555,543
Capital assets being depreciated:					
Buildings	6,131,654	-	-	(414,475)	5,717,179
Small equipment	1,633,471	-	-	-	1,633,471
Large equipment	2,272,134	221,419	-	-	2,493,553
Trucks	1,146,365	143,893	-	-	1,290,258
Fire and emergency vehicles	4,637,977	-	-	-	4,637,977
Infrastructure	20,823,399	-	-	-	20,823,399
Intangible asset – software	189,000	-	-	-	189,000
Intangible asset – loan and bond issue costs	75,476	-	-	-	75,476
Total Capital Assets Being Depreciated	36,909,476	365,312	-	(414,475)	36,860,313
Less accumulated depreciation:					
Buildings	3,039,255	148,955	-	(410,985)	2,777,225
Small equipment	1,421,878	90,651	-	-	1,512,529
Large equipment	1,451,065	127,916	-	-	1,578,981
Trucks	781,952	87,547	-	-	869,499
Fire and emergency vehicles	2,341,850	277,274	-	-	2,619,124
Infrastructure	2,200,368	417,502	-	-	2,617,870
Intangible asset – software	100,044	52,533	-	-	152,577
Intangible asset – loan and bond issue costs	38,602	4,516	-	-	43,118
Total Accumulated Depreciation	11,375,014	1,206,894	-	(410,985)	12,170,923
Total Capital Assets Being Depreciated, Net	25,534,462	(841,582)	-	(3,490)	24,689,390
Governmental Activities Capital Assets, Net	\$ 32,676,205	\$ 2,572,218	\$ -	\$ (3,490)	\$ 35,244,933

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		\$ 16,989
Public safety		547,168
Sewer maintenance		631,079
Fleet maintenance		<u>11,658</u>
		<u>\$ 1,206,894</u>

NOTE 6 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2021 was as follows:

	July 1, 2020	Additions	Reductions	June 30, 2021	Amount due in one year
Governmental activities:					
Long-term liabilities:					
Compensated absences	\$ 538,292	\$ 87,335	\$ -	\$ 625,627	\$ 625,627
Net OPEB liability	27,614,061	4,776,282	-	32,390,343	-
Net pension liability	10,138,748	1,441,344	-	11,580,092	-
Capital lease obligations	2,591,612	-	(1,460,711)	1,130,901	119,611
Series 2017 revenue bonds	8,560,000	-	(200,000)	8,360,000	205,000
Series 2019 revenue bonds	7,975,000	-	(140,000)	7,835,000	150,000
Series 2021 revenue bonds	-	8,135,000	-	8,135,000	100,000
Deferred amortizable bond premium	<u>656,284</u>	<u>533,449</u>	<u>(22,933)</u>	<u>1,166,800</u>	<u>40,715</u>
Governmental Activities	<u>\$ 58,073,997</u>	<u>\$ 14,973,410</u>	<u>\$ (1,823,644)</u>	<u>\$ 71,223,763</u>	<u>\$ 1,240,953</u>
Long-term Liabilities					

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%. This lease agreement was paid off early during the year ended June 30, 2021. Interest expense for the year ended June 30, 2021 was \$26,780 and is included in interest on long-term liabilities in the accompanying Statement of Activities.

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

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 \$1,483,361. Interest expense for the year ended June 30, 2021 was \$49,393 and is included in interest on long-term liabilities in the accompanying Statement of Activities. As of June 30, 2021, the outstanding balance was \$1,130,901.

The remaining capital lease will be liquidated by the General Fund. Future minimum payments under capital leases at June 30, 2021, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 119,611	\$ 13,757	\$ 133,368
2023	243,808	22,927	266,735
2024	249,727	17,009	266,736
2025	255,755	10,981	266,736
2026	262,000	4,738	266,738
	<u>\$ 1,130,901</u>	<u>\$ 69,412</u>	<u>\$ 1,200,313</u>

Following is a summary of the capital assets held under the capital leases at June 30, 2021:

Fire engines and emergency vehicles	\$ 1,911,700
Less accumulated depreciation	<u>428,339</u>
Net Capital Assets Held Under Capital Leases	<u>\$ 1,483,361</u>

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, 2021 was \$303,540. 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, 2021 was \$293,810. The Series 2019 Revenue Bonds are secured solely by the Pledged Revenues.

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

In February 2021, Parker Sewer and Fire Subdistrict issued \$8,135,000 sewer system Revenue Bonds Series 2021 (the “Series 2021 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 2021 Revenue Bonds. The principal is payable annually on April 1, beginning in 2022, in incrementally increasing installments through 2051. Interest is payable semi-annually on April 1 and October 1, at interest rates yielding between 0.17% to 2.16% through 2049. There was no interest expense for the year ended June 30, 2021 as the first payment is not due until October 2021. The Series 2021 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
2022	\$ 455,000	\$ 831,040
2023	490,000	791,369
2024	505,000	775,169
2025	520,000	760,719
2026	530,000	743,518
2027 – 2031	3,010,000	3,398,245
2032 – 2036	3,555,000	2,830,596
2037 – 2041	4,275,000	2,125,450
2042 – 2046	5,055,000	1,343,985
2047 – 2051	5,935,000	466,981
	\$ 24,330,000	\$ 14,067,072

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. The sales proceeds from the 2021 bond issuance totaled \$8,668,449, producing a bond premium of \$533,449, which is amortized over the life of the debt offsetting the interest expense. As of June 30, 2021, the balance of the bond premiums was \$1,166,800.

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

Future amortization of the bond premiums is as follows:

2022	\$ 40,715
2023	40,715
2024	40,715
2025	40,715
2026	40,715
2027 – 2031	203,573
2032 – 2036	203,573
2037 – 2041	203,573
2042 – 2046	203,573
2047 – 2051	148,933
	\$ 1,166,800

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, 2021, the valuation date was July 1, 2020, and the measurement date was June 30, 2021. There have been no significant changes between the valuation date and fiscal year end.

As of the valuation date, the participant data was:

Actives	102
Retirees	62
Beneficiaries	-
Spouses of Retirees	16
	<hr/>
Total	180
	<hr/> <hr/>

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

Total OPEB liability	\$ 32,390,343
Covered payroll	4,652,976
Total OPEB liability as percentage of covered payroll	696.12%

Actuarial Assumptions: The discount rate used for June 30, 2021 was 2.14%. The 20 Year Tax-Exempt Municipal Bond Yield used for June 30, 2021 was also 2.14%. 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	2.14%
Inflation	2.30%
Medical Trend Rate	Pre-Medicare: 5.1% – 3.9% over 53 years Post-Medicare: 5.1% – 3.9% over 53 years
Projected salary increases including inflation	Graded Scale based on service

Changes in total OPEB liability: The changes in the total OPEB liability for the year ended June 30, 2021 are presented in the table below:

Balance as of June 30, 2020	\$ 27,614,061
Changes for the year:	
Service costs	1,509,270
Interest on total OPEB liability	634,342
Effect of plan changes	-
Effect of economic/demographic gains or losses	289,483
Effect of assumptions changes or inputs	3,188,024
Benefit payments	<u>(844,837)</u>
Balance as of June 30, 2021	<u><u>\$ 32,390,343</u></u>

Sensitivity Analysis: The following table presents the total OPEB liability of the Subdistrict, calculated using the discount rate of 2.14%, 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.

	1% Decrease (1.14%)	Current Discount Rate (2.14%)	1% Increase (3.14%)
	<u> </u>	<u> </u>	<u> </u>
Total OPEB Liability	\$ 38,594,820	\$ 32,390,343	\$ 27,559,172

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	\$ 26,728,812	\$ 32,390,343	\$ 39,930,623

For the year ended June 30, 2021, OPEB expense was calculated as follows:

Service cost	\$ 1,509,270
Interest on net OPEB liability	634,342
Effect of plan changes	-
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of economic/demographic gains or losses	(880,202)
Recognition of assumption changes or inputs	<u>1,833,478</u>
OPEB expense	<u>\$ 3,096,888</u>

As of June 30, 2021, 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	\$ 245,622	\$ (2,679,784)
Changes of assumptions	<u>7,005,897</u>	<u>(104,457)</u>
	<u>\$ 7,251,519</u>	<u>\$ (2,784,241)</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:

<u>Year Ended June 30:</u>	
2022	\$ 1,057,732
2023	1,162,189
2024	877,430
2025	526,895
2026	526,895
Thereafter	<u>316,137</u>
	<u>\$ 4,467,278</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, 2021, 102 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 \$75,000. 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, 2021 was \$3,213,126. Changes in the Subdistrict’s healthcare liabilities during the year ended June 30, 2021 are as follows.

Liabilities for healthcare, Beginning of year	\$ 175,107
Plus: Claims incurred	3,198,943
Less: Claims paid	<u>3,213,126</u>
 Liabilities for Healthcare, End of Year	 <u><u>\$ 160,924</u></u>

The June 30, 2021 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, 2021, 2020, or 2019. There were no significant reductions in insurance coverage during the year ended June 30, 2021.

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). PEBA, created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state’s employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems’ five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds’ assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems’ Pension Trust Funds. The CAFR is publicly available through PEBA’s website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the 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 and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

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 and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges, and magistrates

NOTE 11 – PENSION PLAN (CONTINUED)

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.
- 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.

NOTE 11 – PENSION PLAN (CONTINUED)

- 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.
- 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: Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. 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 85 percent, then the board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 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 85 percent, then effective on the following July 1, 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 ratio that is equal to or greater than 85 percent.

NOTE 11 – PENSION PLAN (CONTINUED)

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		
	2019	2020	2021	2019	2020	2021
Employer Rate:						
Retirement	14.41%	15.41%	15.41%	16.84%	17.84%	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>14.56%</u>	<u>15.56%</u>	<u>15.56%</u>	<u>17.24%</u>	<u>18.24%</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>

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>	SCRS Contributions		PORS Contributions	
	Required Contribution	% Contributed	Required Contribution	% Contributed
June 30, 2021	\$ 247,789	100%	\$ 716,291	100%
June 30, 2020	\$ 230,863	100%	\$ 679,832	100%
June 30, 2019	\$ 218,027	100%	\$ 601,627	100%

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

<u>Fiscal Year Ended</u>	SCRS Payroll	PORS Payroll	Total Payroll
June 30, 2021	\$ 1,592,473	\$ 3,927,031	\$ 5,519,504
June 30, 2020	\$ 1,483,698	\$ 3,727,149	\$ 5,210,847
June 30, 2019	\$ 1,497,643	\$ 3,489,542	\$ 4,987,185

NOTE 11 – PENSION PLAN (CONTINUED)

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, 2019. The net pension liability of each defined benefit pension plan was therefore determined based on the July 1, 2019 actuarial valuations, using membership data as of July 1, 2019, projected forward to the end of the fiscal year, and the financial information of the pension trust funds as of June 30, 2020, 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, 2020, 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	\$ 51,844,187,763	\$ 26,292,418,682	\$ 25,551,769,081	50.70%
PORS	\$ 8,046,386,629	\$ 4,730,174,642	\$ 3,316,211,987	58.80%

At June 30, 2021, the Subdistrict reported liabilities of \$3,398,160 and \$8,181,932 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, 2020, 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, 2019 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, 2020, the Subdistrict’s SCRS proportion was 0.01330 percent, which was a decrease from its proportion measured as of June 30, 2019. At June 30, 2020, the Subdistrict’s PORS proportion was 0.24673 percent, which was an increase from its proportion measured as of June 30, 2019.

NOTE 11 – PENSION PLAN (CONTINUED)

For the year ended June 30, 2021, the Subdistrict recognized a net pension (credit) expense of \$(1,138,060) and \$2,394,580 for the SCRS and PORS, respectively. At June 30, 2021, 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
SCRS		
Differences between expected and actual experience	\$ 39,210	\$ 12,850
Changes of assumptions	4,163	-
Net difference between projected and actual earnings on pension plan investments	249,963	-
Changes in proportion and differences between Subdistrict contributions and proportionate share of contributions	26,952	270,700
Subdistrict contributions subsequent to the June 30, 2020 measurement date	<u>247,789</u>	<u>-</u>
	<u>568,077</u>	<u>283,550</u>
PORS		
Differences between expected and actual experience	173,883	36,015
Changes of assumptions	99,846	-
Net difference between projected and actual earnings on pension plan investments	837,811	-
Changes in proportion and differences between Subdistrict contributions and proportionate share of contributions	445,021	34,984
Subdistrict contributions subsequent to the June 30, 2020 measurement date	<u>716,291</u>	<u>-</u>
	<u>2,272,852</u>	<u>70,999</u>
Total	<u><u>\$ 2,840,929</u></u>	<u><u>\$ 354,549</u></u>

NOTE 11 – PENSION PLAN (CONTINUED)

Of the Subdistrict’s deferred outflows of resources relating to pensions, \$247,789 resulted from contributions to the SCRS subsequent to the measurement date and \$716,291 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, 2021. 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>
2022	\$ 187,511	\$ 1,971,870	\$ 2,159,381
2023	(86,989)	(269,913)	(356,902)
2024	(63,784)	(216,395)	(280,179)
	<u>\$ 36,738</u>	<u>\$ 1,485,562</u>	<u>\$ 1,522,300</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 for the period ending June 30, 2019.

The following table provides a summary of the actuarial cost method and assumptions used to calculate the total pension liability as of July 1, 2020.

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

NOTE 11 – PENSION PLAN (CONTINUED)

The post-retiree mortality assumption is dependent upon the member’s job category and gender. The base mortality assumption, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems’ mortality experience. These rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016. The assumptions used in the June 30, 2020 valuation for SCRS and PORS are as follows:

Former Job Class	Males	Females
Educators	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 and Firefighters	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 2020 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)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
<i>Global Equity:</i>	<i>51%</i>		
Global Public Equity	35%	7.81%	2.73%
Private Equity	9%	8.91%	0.80%
Equity Options Strategies	7%	5.09%	0.36%
<i>Real Assets:</i>	<i>12%</i>		
Real Estate (Private)	8%	5.55%	0.44%
Real Estate (REITs)	1%	7.78%	0.08%
Infrastructure (Private)	2%	4.88%	0.10%
Infrastructure (Public)	1%	7.05%	0.07%
<i>Opportunistic:</i>	<i>8%</i>		
Global Tactical Asset Allocation	7%	3.56%	0.25%
Other Opportunistic Strategies	1%	4.41%	0.04%
<i>Credit:</i>	<i>15%</i>		
High Yield Bonds/Bank Loans	4%	4.21%	0.17%
Emerging Markets Debt	4%	3.44%	0.14%
Private Debt	7%	5.79%	0.40%
<i>Rate Sensitive:</i>	<i>14%</i>		
Core Fixed Income	13%	1.60%	0.21%
Cash and Short Duration (Net)	1%	0.56%	0.01%
Total Expected Return	<u>100%</u>		5.80%
Inflation for Actuarial Purposes			<u>2.25%</u>
Total Expected Nominal Return			<u>8.05%</u>

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

In accordance with GASB Statement No. 67 regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the following table presents the sensitivity of the Subdistrict’s proportionate share of the net pension liabilities of the Plan as of June 30, 2020 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	\$ 4,211,565	\$ 3,398,160	\$ 2,718,901
Proportionate share of the net pension liability of the PORS	10,831,490	8,181,932	6,054,493

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, 2021 was \$2,004,029. 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, 2022.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 17, 2021 which is the date that the accompanying financial statements were available to be issued and concluded no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements, except as noted below.

On September 14, 2021, the Subdistrict entered into two separate Master Lease Agreements. One was for \$4,359,000 with the proceeds used to purchase additional firetrucks. The balance of this master lease agreement is due in January 2022. In January 2022, prior to the due date of this agreement, the Subdistrict intends to negotiate with the lessor to extend the term for up to an additional eight years and to negotiate a tax-exempt, bank qualified interest rate. The other master lease agreement was for \$592,000 and was used to reduce the balance of the 2018 Master Lease Agreement. Payments on this master lease agreement start in July 2022 and the final balance is due in January 2028.

NOTE 15 – SUBSEQUENT EVENTS (CONTINUED)

On October 19, 2021 the Subdistrict voted to approve the Consent Order associated with Civil Actions No.: 2020-CP-23-05132 and No.: 2021-CP-23-00081 related to Greenville County ordinances purporting to consolidate Parker Sewer and Fire Subdistrict and Taylors Fire and Sewer District (“the Districts”) into Metropolitan Sewer Subdistrict d/b/a MetroConnects (“Metro”) and transfer their sewer assets to Metro. At the time of the issuance of this report, a fully executed version of the Consent order was not available.

Parker Sewer and Fire Subdistrict, Greenville County, and Metro have agreed to settle these cases in a Consent Order requiring the conditions summarized below:

- Effective July 1, 2022, The Subdistrict will transfer assets of the Sewer Department to Metro under the terms of a Transfer Agreement set to be finalized on or before February 1, 2022.
- Metro will petition Greenville County to expand the Metro Board of Commissioners from its present five-member Board to a six-member Board, with the additional member being a Subdistrict designee.
- As part of the agreement, all funds transferred from the Subdistrict will be spent within the boundaries of the Subdistrict.
- Metro will spend a minimum of \$82 million over the next 20 years within the Subdistrict boundaries as they existed on December 31, 2020. Of this \$82 million, \$72 million will be spent in the mill villages of the Subdistrict over the next 12 years.
- Subdistrict Sewer employees will be made offers of employment from Metro with start dates of July 1, 2022. These offers shall be at pay rates no less than the employee’s pay rates as provided to Metro on June 30, 2021 and or July 1, 2021, with a review period after 90 days. These offers will also include all benefits applicable to other Metro employees.
- This agreement will have no impact on the fire services, and Greenville County Council will pass a resolution communicating its desire for Parker to continue its current fire service operations. The Subdistrict will also continue to set millage to provide fire services to the constituents within its boundaries.
- Metro will continue to participate in and implement programs that offer financial assistance to financially disadvantage ratepayers in the Subdistrict.

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, 2021

	BUDGET			ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	Original	Revisions	Final		
REVENUES:					
Property taxes	\$ 11,518,120	\$ -	\$ 11,518,120	\$ 12,627,143	\$ 1,109,023
Charges for services:					
Other sewer charges	65,000	-	65,000	115,411	50,411
Reinspection fees	8,000	-	8,000	11,025	3,025
Accident/fire response fee	30,000	-	30,000	58,126	28,126
New account fees	30,000	-	30,000	51,054	21,054
Other	40,100	-	40,100	97,596	57,496
Other income:					
Grant revenue	-	-	-	409,417	409,417
Interest	85,000	-	85,000	16,705	(68,295)
TOTAL REVENUES	11,776,220	-	11,776,220	13,386,477	1,610,257
EXPENDITURES:					
Current:					
General and administrative	4,813,127	-	4,813,127	4,342,884	470,243
Public safety	5,286,133	-	5,286,133	5,461,076	(174,943)
Sewer maintenance	1,855,576	-	1,855,576	1,083,585	771,991
Fleet maintenance	605,416	-	605,416	453,022	152,394
Debt service:					
Principal	469,752	-	469,752	1,460,711	(990,959)
Interest	76,173	-	76,173	76,173	-
Capital outlays:					
General and administrative	10,000	-	10,000	-	10,000
Public safety	122,714	-	122,714	184,726	(62,012)
Sewer maintenance	47,146	-	47,146	-	47,146
Fleet maintenance	34,000	-	34,000	49,771	(15,771)
TOTAL EXPENDITURES	13,320,037	-	13,320,037	13,111,948	208,089
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,543,817)	-	(1,543,817)	274,529	1,818,346
OTHER FINANCING SOURCES (USES):					
Reimbursements from other funds	852,821	-	852,821	-	(852,821)
Proceeds from disposal	-	-	-	238,697	238,697
TOTAL OTHER FINANCING SOURCES (USES)	852,821	-	852,821	238,697	(614,124)
NET CHANGE IN FUND BALANCE	\$ (690,996)	\$ -	\$ (690,996)	513,226	\$ 1,204,222
FUND BALANCE, Beginning of year				9,645,676	
FUND BALANCE, End of year				<u>\$ 10,158,902</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 EIGHT FISCAL YEARS

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

	2021	2020	2019	Year Ended June 30,		2016	2015	2014
				2018	2017			
Parker Sewer and Fire District's Proportion of the Net Pension Liability	0.01330%	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	\$ 3,398,160	\$ 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	\$ 1,483,698	\$ 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	229.03%	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	50.70%	54.40%	54.10%	53.30%	52.90%	57.00%	59.92%	56.39%

PARKER SEWER AND FIRE SUBDISTRICT

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

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

	Year Ended June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 247,789	\$ 230,863	\$ 218,027	\$ 200,948	\$ 163,057	\$ 483,660	\$ 453,517	\$ 416,782
Contributions in Relation to the Contractually Required Contribution	<u>247,789</u>	<u>230,863</u>	<u>218,027</u>	<u>200,948</u>	<u>163,057</u>	<u>483,660</u>	<u>453,517</u>	<u>416,782</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Parker Sewer and Fire District's Covered-Employee Payroll	\$ 1,592,473	\$ 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%	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 FOUR FISCAL YEARS

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

	Year Ended June 30,			
	2021	2020	2019	2018
Parker Sewer and Fire District's Proportion of the Net Pension Liability	0.24673%	0.240582%	0.243218%	0.22309%
Parker Sewer and Fire District's Proportionate Share of the Net Pension Liability	8,181,932	\$ 6,894,931	\$ 6,891,690	\$ 6,111,686
Parker Sewer and Fire District's Covered-Employee Payroll	3,727,149	\$ 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	219.52%	197.59%	204.71%	199.26%
Plan Fiduciary Net Position as a Percentage of the Net Pension Liability	58.80%	62.69%	61.70%	58.80%

PARKER SEWER AND FIRE SUBDISTRICT

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

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

	Year Ended June 30,				
	2021	2020	2019	2018	2017
Contractually Required Contribution	\$ 716,291	\$ 679,832	\$ 601,627	\$ 546,721	\$ 424,509
Contributions in Relation to the Contractually Required Contribution	<u>716,291</u>	<u>679,832</u>	<u>601,627</u>	<u>546,721</u>	<u>424,509</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Parker Sewer and Fire District's Covered-Employee Payroll	\$ 3,927,031	\$ 3,727,149	\$ 3,489,542	\$ 3,366,505	\$ 3,067,261
Contributions as a Percentage of Covered-Employee Payroll	18.24%	18.24%	17.24%	16.24%	13.84%

PARKER SEWER AND FIRE SUBDISTRICT

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

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

	Year Ended June 30,			
	2021	2020	2019	2018
Total OPEB Liability:				
Service Cost	\$ 1,509,270	\$ 847,531	\$ 637,602	\$ 915,780
Interest on total OPEB liability	634,342	768,637	912,656	848,459
Effect of economic/demographic gains or (losses)	289,483	-	(5,451,973)	-
Effect of assumption changes or inputs	3,188,024	5,198,921	2,673,904	(940,109)
Benefit payments	(844,837)	(623,755)	(583,846)	(741,332)
Net change in total OPEB liability	4,776,282	6,191,334	(1,811,657)	82,798
Total OPEB liability, Beginning	<u>27,614,061</u>	<u>21,422,727</u>	<u>23,234,384</u>	<u>23,151,586</u>
Total OPEB Liability, Ending	<u>\$ 32,390,343</u>	<u>\$ 27,614,061</u>	<u>\$ 21,422,727</u>	<u>\$ 23,234,384</u>
Covered payroll	\$ 4,652,976	\$ 4,986,791	\$ 4,986,791	\$ 4,388,400
Total OPEB Liability as a % of Covered Payroll	696.12%	553.74%	429.59%	529.45%

PARKER SEWER AND FIRE SUBDISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021

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

Public safety current expenditures exceeded appropriations by \$174,943. Debt service payments for principal exceeded appropriations by \$990,959. Public safety and fleet maintenance capital outlays exceeded appropriations by \$62,012 and \$15,771, respectively. These excess expenditures were funded by the available fund balance.

NOTE 3 – COVERED-EMPLOYEE PAYROLL

At June 30, 2021, 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, 2020, 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, 2019 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, 2020, 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, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014, respectively, because the amounts are compared to Subdistrict information as of these dates.

At June 30, 2021, 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, 2019 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, 2020, 2019, 2018 and 2017, because the amounts are compared with Plan information as of these dates.

NOTE 3 – COVERED-EMPLOYEE PAYROLL (CONTINUED)

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, 2021, 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, 2021

	BUDGET			ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	Original	Revisions	Final		
CURRENT:					
GENERAL AND ADMINISTRATIVE:					
Healthcare	\$ 2,380,000	\$ -	\$ 2,380,000	\$ 1,148,631	\$ 1,231,369
S.C. Retirement	1,112,082	-	1,112,082	170,570	941,512
Police Officers Retirement System	-	-	-	716,291	(716,291)
OPEB Healthcare Costs	-	-	-	1,128,866	(1,128,866)
Dental insurance program	120,177	-	120,177	115,286	4,891
Social Security and unemployment	467,191	-	467,191	381,294	85,897
Workers' compensation insurance	200,000	-	200,000	166,268	33,732
Attorney fees	10,000	-	10,000	19,259	(9,259)
Salaries	163,802	-	163,802	147,670	16,132
Life insurance	15,000	-	15,000	12,630	2,370
Professional liability	130,000	-	130,000	134,019	(4,019)
HSA Program	75,000	-	75,000	75,947	(947)
Vision Program	12,454	-	12,454	19,522	(7,068)
Service contracts	42,000	-	42,000	41,287	713
Auditor fees	22,000	-	22,000	15,000	7,000
Commission per diem	8,135	-	8,135	5,642	2,493
Mileage expense	-	-	-	767	(767)
Electricity	8,736	-	8,736	8,340	396
Fees and assessments	6,500	-	6,500	5,432	1,068
Awards/recognition	14,000	-	14,000	12,884	1,116
Computer software/programming	4,400	-	4,400	1,691	2,709
Telephone	3,800	-	3,800	3,523	277
Office supplies	3,500	-	3,500	3,361	139
Natural gas	1,130	-	1,130	1,068	62
Building maintenance	2,500	-	2,500	833	1,667
Water/wastewater	720	-	720	433	287
Office equipment	2,600	-	2,600	939	1,661
Data periodicals	500	-	500	36	464
Flowers	300	-	300	200	100
Tuition reimbursement	-	-	-	4,200	(4,200)
Employee training & development	5,900	-	5,900	939	4,961
Certifications/Inspections	500	-	500	-	500
Newspaper ads/notices	200	-	200	56	144
	<u>4,813,127</u>	<u>-</u>	<u>4,813,127</u>	<u>4,342,884</u>	<u>470,243</u>
PUBLIC SAFETY:					
Salaries	3,883,790	-	3,883,790	3,812,418	71,372
Fire chief	85,000	-	85,000	89,952	(4,952)
Staff personnel	429,394	-	429,394	362,125	67,269
Electricity	48,284	-	48,284	28,602	19,682
Fire fighting clothes	273,901	-	273,901	264,877	9,024
Fuel – heating	12,000	-	12,000	11,065	935
Telephone	27,763	-	27,763	27,003	760
Building and vehicle maintenance	75,000	-	75,000	73,735	1,265
Fire department equipment	38,000	-	38,000	31,738	6,262
Physicals and fitness program	36,400	-	36,400	29,882	6,518

PARKER SEWER AND FIRE SUBDISTRICT

DETAILED SCHEDULE OF EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	BUDGET			ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	Original	Revisions	Final		
PUBLIC SAFETY (CONTINUED):					
Certifications/inspections	31,180	-	31,180	26,236	4,944
Station supplies	18,498	-	18,498	18,754	(256)
Duncan Chapel utilities	-	-	-	4,720	(4,720)
Uniforms	42,700	-	42,700	55,805	(13,105)
Office supplies	7,150	-	7,150	2,834	4,316
Water/wastewater	8,217	-	8,217	7,173	1,044
Radio maintenance	38,230	-	38,230	29,116	9,114
SCBA maintenance	36,128	-	36,128	408,405	(372,277)
Employee training	54,600	-	54,600	37,891	16,709
Computer software/upgrades	38,570	-	38,570	27,900	10,670
Fire prevention – safety education	23,500	-	23,500	17,374	6,126
Vehicle maintenance	18,286	-	18,286	21,132	(2,846)
Service contracts	31,642	-	31,642	45,746	(14,104)
Newspaper ads/notice	400	-	400	-	400
Equipment maintenance	1,500	-	1,500	2,593	(1,093)
Deductible damages	2,000	-	2,000	-	2,000
Professional services	24,000	-	24,000	24,000	-
	<u>5,286,133</u>	<u>-</u>	<u>5,286,133</u>	<u>5,461,076</u>	<u>(174,943)</u>
SEWER MAINTENANCE:					
Salaries	1,300,326	-	1,300,326	677,925	622,401
Maintenance material	88,000	-	88,000	93,478	(5,478)
Superintendent	73,000	-	73,000	33,628	39,372
Contractual services	85,000	-	85,000	51,116	33,884
Telephone/pagers	25,000	-	25,000	11,179	13,821
Uniforms	25,000	-	25,000	14,501	10,499
Warehouse electricity	16,250	-	16,250	9,235	7,015
Safety equipment	35,000	-	35,000	44,091	(9,091)
Special supplies	15,000	-	15,000	13,818	1,182
Computer software	18,000	-	18,000	7,542	10,458
Physicals and fitness program	15,000	-	15,000	5,856	9,144
Cleaning supplies	20,000	-	20,000	17,973	2,027
Office expenses	13,000	-	13,000	5,306	7,694
Employee training	20,000	-	20,000	4,994	15,006
Equipment maintenance	25,000	-	25,000	17,758	7,242
Building/yard maintenance	14,000	-	14,000	8,740	5,260
Professional services	28,500	-	28,500	48,677	(20,177)
Pump stations	12,000	-	12,000	9,043	2,957
Water/wastewater	7,300	-	7,300	2,380	4,920
Equipment rental	5,000	-	5,000	2,879	2,121
Fuel – heating	1,500	-	1,500	60	1,440
Deductible damages	10,000	-	10,000	131	9,869
Advertising	200	-	200	-	200
Newspaper ads/notices	1,000	-	1,000	2,246	(1,246)
Certification/inspections	2,500	-	2,500	1,029	1,471
	<u>1,855,576</u>	<u>-</u>	<u>1,855,576</u>	<u>1,083,585</u>	<u>771,991</u>

PARKER SEWER AND FIRE SUBDISTRICT

DETAILED SCHEDULE OF EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	BUDGET			ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	Original	Revisions	Final		
FLEET MAINTENANCE:					
Chief mechanic	62,500	-	62,500	64,760	(2,260)
Salaries	109,256	-	109,256	63,561	45,695
Shop equipment	10,000	-	10,000	3,504	6,496
Equipment maintenance and purchases	5,000	-	5,000	2,187	2,813
Vehicle maintenance	-	-	-	1,948	(1,948)
Tires	40,000	-	40,000	34,999	5,001
Service contracts	8,000	-	8,000	5,458	2,542
Electricity	4,480	-	4,480	2,642	1,838
Phone/pager	2,250	-	2,250	807	1,443
Fuel	115,000	-	115,000	87,387	27,613
Uniforms	2,750	-	2,750	1,520	1,230
Office/cleaning supplies	4,000	-	4,000	2,818	1,182
Natural gas	2,000	-	2,000	1,423	577
Water/wastewater	1,430	-	1,430	631	799
Safety equipment	18,000	-	18,000	16,146	1,854
Computer software/internet	10,000	-	10,000	5,400	4,600
Employee health	1,250	-	1,250	1,112	138
Parts purchased	115,000	-	115,000	115,167	(167)
Equipment rental	500	-	500	-	500
Certifications/inspections	2,000	-	2,000	738	1,262
Building/yard maintenance	20,000	-	20,000	9,868	10,132
Outsourced service	60,000	-	60,000	29,603	30,397
Employee training	12,000	-	12,000	1,343	10,657
	<u>605,416</u>	<u>-</u>	<u>605,416</u>	<u>453,022</u>	<u>152,394</u>
DEBT SERVICE:					
Principal	469,752	-	469,752	1,460,711	(990,959)
Interest	76,173	-	76,173	76,173	-
	<u>545,925</u>	<u>-</u>	<u>545,925</u>	<u>1,536,884</u>	<u>(990,959)</u>
CAPITAL OUTLAYS:					
GENERAL AND ADMINISTRATIVE					
Capital admin	10,000	-	10,000	-	10,000
	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
PUBLIC SAFETY:					
Capital fire	122,714	-	122,714	184,726	(62,012)
	<u>122,714</u>	<u>-</u>	<u>122,714</u>	<u>184,726</u>	<u>(62,012)</u>

PARKER SEWER AND FIRE SUBDISTRICT

DETAILED SCHEDULE OF EXPENDITURES –
 BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2021

	BUDGET			ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	Original	Revisions	Final		
SEWER MAINTENANCE:					
Capital O&M	47,146	-	47,146	-	47,146
	47,146	-	47,146	-	47,146
FLEET MAINTENANCE:					
Capital fleet	34,000	-	34,000	49,771	(15,771)
	34,000	-	34,000	49,771	(15,771)
TOTAL EXPENDITURES	\$ 13,320,037	\$ -	\$ 13,320,037	\$ 13,111,948	\$ 208,089

SUPPLEMENTARY INFORMATION

PARKER SEWER AND FIRE SUBDISTRICT

DETAILED SCHEDULE OF EXPENDITURES –
FIRE AND SEWER ALLOCATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>ALLOCATED</u>		<u>TOTAL</u>
	<u>FIRE</u>	<u>SEWER</u>	
CURRENT:			
GENERAL AND ADMINISTRATIVE:			
Healthcare	\$ 838,501	\$ 310,130	\$ 1,148,631
S.C. Retirement	124,516	46,054	170,570
Police Officers Retirement System	716,291	-	716,291
OPEB healthcare costs	824,072	304,794	1,128,866
Dental insurance program	84,159	31,127	115,286
Social Security and unemployment	278,345	102,949	381,294
Workers' compensation insurance	121,376	44,892	166,268
Attorney fees	14,059	5,200	19,259
Salaries	107,799	39,871	147,670
Life insurance	9,220	3,410	12,630
Professional liability	97,834	36,185	134,019
HSA program	55,441	20,506	75,947
Vision program	14,251	5,271	19,522
Service contracts	30,140	11,147	41,287
Auditor fees	10,950	4,050	15,000
Commission per diem	4,119	1,523	5,642
Mileage expense	560	207	767
Electricity	6,088	2,252	8,340
Fees and assessments	3,965	1,467	5,432
Awards/recognition	9,405	3,479	12,884
Computer software/programming	1,234	457	1,691
Telephone	2,572	951	3,523
Office supplies	2,454	907	3,361
Natural gas	780	288	1,068
Building maintenance	608	225	833
Water/wastewater	316	117	433
Office equipment	685	254	939
Data periodicals	26	10	36
Flowers	146	54	200
Employee training & development	685	254	939
Tuition reimbursement	3,066	1,134	4,200
Newspaper ads/notices	41	15	56
	<u>3,363,704</u>	<u>979,180</u>	<u>4,342,884</u>

SUPPLEMENTARY INFORMATION

PARKER SEWER AND FIRE SUBDISTRICT

DETAILED SCHEDULE OF EXPENDITURES –
FIRE AND SEWER ALLOCATIONS – GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	<u>ALLOCATED</u>		<u>TOTAL</u>
	<u>FIRE</u>	<u>SEWER</u>	
PUBLIC SAFETY:			
Salaries	3,812,418	-	3,812,418
Fire chief	89,952	-	89,952
Staff personnel	362,125	-	362,125
Electricity	28,602	-	28,602
Fire fighting clothes	264,877	-	264,877
Fuel – heating	11,065	-	11,065
Telephone	27,003	-	27,003
Building and vehicle maintenance	73,735	-	73,735
Fire department equipment	31,738	-	31,738
Physicals and fitness program	29,882	-	29,882
Certifications/inspections	26,236	-	26,236
Station supplies	18,754	-	18,754
Duncan Chapel utilities	4,720	-	4,720
Uniforms	55,805	-	55,805
Office supplies	2,834	-	2,834
Water/wastewater	7,173	-	7,173
Radio maintenance	29,116	-	29,116
SCBA maintenance	408,405	-	408,405
Employee training	37,891	-	37,891
Computer software/upgrades	27,900	-	27,900
Fire prevention – safety education	17,374	-	17,374
Vehicle maintenance	21,132	-	21,132
Service contracts	45,746	-	45,746
Equipment maintenance	2,593	-	2,593
Professional services	24,000	-	24,000
	<u>5,461,076</u>	<u>-</u>	<u>5,461,076</u>
SEWER MAINTENANCE:			
Salaries	-	677,925	677,925
Maintenance material	-	93,478	93,478
Superintendent	-	33,628	33,628
Contractual services	-	51,116	51,116
Telephone/pagers	-	11,179	11,179
Uniforms	-	14,501	14,501
Warehouse electricity	-	9,235	9,235
Safety equipment	-	44,091	44,091

SUPPLEMENTARY INFORMATION

PARKER SEWER AND FIRE SUBDISTRICT

DETAILED SCHEDULE OF EXPENDITURES –
FIRE AND SEWER ALLOCATIONS – GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	ALLOCATED		TOTAL
	FIRE	SEWER	
SEWER MAINTENANCE (CONTINUED)			
Special supplies	-	13,818	13,818
Computer software	-	7,542	7,542
Physical and fitness program	-	5,856	5,856
Cleaning supplies	-	17,973	17,973
Office expenses	-	5,306	5,306
Employee training	-	4,994	4,994
Equipment maintenance	-	17,758	17,758
Building/yard maintenance	-	8,740	8,740
Professional services	-	48,677	48,677
Pump stations	-	9,043	9,043
Water/wastewater	-	2,380	2,380
Equipment rental	-	2,879	2,879
Fuel – heating	-	60	60
Deductible damages	-	131	131
Newspaper ads/notices	-	2,246	2,246
Certification/inspections	-	1,029	1,029
	-	1,083,585	1,083,585
FLEET MAINTENANCE:			
Chief mechanic	38,856	25,904	64,760
Salaries	38,137	25,424	63,561
Shop equipment	2,102	1,402	3,504
Equipment maintenance and purchases	1,312	875	2,187
Vehicle maintenance	1,169	779	1,948
Tires	20,999	14,000	34,999
Service contracts	3,275	2,183	5,458
Electricity	1,585	1,057	2,642
Phone/pager	484	323	807
Fuel	52,432	34,955	87,387
Uniforms	912	608	1,520
Office/cleaning supplies	1,691	1,127	2,818
Natural gas	854	569	1,423
Water/wastewater	379	252	631
Safety equipment	9,688	6,458	16,146
Computer software/internet	3,240	2,160	5,400
Employee health	667	445	1,112

SUPPLEMENTARY INFORMATION

PARKER SEWER AND FIRE SUBDISTRICT

DETAILED SCHEDULE OF EXPENDITURES –
FIRE AND SEWER ALLOCATIONS – GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	<u>ALLOCATED</u>		<u>TOTAL</u>
	<u>FIRE</u>	<u>SEWER</u>	
FLEET MAINTENANCE (CONTINUED)			
Parts purchased	69,100	46,067	115,167
Certifications/inspections	443	295	738
Building/yard maintenance	5,921	3,947	9,868
Outsourced service	17,762	11,841	29,603
Employee training	806	537	1,343
	<u>271,814</u>	<u>181,208</u>	<u>453,022</u>
DEBT SERVICE:			
Principal	1,460,711	-	1,460,711
Interest	76,173	-	76,173
	<u>1,536,884</u>	<u>-</u>	<u>1,536,884</u>
CAPITAL OUTLAYS:			
Public safety	184,726	-	184,726
Fleet maintenance	29,863	19,908	49,771
	<u>214,589</u>	<u>19,908</u>	<u>234,497</u>
TOTAL EXPENDITURES	<u>\$ 10,848,067</u>	<u>\$ 2,263,881</u>	<u>\$ 13,111,948</u>

PARKER SEWER AND FIRE SUBDISTRICT

STATEMENTS OF GROSS REVENUES, EXPENDITURES FOR CAPITAL PROJECTS AND
CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 2017 THROUGH JUNE 30, 2021

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
REVENUES:					
Charges for services:					
Sewer rehabilitation charges	\$ 1,927,917	\$ 1,959,499	\$ 1,941,858	\$ 1,947,184	\$ 2,004,031
Sewer capital fee	-	-	-	1,103,941	1,175,312
Other	-	9,780	-	104,580	1,231
Other income:					
Interest	2,658	50,579	59,093	78,476	5,495
Sewer account charges	61,950	110,325	103,250	215,725	126,434
TOTAL REVENUES	<u>1,992,525</u>	<u>2,130,183</u>	<u>2,104,201</u>	<u>3,449,906</u>	<u>3,312,503</u>
EXPENDITURES:					
Current:					
General and administrative	79,861	93,409	130,973	15,346	193,868
Sewer maintenance	457,509	581,061	588,914	566,393	929,107
Debt service:					
Principal	251,005	507,264	513,558	409,170	340,000
Interest	52,162	241,284	312,154	449,860	597,350
Capital outlays:					
Sewer maintenance	3,536,722	4,339,832	2,998,337	4,424,764	3,544,615
TOTAL EXPENDITURES	<u>4,377,259</u>	<u>5,762,850</u>	<u>4,543,936</u>	<u>5,865,533</u>	<u>5,604,940</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,384,734)</u>	<u>(3,632,667)</u>	<u>(2,439,735)</u>	<u>(2,415,627)</u>	<u>(2,292,437)</u>
OTHER FINANCING SOURCES (USES):					
Bond proceeds	8,560,000	-	-	8,125,000	8,135,000
Bond premium	131,545	-	-	556,442	533,449
Bond issuance costs	(294,565)	-	(169,119)	(240,195)	(227,130)
Transfers in	-	-	-	500,000	500,000
Transfers out	-	-	-	-	(500,000)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>8,396,980</u>	<u>-</u>	<u>(169,119)</u>	<u>8,941,247</u>	<u>8,441,319</u>
NET CHANGE IN FUND BALANCES	<u>\$ 6,012,246</u>	<u>\$ (3,632,667)</u>	<u>\$ (2,608,854)</u>	<u>\$ 6,525,620</u>	<u>\$ 6,148,882</u>
FUND BALANCES, Beginning of year	\$ 5,306,876	\$ 11,319,122	\$ 7,686,455	\$ 5,077,601	\$ 11,603,221
FUND BALANCES, End of year	\$ 11,319,122	\$ 7,686,455	\$ 5,077,601	\$ 11,603,221	\$ 17,752,103

PARKER SEWER AND FIRE SUBDISTRICT

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

	<u>2021 ACTUAL</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
GROSS REVENUES	\$ 3,312,503	3,362,191	3,412,623	3,463,813	3,515,770	3,568,506
ANNUAL PRINCIPAL & INTEREST REQUIREMENTS	937,369	1,286,040	1,281,369	1,280,169	1,280,719	1,273,518
COVERAGE	3.53	2.61	2.66	2.71	2.75	2.80