

PARKER SEWER AND FIRE SUBDISTRICT

GREENVILLE, SOUTH CAROLINA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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, the business-type activities and each major fund of Parker Sewer and Fire Subdistrict (the Subdistrict) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Subdistrict's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Subdistrict as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included on pages 55 through 57. The other information comprises information presented for additional analysis and does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

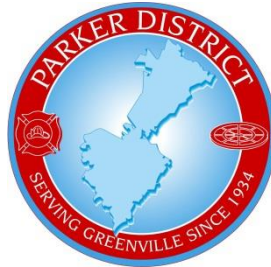
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated.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

Bradshaw, Gordon & Clintercales, LLC

Greenville, South Carolina
January 17, 2023

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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, 2022. 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 Randall A. Jones (Chairman), Cam D. Salle (Vice Chairman), Marshall Alan Kay (Secretary/Treasurer), Wayne H. Moore (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.

Subsequent to June 30, 2022, the District will no longer include the wastewater department due to the District agreeing to transfer its sewer assets and activities to Metropolitan Sewer Subdistrict d/b/a MetroConnects on July 1, 2022. The loss of the wastewater department accounts for the decrease in expenditures and the increase in revenues for the District's budgeted year ending June 30, 2023. The wastewater's operating costs will no longer be required, therefore, the District will no longer collect for wastewater including the Sewer Rehab Fee and the Sewer Capital Fee.

The loss of the wastewater department includes the loss of one department head and 29 employees, and has a large effect on the District's finances moving forward. First, all bond debt that pertains to wastewater was transferred to MetroConnect, therefore, the District will be relieved of the responsibility to pay that debt. Monies collected by wastewater for new construction will no longer be collected by the District. The loss of 30 employees has an effect on the District's insurance rates, providing a small reduction as compared to the year ended June 30, 2022 budget.

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.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The government-wide financial statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the District's basic services such as fire protection services, fire safety education, fleet maintenance and financial administration. These functions of the District are principally supported by funds from property taxes and other sources. The business-type activities are those that are financed in whole or in part by fees charged to external parties for goods and services. These include installing, maintaining and rehabilitating sewer lines and other sewer related equipment.

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 – 4 of the accompanying financial statements.

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. All of the District's funds can be divided into two categories: governmental funds and proprietary funds.

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.

The District maintains one individual governmental fund, the general fund. Information is presented separately in the Balance Sheet – Governmental Funds and in the Statement of Revenue, Expenditures, and Changes in Fund Balances – Governmental Funds found on pages 5 – 9 of the accompanying financial statements.

Proprietary funds can include enterprise and internal service fund types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District's sewer related activities are reported in one enterprise fund. This information is presented in the Statement of Net Position – Proprietary Fund, the Statement of Revenues, Expenses and Change in Fund Net Position – Proprietary Fund, and the Statement of Cash Flows – Proprietary Fund on pages 10 – 13 of the accompanying financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The District does not report any activity in internal service funds.

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 14 – 46.

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 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 47, the Schedule of Parker Sewer and Fire Subdistrict's Proportionate Share of the Net Pension Liability – South Carolina Retirement System, found on page 48, the Schedule of Parker Sewer and Fire Subdistrict's Contributions – South Carolina Retirement System, found on page 49, the Schedule of Parker Sewer and Fire Subdistrict's Proportionate Share of the Net Pension Liability – Police Officers Retirement System, found on page 50, and the Schedule of Parker Sewer and Fire Subdistrict's Contributions – Police Officers Retirement System, found on page 51, as well as the notes to required supplementary information on pages 52 – 53.

Other Information – Other information concerning OPEB plans and the detailed budget are included in this section. The Schedule of Changes in Total OPEB Liability and Related Ratios, found on page 54 and the Detailed Schedule of Expenditures – Budget and Actual – General Fund is listed on pages 55 – 57.

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, 2022 and 2021.

- 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 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 \$26,321,757 at the current discount rate of 3.54%.
- Total Property Taxes received in the year ended June 30, 2022, were \$13,373,758 as compared to \$12,636,668 in the year ended June 30, 2021. Total Sewer Rehabilitation Charges in the year ended June 30, 2022, were \$2,040,475 as compared to \$2,004,029 in the year ended June 30, 2021. Total Sewer Capital Fee charges in the year ended June 30, 2022, were \$1,218,219 as compared to \$1,175,311 in the year ended June 30, 2021.

Management's Discussion and Analysis
For the year ended June 30, 2022

FINANCIAL HIGHLIGHTS (CONTINUED)

- Unassigned Fund Balance in the General Fund for the year ended June 30, 2022, was \$11,169,976 as compared to \$10,129,533 in the year ended June 30, 2021.
- The District's total net position increased by \$1,493,192 (an increase of \$1,016,321 from governmental activities and an increase of \$476,871 from business-type activities), as total revenues of \$17,220,185 exceeded total expenses of \$15,726,993.

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, 2022 and 2021, respectively, as derived from the government-wide Statement of Net Position.

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Cash and investments – unrestricted	\$ 11,094,038	\$ 9,957,117	\$ -	\$ -	\$ 11,094,038	\$ 9,957,117
Cash – restricted	-	-	13,548,908	16,312,308	13,548,908	16,312,308
Other current assets	1,469,092	972,612	106,435	118,373	1,575,527	1,090,985
Noncurrent assets	9,612,951	5,534,963	32,227,580	29,709,967	41,840,531	35,244,930
Total Assets	22,176,081	16,464,692	45,882,923	46,140,648	68,059,004	62,605,340
Deferred Outflows of Resources	7,346,949	10,092,448	-	-	7,346,949	10,092,448
Liabilities:						
Current liabilities	244,809	571,655	-	79,215	244,809	650,870
Long-term liabilities (due within one year)	1,296,295	608,631	717,815	842,484	2,014,110	1,451,115
Long-term liabilities (due in more than one year)	40,441,655	44,981,725	24,470,371	25,001,085	64,912,026	69,982,810
Total Liabilities	41,982,759	46,162,011	25,188,186	25,922,784	67,170,945	72,084,795
Deferred Inflows of Resources	9,267,611	3,138,790	-	-	9,267,611	3,138,790
Net Position:						
Net investment in capital assets	5,572,177	7,110,461	7,039,394	11,231,662	12,611,571	18,342,123
Restricted for debt service	-	-	334,917	191,420	334,917	191,420
Restricted for capital projects	-	-	13,248,437	8,794,782	13,248,437	8,794,782
Unrestricted	(27,299,517)	(29,854,122)	71,989	-	(27,227,528)	(29,854,122)
Total Net Position	\$ (21,727,340)	\$ (22,743,661)	\$ 20,694,737	\$ 20,217,864	\$ (1,032,603)	\$ (2,525,797)

For the year ended June 30, 2022, total assets and liabilities of the District were \$68,059,004 and \$67,170,945, respectively. After considering Deferred Inflows and Deferred Outflows of Resources and new investments, Net Position increased by \$1,493,192 to (\$1,032,603).

Management's Discussion and Analysis
For the year ended June 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Overall, the Subdistrict's total 2022 liabilities decreased by 6.82%, or a net amount of \$4,913,850 over 2021 amounts. The decrease was attributable mainly to the decreases in the total OPEB and pension liabilities of \$6,068,586 and \$1,805,753, respectively, and the issuance of additional debt to finance the purchase of equipment.

The following table presents Parker Sewer and Fire Subdistrict's Statement of Activities respectively for the years June 30, 2022 and 2021, respectively, as derived from the government-wide Statement of Activities.

Function / Program Revenues:	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
General and administrative	\$ 518,736	\$ 333,211	\$ -	\$ -	\$ 518,736	\$ 333,211
Operating grants	-	409,418	-	-	-	409,418
Sewer maintenance	-	-	2,040,475	2,004,029	2,040,475	2,004,029
Sewer capital fee	-	-	1,218,219	1,175,311	1,218,219	1,175,311
General Revenues:						
Property taxes	13,373,758	12,636,668	-	-	13,373,758	12,636,668
Interest	22,707	16,708	5,421	5,492	28,128	22,200
Other revenue	-	235,207	40,869	24,165	40,869	259,372
Total Revenues	<u>13,915,201</u>	<u>13,631,212</u>	<u>3,304,984</u>	<u>3,208,997</u>	<u>17,220,185</u>	<u>16,840,209</u>
Program Expenses:						
General and administrative	6,258,060	6,896,097	211,335	294,511	6,469,395	7,190,608
Public safety	5,414,709	6,049,155	-	-	5,414,709	6,049,155
Fleet maintenance	567,969	467,084	-	-	567,969	467,084
Sewer maintenance	-	-	2,380,336	2,595,414	2,380,336	2,595,414
Interest on long-term liabilities	66,807	52,297	827,777	638,371	894,584	690,668
Bond issuance costs	-	-	-	227,130	-	227,130
Total Expenses	<u>12,307,545</u>	<u>13,464,633</u>	<u>3,419,448</u>	<u>3,755,426</u>	<u>15,726,993</u>	<u>17,220,059</u>
Transfers in (out)	<u>(591,335)</u>	<u>(1,075,945)</u>	<u>591,335</u>	<u>1,075,945</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>1,016,321</u>	<u>(909,366)</u>	<u>476,871</u>	<u>529,516</u>	<u>1,493,192</u>	<u>(379,850)</u>
Net Position, Beginning of the Year	<u>(22,743,661)</u>	<u>(21,834,295)</u>	<u>20,217,866</u>	<u>19,688,350</u>	<u>(2,525,795)</u>	<u>(2,145,945)</u>
Net Position, End of the Year	<u>\$ (21,727,340)</u>	<u>\$ (22,743,661)</u>	<u>20,694,737</u>	<u>20,217,866</u>	<u>(1,032,603)</u>	<u>(2,525,795)</u>

For the District, total revenues were \$17,220,185 for the year ended June 30, 2022. General Revenues increased \$524,515 from the prior year primarily due to increases in property valuations from revitalization efforts in the district. Additional other revenues included \$2,040,475 for Sewer Rehabilitation charges, \$1,218,219 for Sewer Capital Fee charges, and \$518,736 for General and Administrative services. Overall net position increased by \$1,493,192.

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 \$12,182,611.

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 fund:

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 \$12,182,611 at June 30, 2022, an increase of \$1,981,818. Increases and decreases are the result of availability of funds from current financial resources.

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 \$1,981,818 through the fiscal year 2022 from \$10,200,793 in 2021. The unassigned fund balance increased from \$10,129,533 to \$11,169,976, an increase of \$1,040,443. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

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

The Statement of Revenues, Expenditures and Changes in Fund Balances indicates that the Total Revenues were \$13,971,433 for the General Fund. Total expenditures were \$20,755,929. Fund balance decreased during the year ended June 30, 2022, by \$1,981,818, compared to an increase of \$6,535,671 during the year ended June 30, 2021.

CAPITAL ASSETS

As of June 30, 2022, the District had a net investment in capital assets not being depreciated of \$4,927,678, comprised of land and infrastructure construction in progress, as well as the prepayment for equipment that was not yet placed in service. Capital assets being depreciated include buildings, equipment, trucks, fire and emergency vehicles, infrastructure, and intangible assets with investments net of depreciation totaling \$36,912,853. These amounts represent a net change of additions, transfers, and disposals over the prior year.

Management's Discussion and Analysis
For the year ended June 30, 2022

CAPITAL ASSETS (CONTINUED)

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

- Purchase of \$215,411 of large equipment
- Purchase of \$4,425,788 of trucks
- Partial completion of \$10,077,125 of infrastructure construction in process

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Land	\$ 336,750	\$ 336,750	\$ -	\$ -	\$ 336,750	\$ 336,750
Infrastructure construction in progress	-	-	14,668	10,218,793	14,668	10,218,793
Prepaid equipment	4,449,260	-	-	-	4,449,260	-
Buildings	2,600,987	2,734,689	190,728	205,263	2,791,715	2,939,952
Small equipment	-	-	88,971	120,940	88,971	120,940
Large equipment	213,398	175,138	748,935	739,432	962,333	914,570
Trucks	193,378	251,530	137,172	169,227	330,550	420,757
Fire and emergency vehicles	1,780,116	2,018,856	-	-	1,780,116	2,018,856
Infrastructure	-	-	30,899,796	18,206,562	30,899,796	18,206,562
Intangibles	39,062	18,000	20,310	49,750	59,372	67,750
Total Capital Assets, Net of Depreciation	<u>\$ 9,612,951</u>	<u>\$ 5,534,963</u>	<u>\$ 32,227,580</u>	<u>\$ 29,709,967</u>	<u>\$ 41,840,531</u>	<u>\$ 35,244,930</u>

BUDGET VARIANCES

Revenues had an overall positive variance of \$402,763 from budgeted amount of \$13,568,670; including a positive variance of \$1,231,423 from the collection of property taxes and a negative variance of \$982,733 in other revenues for the year ended June 30, 2022.

Current expenditures including general and administrative, public safety and fleet maintenance had an overall positive variance of \$911,323. Capital outlay expenditures had a negative variance of \$3,518,107 comprised of public safety expenditures. The total overall negative variance for expenditures was \$8,112,978 from the final budgeted amounts of \$12,642,951. Overall net change in fund balance had a positive variance of \$1,876,261, resulting from a \$1,981,818 increase in fund balance as opposed to the budgeted increase of \$105,557 for the year ended June 30, 2022.

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.

PENSIONS (CONTINUED)

Costs for the District increased by 1.00% to 19.24% of the total wages of eligible firefighters participating in PORS, while costs for employees participating in SCRS increased by 1.00% to 16.56% of total wages. These rates were effective July 1, 2021.

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:

Randall A. Jones, 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, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments – unrestricted	\$ 11,094,038	\$ -	\$ 11,094,038
Cash – restricted	-	13,548,908	13,548,908
Taxes receivable, net	528,446	-	528,446
Sewer Capital fees receivable – restricted	-	12,745	12,745
Rehab fees receivable – restricted	-	21,701	21,701
Interfund balances	(71,989)	71,989	-
Other current assets	1,012,635	-	1,012,635
Noncurrent assets:			
Capital assets not being depreciated	4,786,010	141,668	4,927,678
Capital assets being depreciated, net of accumulated depreciation	4,826,941	32,085,912	36,912,853
Total Assets	<u>22,176,081</u>	<u>45,882,923</u>	<u>68,059,004</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred pension charges	2,181,682	-	2,181,682
Deferred other postemployment benefit (OPEB) charges	5,165,267	-	5,165,267
Total Deferred Outflows of Resources	<u>7,346,949</u>	<u>-</u>	<u>7,346,949</u>
LIABILITIES:			
Accounts payable and accrued expenses	102,113	-	102,113
Accrued payroll and related expenses	142,696	-	142,696
Long-term liabilities:			
Due within one year:			
Capital lease obligations	605,442	-	605,442
Bonds payable	-	490,000	490,000
Deferred amortizable bond premium	-	40,715	40,715
Compensated absences	630,540	-	630,540
Interest	40,513	187,100	227,613
Other liabilities	19,800	-	19,800
Due in more than one year:			
Capital lease obligations	4,345,559	-	4,345,559
Bonds payable	-	23,385,000	23,385,000
Deferred amortizable bond premium	-	1,085,371	1,085,371
Net pension liability	9,774,339	-	9,774,339
Net other postemployment benefits (OPEB) liability	26,321,757	-	26,321,757
Total Liabilities	<u>41,982,759</u>	<u>25,188,186</u>	<u>67,170,945</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred pension credits	2,100,491	-	2,100,491
Deferred OPEB credits	7,167,120	-	7,167,120
Total Deferred Inflows of Resources	<u>9,267,611</u>	<u>-</u>	<u>9,267,611</u>
NET POSITION:			
Net investment in capital assets	5,572,177	7,039,394	12,611,571
Restricted for:			
Sewer rehabilitation projects	-	13,248,437	13,248,437
Debt service	-	334,917	334,917
Unrestricted	(27,299,517)	71,989	(27,227,528)
Total Net Position	<u>\$ (21,727,340)</u>	<u>\$ 20,694,737</u>	<u>\$ (1,032,603)</u>

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

PARKER SEWER AND FIRE SUBDISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2022

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>		
ASSETS:		
Cash and investments	\$ 11,094,038	\$ 11,094,038
Taxes/fees receivable	528,446	528,446
Prepaid expenses	1,012,635	1,012,635
TOTAL ASSETS	<u>\$ 12,635,119</u>	<u>\$ 12,635,119</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 102,113	\$ 102,113
Accrued payroll and related expenses	142,696	142,696
Internal balance	71,989	71,989
Other liabilities	19,800	19,800
TOTAL LIABILITIES	<u>336,598</u>	<u>336,598</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred property taxes	<u>115,910</u>	<u>115,910</u>
FUND BALANCES:		
Nonspendable:		
Prepaid expenses	1,012,635	1,012,635
Unassigned	11,169,976	11,169,976
TOTAL FUND BALANCES	<u>12,182,611</u>	<u>12,182,611</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 12,635,119</u>	<u>\$ 12,635,119</u>

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

PARKER SEWER AND FIRE SUBDISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022

Total fund balances, from page 5	\$ 12,182,611
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, construction in progress, and intangibles, net of accumulated depreciation of \$6,714,255	9,612,951
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.	(9,693,148)
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.	(28,323,610)
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	(630,540)
Finance purchase obligations	(4,951,001)
Interest	(40,513)
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>115,910</u>
Total Net Position of Governmental Activities	<u>\$ (21,727,340)</u>

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

PARKER SEWER AND FIRE SUBDISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Total Governmental Funds
REVENUES:		
Property taxes	\$ 13,429,993	\$ 13,429,993
Charges for services:		
Other sewer charges	230,125	230,125
Reinspection fees	7,200	7,200
Accident/fire response fee	73,876	73,876
New account fees	28,165	28,165
Other	179,367	179,367
Other income:		
Interest	22,707	22,707
TOTAL REVENUES	<u>13,971,433</u>	<u>13,971,433</u>
EXPENDITURES:		
Current:		
General and administrative	5,270,471	5,270,471
Public safety	4,877,919	4,877,919
Fleet maintenance	553,238	553,238
Debt service:		
Principal	5,489,900	5,489,900
Interest	26,294	26,294
Capital outlays:		
Public safety	4,538,107	4,538,107
TOTAL EXPENDITURES	<u>20,755,929</u>	<u>20,755,929</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(6,784,496)</u>	<u>(6,784,496)</u>
OTHER FINANCING SOURCES (USES):		
Proceeds from finance purchase	9,310,000	9,310,000
Transfers out	(543,686)	(543,686)
TOTAL OTHER FINANCING SOURCES AND USES	<u>8,766,314</u>	<u>8,766,314</u>

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

PARKER SEWER AND FIRE SUBDISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

	<u>General Fund</u>	<u>Total Governmental Funds</u>
NET CHANGE IN FUND BALANCES	1,981,818	1,981,818
FUND BALANCES, Beginning of the year, as restated (See Note 15)	<u>10,200,793</u>	<u>10,200,793</u>
FUND BALANCES, End of the year	<u>\$ 12,182,611</u>	<u>\$ 12,182,611</u>

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

PARKER SEWER AND FIRE SUBDISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities (page 4) for the year ended June 30, 2022:

Net change in fund balances – total governmental funds	\$ 1,981,818
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.	(56,235)
Governmental funds report capital outlays and loan issuance costs 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 and loan issuance costs (\$4,538,107) exceeded depreciation (\$460,119) in the current year.	4,077,988
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.	(161,320)
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.	(400,492)
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.	(564,825)
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.	(40,513)
Financed equipment purchases provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayments 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 proceeds exceeded principle payments during the year ended June 30, 2022.	<u>(3,820,100)</u>
Total Change in Net Position of Governmental Activities	<u>\$ 1,016,321</u>

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

PARKER SEWER AND FIRE SUBDISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2022

	<u>Sewer Service Enterprise Fund</u>
ASSETS:	
Cash - restricted	\$ 13,548,908
Sewer Capital fees receivable – restricted	12,745
Rehab fees receivable – restricted	21,701
Interfund balance	71,989
Noncurrent assets:	
Capital assets not being depreciated	141,668
Capital assets being depreciated, net of accumulated depreciation	<u>32,085,912</u>
 Total Assets	 <u>45,882,923</u>
LIABILITIES:	
Long-term liabilities:	
Due within one year:	
Bonds payable	490,000
Deferred amortizable bond premium	40,715
Interest	187,100
Due in more than one year:	
Bonds payable	23,385,000
Deferred amortizable bond premium	<u>1,085,371</u>
 Total Liabilities	 <u>25,188,186</u>
NET POSITION:	
Net investment in capital assets	7,039,394
Restricted for:	
Sewer rehab projects	13,248,437
Debt service	334,917
Unrestricted	<u>71,989</u>
 Total Net Position	 <u>\$ 20,694,737</u>

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

PARKER SEWER AND FIRE SUBDISTRICT

STATEMENT OF REVENUES, EXPENSES AND
CHANGE IN FUND NET POSITION – PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Sewer Service Enterprise Fund</u>
OPERATING REVENUES:	
Sewer maintenance	\$ 2,040,475
Sewer capital fee	1,218,219
Other	40,869
	<hr/>
TOTAL OPERATING REVENUES	3,299,563
	<hr/>
OPERATING EXPENSES:	
Sewer operations	1,529,606
General and administrative	211,335
Depreciation	850,730
	<hr/>
TOTAL OPERATING EXPENSES	2,591,671
	<hr/>
OPERATING INCOME	707,892
	<hr/>
NON-OPERATING REVENUES (EXPENSES):	
Interest income	5,421
Interest expense	(827,777)
	<hr/>
TOTAL NON-OPERATING EXPENSES	(822,356)
	<hr/>
LOSS BEFORE TRANSFERS	(114,464)
	<hr/>
TRANSFERS IN	591,335
	<hr/>
CHANGE IN NET POSITION	476,871
	<hr/>
NET POSITION, Beginning of the year, as restated (See Note 15)	20,217,866
	<hr/>
NET POSITION, End of the year	\$ 20,694,737
	<hr/> <hr/>

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

PARKER SEWER AND FIRE SUBDISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Sewer Service Enterprise Fund
	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash receipts from customers and miscellaneous revenue	\$ 3,270,787
Cash payments to suppliers	(218,079)
Cash payments to employees	(427,940)
Cash payments for employee benefits	(157,507)
Payments for overhead allocation and interfund services used	<u>(63,502)</u>
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	<u>2,403,760</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of capital assets	(3,368,343)
Principal paid on bonds	(455,000)
Interest paid on related bond debt	<u>(831,039)</u>
NET CASH FLOWS USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(4,654,382)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers to other funds	<u>(518,200)</u>
NET CASH FLOWS USED BY INVESTING ACTIVITIES	<u>(518,200)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	<u>5,421</u>
NET CASH FLOWS PROVIDED BY INVESTING ACTIVITIES	<u>5,421</u>
NET DECREASE IN CASH	(2,763,401)
CASH, beginning of the year	<u>16,312,308</u>
CASH, end of the year	<u>\$ 13,548,907</u>

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

PARKER SEWER AND FIRE SUBDISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Sewer Service Enterprise Fund</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:	
Operating income	\$ 707,892
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	850,730
Amortization of bond premium	(40,714)
Expenses paid by other funds	1,109,537
Decrease in assets:	
Sewer capital fees receivable – restricted	4,417
Rehab fees receivable – restricted	7,521
Decrease in liabilities:	
Accrued payroll	(79,216)
Compensated absences	(156,407)
Net Cash Provided by Operating Activities	<u>\$ 2,403,760</u>

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

PARKER SEWER AND FIRE SUBDISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 Sewer Activities Proprietary Fund, in the Statement of Revenues, Expenditures, and Change in Fund Net Position – Proprietary Fund.

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.

Measurement Focus, Basis of Accounting and 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. 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.

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 government-wide financial statements and the proprietary fund financial statements are presented on the full accrual basis of accounting with an economic resource measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the Subdistrict gives or receives value without directly receiving or giving equal value in exchange, includes property taxes and grants. Property taxes are recognized as revenues in the year for which they are levied.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

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. 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.

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 fund:

- 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.

Proprietary fund types are accounted for based on the inflow of economic resources and measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of proprietary funds are primarily charges for services and fees. Operating expenses for proprietary funds include the expenses for providing goods and services, administrative expenses, maintenance and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary fund types include the following fund:

- Sewer Service Fund – This fund is a major fund and is used to account for the accumulation of resources for, and payments of, designated sewer rehabilitation maintenance and management and capital projects.

Cash and Investments: The Subdistrict maintains its cash balances in local banks. The Subdistrict maintains its investments with the State of South Carolina Treasurer.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets: General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary fund are reported both in the business-type activities column of the government-wide Statement of Net Position and in the respective 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.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Payables, Accruals and Long-Term Liabilities: All payables, accrued liabilities and long-term liabilities are reported in the government-wide financial statements. The portion applicable to the proprietary fund is also recorded in the proprietary fund 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.

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, 2022, consist of cash and fees receivable totaling \$334,917 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, 2022. See Note 8 for more information.

Leases: 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 the year ending June 30, 2022. The Subdistrict considers the effects of GASB No. 87 to be immaterial and, therefore, the Subdistrict has not recorded current leases under the new standard.

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, 2022.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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.

Investments: The South Carolina State Treasurer held none of the investments noted in the table below. As of June 30, 2022 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	\$ 6,691,556	40.1%	0.06

⁽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, 2022, 59.9% of the Subdistrict’s investments were in the State of South Carolina Local Government Investment Pool, while the remaining 40.1% were held at US Bank in Money Market Mutual Funds.

The Subdistrict had the following investments and cash at June 30, 2022:

Investments:

State of South Carolina Local Government Investment Pool (Maturity of less than one year)	\$ 10,011,934
Money Market Mutual Funds	<u>6,691,556</u>
Total Investments	16,703,490
Cash	<u>7,939,456</u>
Total Investments and Cash	<u><u>\$ 24,642,946</u></u>

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

Cash and investments – unrestricted	\$ 11,094,038
Cash – restricted	<u>13,548,908</u>
	<u>\$ 24,642,946</u>

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, 2022.

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, 2022:

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	\$ 10,011,934	\$ -	\$ 10,011,934
Money market mutual funds	<u>6,691,556</u>	<u>6,691,556</u>	<u>-</u>
Total Investments at Fair Value	<u>\$ 16,703,490</u>	<u>\$ 6,691,556</u>	<u>\$ 10,011,934</u>

The Subdistrict had no Level 3 assets or liabilities at June 30, 2022.

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, 2022, the assessed value was approximately \$141 million at a rate of 92.6 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, 2022 totaled \$562,892, is composed of gross property taxes of \$643,146 less an allowance for estimated uncollectible property taxes of \$80,254. Delinquent property taxes of \$446,982 have been recognized as revenue at June 30, 2022 because they had been received by the Subdistrict within 60 days of year-end. The remaining delinquent property tax receivable of \$115,910 has been recorded by the Subdistrict as deferred property taxes at June 30, 2022 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 activity of the Subdistrict’s governmental activities for the year ended June 30, 2022:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Transfers</u>	<u>Disposals</u>	<u>June 30, 2022</u>
Governmental Activities:					
Capital assets not being depreciated:					
Prepaid equipment costs	\$ -	\$ 4,449,260	\$ -	\$ -	\$ 4,449,260
Land	336,750	-	-	-	336,750
Total Capital Assets Not Being Depreciated	<u>336,750</u>	<u>4,449,260</u>	<u>-</u>	<u>-</u>	<u>4,786,010</u>
Capital assets being depreciated:					
Buildings	5,141,479	-	-	-	5,141,479
Small equipment	923,100	-	-	-	923,100
Large equipment	292,993	62,114	-	-	355,107
Trucks	396,797	-	-	-	396,797
Fire and emergency vehicles	4,637,980	-	-	-	4,637,980
Intangible asset – loan issue costs	60,000	26,733	-	-	86,733
Total Capital Assets Being Depreciated	<u>11,452,349</u>	<u>88,847</u>	<u>-</u>	<u>-</u>	<u>11,541,196</u>
Less accumulated depreciation:					
Buildings	2,406,790	133,702	-	-	2,540,492
Small equipment	923,100	-	-	-	923,100
Large equipment	117,855	23,854	-	-	141,709
Trucks	145,267	58,152	-	-	203,419
Fire and emergency vehicles	2,619,124	238,740	-	-	2,857,864
Intangible asset – loan issue costs	42,000	5,671	-	-	47,671
Total Accumulated Depreciation	<u>6,254,136</u>	<u>460,119</u>	<u>-</u>	<u>-</u>	<u>6,714,255</u>
Total Capital Assets Being Depreciated, Net	<u>5,198,213</u>	<u>(371,272)</u>	<u>-</u>	<u>-</u>	<u>4,826,941</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,534,963</u>	<u>\$ 4,077,988</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,612,951</u>

Depreciation and amortization expense for the Subdistrict’s governmental activities was charged as a direct expense to programs of the primary government as follows:

Governmental activities:	
General and administrative	\$ 18,659
Public safety	428,412
Fleet maintenance	<u>13,048</u>
Total Depreciation for Governmental Activities	<u>\$ 460,119</u>

NOTE 5 – CAPITAL ASSETS (CONTINUED)

The following is a summary of capital assets activity of the Subdistrict’s business-type activities for the year ended June 30, 2022:

	July 1, 2021	Additions	Transfers	Disposals	June 30, 2022
Business-type activities:					
Capital assets not being depreciated:					
Infrastructure construction in progress	\$ 10,218,793	\$ -	\$ (10,077,125)	\$ -	\$ 141,668
Total Capital Assets Not Being Depreciated	<u>10,218,793</u>	<u>-</u>	<u>(10,077,125)</u>	<u>-</u>	<u>141,668</u>
Capital assets being depreciated:					
Buildings	575,700	-	-	-	575,700
Small equipment	710,371	-	-	-	710,371
Large equipment	2,200,560	129,825	-	-	2,330,385
Trucks	893,460	-	-	-	893,460
Infrastructure	20,823,399	3,238,518	10,077,125	-	34,139,042
Intangible asset – software	189,000	-	-	-	189,000
Intangible asset – bond issue costs	15,476	-	-	-	15,476
Total Capital Assets Being Depreciated	<u>25,407,966</u>	<u>3,368,343</u>	<u>10,077,125</u>	<u>-</u>	<u>38,853,434</u>
Less accumulated depreciation:					
Buildings	370,437	14,535	-	-	384,972
Small equipment	589,431	31,969	-	-	621,400
Large equipment	1,461,128	120,322	-	-	1,581,450
Trucks	724,233	32,055	-	-	756,288
Infrastructure	2,616,837	622,409	-	-	3,239,246
Intangible asset – software	152,576	28,924	-	-	181,500
Intangible asset – bond issue costs	2,150	516	-	-	2,666
Total Accumulated Depreciation	<u>5,916,792</u>	<u>850,730</u>	<u>-</u>	<u>-</u>	<u>6,767,522</u>
Total Capital Assets Being Depreciated, Net	<u>19,491,174</u>	<u>2,517,613</u>	<u>10,077,125</u>	<u>-</u>	<u>32,085,912</u>
Governmental Activities Capital Assets, Net	<u>\$ 29,709,967</u>	<u>\$ 2,517,613</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,227,580</u>

Depreciation and amortization expense for the Subdistrict’s business-type activities was charged as a direct expense to programs of the primary government as follows:

Business-type activities:	
Sewer maintenance	<u>\$ 850,730</u>
Total Depreciation for Business-type Activities	<u>\$ 850,730</u>

NOTE 6 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2022, was as follows:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2022</u>	<u>Amount due in one year</u>
Governmental activities:					
Long-term liabilities:					
Compensated absences	\$ 469,220	\$ 161,320	\$ -	\$ 630,540	\$ 630,540
Net OPEB liability	32,390,343	-	(6,068,586)	26,321,757	-
Net pension liability	11,580,092	-	(1,805,753)	9,774,339	-
Finance purchase obligations	<u>1,130,901</u>	<u>9,310,000</u>	<u>(5,489,900)</u>	<u>4,951,001</u>	<u>605,442</u>
Governmental Activities					
Long-term Liabilities	<u>\$ 45,570,556</u>	<u>\$ 9,471,320</u>	<u>\$ (13,364,239)</u>	<u>\$ 41,677,637</u>	<u>\$ 1,235,982</u>
Business-type activities:					
Compensated absences	\$ 156,407	\$ -	\$ (156,407)	\$ -	\$ -
Series 2017 revenue bonds	8,360,000	-	(205,000)	8,155,000	210,000
Series 2019 revenue bonds	7,835,000	-	(150,000)	7,685,000	150,000
Series 2021 revenue bonds	8,135,000	-	(100,000)	8,035,000	130,000
Deferred amortizable bond premium	<u>1,166,800</u>	<u>-</u>	<u>(40,714)</u>	<u>1,126,086</u>	<u>40,715</u>
Business-type Activities					
Long-term Liabilities	<u>\$ 25,653,207</u>	<u>\$ -</u>	<u>\$ (652,121)</u>	<u>\$ 25,001,086</u>	<u>\$ 530,715</u>

Compensated absences attributable to business-type activities have been liquidated in the past by the Proprietary Fund. 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 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%. In September 2021, the Subdistrict used available funds and paid down the principal balance and refinanced the remaining balance establishing a new lease agreement totaling \$592,000 that is payable in semiannual installments including principal and interest on July 22 and January 22 through January 2028, with an interest rate of 1.56%. This agreement is secured by the fire engines, with a net book value totaling \$1,355,914. Interest expense for the year ended June 30, 2022, was \$33,585 and is included in interest on long-term liabilities for governmental activities in the accompanying Statement of Activities. As of June 30, 2022, the outstanding balance was \$592,000.

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

In September 2021, the Subdistrict entered into a master lease agreement totaling \$4,359,000 for the purchase of various fire engines and large pieces of equipment. This lease was payable in one payment including principal and interest in January 2022, with an interest rate of 1.78%. A new master lease agreement was established in January 2022 to pay this amount. This lease is payable in semiannual installments including principal and interest on July 22 and January 22 through January 2030, with an interest rate of 1.87%. This agreement is secured by the fire engines and large pieces of equipment, with a net book value totaling \$4,449,260. Interest expense for the year ended June 30, 2022, was \$33,220 and is included in interest on long-term liabilities for governmental activities in the accompanying Statement of Activities. As of June 30, 2022, the outstanding balance was \$4,359,000.

The remaining finance purchase obligations will be liquidated by the General Fund. Future minimum payments at June 30, 2022, are as follows:

<u>GOVERNMENTAL ACTIVITIES</u>			
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 605,442	\$ 90,630	\$ 696,072
2024	615,575	76,929	692,504
2025	627,337	65,662	692,999
2026	639,282	54,181	693,463
2027	650,413	42,489	692,902
2028 – 2032	<u>1,812,952</u>	<u>57,618</u>	<u>1,870,570</u>
	<u>\$ 4,951,001</u>	<u>\$ 387,509</u>	<u>\$ 5,338,510</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, 2022, was \$296,021 and is included in interest on long-term liabilities for business-type activities in the accompanying Statement of Activities. 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, 2022, was \$288,486 and is included in interest on long-term liabilities for business-type activities in the accompanying Statement of Activities. 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. Interest expense for the year ended June 30, 2022, was \$243,271 and is included in interest on long-term liabilities for business-type activities in the accompanying Statement of Activities. The Series 2021 Revenue Bonds are secured solely by the Pledged Revenues.

Debt service requirements on bonds payable are as follows:

BUSINESS-TYPE ACTIVITIES

Year Ending June 30,	Bond Payable	
	Principal	Interest
2023	\$ 490,000	\$ 791,369
2024	505,000	775,169
2025	520,000	760,719
2026	530,000	743,518
2027	560,000	725,969
2028 – 2032	3,120,000	3,282,645
2033 – 2037	3,675,000	2,709,187
2038 – 2042	4,435,000	1,966,625
2043 – 2047	5,215,000	1,182,731
2048 – 2051	4,825,000	298,100
	<u>\$ 23,875,000</u>	<u>\$ 13,236,032</u>

The sales proceeds from the 2017 bond issuance totaled \$8,691,545, producing a bond premium of \$131,545, which is amortized over the life of the debt offsetting the interest expense. The sales proceeds from the 2019 bond issuance totaled \$8,681,442, producing a bond premium of \$556,442, which is amortized over the life of the debt offsetting the interest expense. 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, 2022, the balance of the bond premium was \$1,126,086.

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

Future amortization of the bond premiums is as follows:

BUSINESS-TYPE ACTIVITIES

2023		\$	40,715
2024			40,715
2025			40,715
2026			40,715
2027			40,715
2028 – 2032			203,573
2033 – 2037			203,573
2038 – 2042			203,573
2043 – 2047			203,573
2048 – 2051			108,219
			108,219
		\$	1,126,086

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

- 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, 2022, the valuation date was July 1, 2020, and the measurement date was June 30, 2022.

As of the valuation date, the participant data was:

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

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

Total OPEB liability	\$ 26,321,757
Covered payroll	4,652,976
Total OPEB liability as percentage of covered payroll	565.70%

Actuarial Assumptions: The discount rate used for June 30, 2022, was 3.54%. The 20 Year Tax-Exempt Municipal Bond Yield used for June 30, 2022, was also 3.54%. The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

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

NOTE 8 – RETIREE HEALTH PLAN (CONTINUED)

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	3.54%
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, 2022, are presented in the table below:

Balance as of June 30, 2021	\$ 32,390,343
Changes for the year:	
Service costs	1,670,847
Interest on total OPEB liability	719,203
Effect of plan changes	(1,053,000)
Effect of assumptions changes or inputs	(6,493,679)
Benefit payments	<u>(911,957)</u>
Balance as of June 30, 2022	<u>\$ 26,321,757</u>

Significant Changes: The Sewer department was consolidated into Metropolitan Sewer Subdistrict d/b/a MetroConnects (“Metro”) at July 1, 2022 (See Note 14 for additional information). To assure no loss of insurance coverage, several of the Subdistrict’s sewer employees were transferred to Metro in May 2022. As a result, fifteen sewer employees included in the July 1, 2020, OPEB valuation are no longer OPEB plan participants at June 30, 2022. This resulted in a \$1,053,000 decrease in the plan’s total OPEB liability as of June 30, 2022. This decrease was immediately recognized in OPEB expense during the year ended June 30, 2022.

NOTE 8 – RETIREE HEALTH PLAN (CONTINUED)

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 (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	\$ 30,731,440	\$ 26,321,757	\$ 22,820,624

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

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 22,006,598	\$ 26,321,757	\$ 31,943,027

For the year ended June 30, 2022, OPEB expense was calculated as follows:

Service cost	\$ 1,670,847
Interest on net OPEB liability	719,203
Effect of plan changes	(1,053,000)
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of economic/demographic gains or losses	(880,202)
Recognition of assumption changes or inputs	855,654
OPEB expense	<u>\$ 1,312,502</u>

As of June 30, 2022, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (1,755,721)	\$ 201,761
Changes of assumptions	(5,411,399)	4,963,506
	<u>\$ (7,167,120)</u>	<u>\$ 5,165,267</u>

NOTE 8 – RETIREE HEALTH PLAN (CONTINUED)

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>	
2023	\$ 79,909
2024	(204,850)
2025	(555,385)
2026	(555,385)
2027	(766,142)
Thereafter	-
	<u>\$ (2,001,853)</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, 2022, 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 \$85,000. 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, 2022, was \$2,817,398. Changes in the Subdistrict’s healthcare liabilities during the year ended June 30, 2022, are as follows.

Liabilities for healthcare, Beginning of year	\$ 160,924
Plus: Claims incurred	2,743,400
Less: Claims paid	<u>2,817,398</u>
Liabilities for Healthcare, End of Year	<u>\$ 86,926</u>

The June 30, 2022, 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, 2022, 2021, or 2020. There were no significant reductions in insurance coverage during the year ended June 30, 2022.

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.

NOTE 11 – PENSION PLAN (CONTINUED)

PEBA issues a Comprehensive Annual Financial Report containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The Comprehensive Annual Financial Report 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 the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.
- The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1962, pursuant to the provisions of 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.

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.

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

NOTE 11 – PENSION PLAN (CONTINUED)

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/current annual salary. A brief summary of the benefit terms for each system is presented below.

- **SCRS** – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's 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 earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

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

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

Contributions: Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates.

NOTE 11 – PENSION PLAN (CONTINUED)

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.

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		
	2020	2021	2022	2020	2021	2022
Employer Rate:						
Retirement	15.41%	15.41%	16.41%	17.84%	17.84%	18.84%
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>15.56%</u>	<u>15.56%</u>	<u>16.56%</u>	<u>18.24%</u>	<u>18.24%</u>	<u>19.24%</u>
Employee Rate	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.75%</u>	<u>9.75%</u>	<u>9.75%</u>

NOTE 11 – PENSION PLAN (CONTINUED)

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

<u>Fiscal Year Ended</u>	<u>SCRS Contributions</u>		<u>PORS Contributions</u>	
	<u>Required Contribution</u>	<u>% Contributed</u>	<u>Required Contribution</u>	<u>% Contributed</u>
June 30, 2022	\$ 269,058	100%	\$ 830,738	100%
June 30, 2021	\$ 247,789	100%	\$ 716,291	100%
June 30, 2020	\$ 230,863	100%	\$ 679,832	100%

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

<u>Fiscal Year Ended</u>	<u>SCRS Payroll</u>	<u>PORS Payroll</u>	<u>Total Payroll</u>
June 30, 2022	\$ 1,624,748	\$ 4,317,766	\$ 5,942,514
June 30, 2021	\$ 1,592,473	\$ 3,927,031	\$ 5,519,504
June 30, 2020	\$ 1,483,698	\$ 3,727,149	\$ 5,210,847

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, 2020. The net pension liability of each defined benefit pension plan was therefore determined based on the July 1, 2020, actuarial valuations, using membership data as of July 1, 2020, projected forward to the end of the fiscal year, and the financial information of the pension trust funds as of June 30, 2021, 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, 2021, 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	\$ 55,131,579,363	\$ 33,490,305,970	\$ 21,641,273,393	60.70%
PORS	\$ 8,684,586,488	\$ 6,111,672,064	\$ 2,572,914,424	70.40%

NOTE 11 – PENSION PLAN (CONTINUED)

At June 30, 2022, the Subdistrict reported liabilities of \$3,054,922 and \$6,719,417 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, 2021, and the total pension liabilities used to calculate the net pension liabilities were determined based on the most recent actuarial valuation report as of July 1, 2020, 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, 2021, the Subdistrict’s SCRS proportion was 0.01412 percent, which was an increase from its proportion measured as of June 30, 2020. At June 30, 2021, the Subdistrict’s PORS proportion was 0.26116 percent, which was an increase from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Subdistrict recognized a net pension expense of \$132,209 and \$1,567,023 for the SCRS and PORS, respectively. At June 30, 2022, 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
	<u> </u>	<u> </u>
SCRS		
Differences between expected and actual experience	\$ 52,037	\$ 4,123
Changes of assumptions	167,216	-
Net difference between projected and actual earnings on pension plan investments	-	443,768
Changes in proportion and differences between Subdistrict contributions and proportionate share of contributions	144,224	106,005
Subdistrict contributions subsequent to the June 30, 2021, measurement date	269,058	-
	<u>632,535</u>	<u>553,896</u>

NOTE 11 – PENSION PLAN (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
PORS		
Differences between expected and actual experience	228,589	20,927
Changes of assumptions	479,261	-
Net difference between projected and actual earnings on pension plan investments	-	1,506,464
Changes in proportion and differences between Subdistrict contributions and proportionate share of contributions	437,166	19,204
Subdistrict contributions subsequent to the June 30, 2021, measurement date	404,131	-
	<u>1,549,147</u>	<u>1,546,595</u>
Total	<u>\$ 2,181,682</u>	<u>\$ 2,100,491</u>

Of the Subdistrict’s deferred outflows of resources relating to pensions, \$269,058 resulted from contributions to the SCRS subsequent to the measurement date and \$404,131 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, 2022. 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	\$ (447,166)	\$ (1,239,526)	\$ (1,686,692)
2023	90,698	285,107	375,805
2024	166,049	552,840	718,889
	<u>\$ (190,419)</u>	<u>\$ (401,579)</u>	<u>\$ (591,998)</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.

NOTE 11 – PENSION PLAN (CONTINUED)

The following table provides a summary of the actuarial cost method and assumptions used to calculate the total pension liability as of July 1, 2021.

	<u>SCRS</u>	<u>PORS</u>
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment rate of return	7.00% (varies by service)	7.00% (varies by service)
Projected salary increases	3.0% to 11.0% (varies by service) lesser of 1% or \$500	3.5% to 10.5% (varies by service) lesser of 1% or \$500
Benefit adjustments	annually	annually

The post-retiree mortality assumption is dependent upon the member’s job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems’ mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020. The assumptions used in the June 30, 2021, valuation for SCRS and PORS are as follows:

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

Long-term expected rate of return

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected 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 2021 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 on the following page. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

NOTE 11 – PENSION PLAN (CONTINUED)

Allocation / Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Public Equity	46%	6.87%	3.16%
Bonds	26%	0.27%	0.07%
Private Equity	9%	9.68%	0.87%
Private Debt	7%	5.47%	0.39%
Real Assets	12%		
<i>Real Estate</i>	9%	6.01%	0.54%
<i>Infrastructure</i>	3%	5.08%	0.15%
Total Expected Return	<u>100%</u>		5.18%
Inflation for Actuarial Purposes			<u>2.25%</u>
Total Expected Nominal Return			<u>7.43%</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.00 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 total pension liability.

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, 2021, to changes in the discount rate. It shows the Subdistrict’s liability as calculated using the discount rate of 7.00 percent, as well as what the liability would be if it were calculated using a discount rate that is 1% point lower (6.00 percent) or 1% point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability of the SCRS	\$ 4,001,515	\$ 3,054,922	\$ 2,268,034
Proportionate share of the net pension liability of the PORS	\$ 9,749,024	\$ 6,719,417	\$ 4,237,717

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 Sewer Service Enterprise Fund.

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, 2022, was \$2,040,475. 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 – SEWER ASSET TRANSFER

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 the Subdistrict into Metropolitan Sewer Subdistrict d/b/a MetroConnects (“Metro”) and transfer their sewer assets to Metro. Pursuant to the Consent Order, the Subdistrict subsequently adopted a resolution authorizing the execution and delivery of an Intergovernmental Transfer Agreement (the “Transfer Agreement”) between the Subdistrict and Metro to transfer the Subdistrict’s sewer assets to metro, which was executed on February 1, 2022, with a scheduled transfer date of July 1, 2022. See Note 16 for additional information.

NOTE 15 – CORRECTION OF AN ERROR

During the year ended June 30, 2022, the Subdistrict discovered that, based on GASB Codification §1300.109(a), the correct way to report the sewer service activity is as a proprietary enterprise fund. This activity has been previously reported as the Special Revenue Fund and the Sewer Capital Fee Fund in the Balance Sheet – Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds. To correct this error, the following changes were made to the beginning net position and fund balances at June 30, 2021:

	GOVERNMENT-WIDE FINANCIAL STATEMENTS		
	Governmental	Business-type	Total
	Activities	Activities	
Total Net Position, as originally stated	\$ (2,525,795)	\$ -	\$ (2,525,795)
To move Sewer assets:			
Cash	(16,312,308)	16,312,308	-
Rehab fees receivable	(29,222)	29,222	-
Sewer capital fees receivable	(17,162)	17,162	-
Interfund balance	(71,989)	71,989	-
Capital assets not being depreciated	(10,218,794)	10,218,794	-
Capital assets being depreciated, net	(19,491,175)	19,491,175	-
To move Sewer liabilities:			
Accrued payroll and related expenses	79,215	(79,215)	-
Bonds payable	24,330,000	(24,330,000)	-
Deferred amortizable bond premium	1,166,800	(1,166,800)	-
Compensated absences	156,407	(156,407)	-
Accrued interest	190,362	(190,362)	-
Total Net Position, as restated	<u>\$ (22,743,661)</u>	<u>\$ 20,217,866</u>	<u>\$ (2,525,795)</u>

	FUND FINANCIAL STATEMENTS		
	General Fund	Special Revenue Fund	Sewer Capital Fund
Total Fund Balance, as originally stated	\$ 10,158,902	\$ 15,519,861	\$ 838,831
Transfers	41,891	(15,519,861)	(838,831)
Total Fund Balance, as restated	<u>\$ 10,200,793</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 17, 2023, 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.

NOTE 16 – SUBSEQUENT EVENTS (CONTINUED)

Per the Transfer Agreement discussed in Note 14, the following transactions have occurred subsequent to June 30, 2022:

- Series 2017, 2019, and 2021 revenue bonds balances totaling \$8,155,000, \$7,685,000, and \$8,035,000, respectively at June 30, 2022, were satisfied by Metro in July 2022 in connection with the issuance of their Series 2022 revenue bonds.
- Ownership of multiple pieces of large equipment and vehicles with a net book value of \$273,557 at June 30, 2022, were transferred to Metro in July 2022.
- Unspent bond proceeds from the Subdistrict's Series 2021 revenue bonds totaling \$6,356,640 were disbursed in connection with the issuance of Metro's Series 2022 revenue bonds.
- Debt service funds for the Subdistrict's Series 2017, 2019, and 2021 revenue bonds totaling \$125,370, \$108,786, and \$100,760, respectively, were disbursed in connection with the issuance of Metro's Series 2022 revenue bonds.
- The funds held in the Subdistrict's sewer related cash accounts at June 30, 2022, plus any additional deposits occurring after June 30, 2022, were transferred to Metro in four transactions occurring in July and August 2022. Pursuant to the agreement, the Subdistrict held \$25,000 cash to be used for miscellaneous invoices related to the sewer activities.
- Sewer receivables collected after June 30, 2022, were transferred in October and November 2022 and continue to be transferred as they are received from Greenville County Treasurer.

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, 2022

	BUDGET			ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	Original	Revisions	Final		
REVENUES:					
Property taxes	\$ 12,198,570	\$ -	\$ 12,198,570	\$ 13,429,993	\$ 1,231,423
Charges for services:					
Other sewer charges	82,000	-	82,000	230,125	148,125
Reinspection fees	10,000	-	10,000	7,200	(2,800)
Accident/fire response fee	35,000	-	35,000	73,876	38,876
New account fees	60,000	-	60,000	28,165	(31,835)
Other	1,162,100	-	1,162,100	179,367	(982,733)
Other income:					
Interest	21,000	-	21,000	22,707	1,707
TOTAL REVENUES	13,568,670	-	13,568,670	13,971,433	402,763
EXPENDITURES:					
Current:					
General and administrative	5,488,152	-	5,488,152	5,270,471	217,681
Public safety	5,493,421	-	5,493,421	4,877,919	615,502
Fleet maintenance	631,378	-	631,378	553,238	78,140
Debt service:					
Principal	-	-	-	5,489,900	(5,489,900)
Interest	-	-	-	26,294	(26,294)
Capital outlays:					
General and administrative	10,000	-	10,000	-	10,000
Public safety	1,020,000	-	1,020,000	4,538,107	(3,518,107)
TOTAL EXPENDITURES	12,642,951	-	12,642,951	20,755,929	(8,112,978)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	925,719	-	925,719	(6,784,496)	(7,710,215)
OTHER FINANCING SOURCES (USES):					
Finance purchase proceeds	-	-	-	9,310,000	9,310,000
Transfers to other funds	(820,162)	-	(820,162)	(543,686)	276,476
TOTAL OTHER FINANCING SOURCES (USES)	(820,162)	-	(820,162)	8,766,314	9,586,476
NET CHANGE IN FUND BALANCE	\$ 105,557	\$ -	\$ 105,557	1,981,818	\$ 1,876,261
FUND BALANCE, Beginning of year				10,200,793	
FUND BALANCE, End of year				<u>\$ 12,182,611</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 NINE FISCAL YEARS

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

	Year Ended June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Parker Sewer and Fire District's Proportion of the Net Pension Liability	0.01412%	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	\$ 3,054,922	\$ 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	\$ 1,592,473	\$ 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	191.84%	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	60.70%	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 NINE FISCAL YEARS

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

	Year Ended June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 269,058	\$ 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>269,058</u>	<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>	<u>\$ -</u>
Parker Sewer and Fire District's Covered-Employee Payroll	\$ 1,624,748	\$ 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	16.56%	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 FIVE FISCAL YEARS

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

	Year Ended June 30,				
	2022	2021	2020	2019	2018
Parker Sewer and Fire District's Proportion of the Net Pension Liability	0.26116%	0.24673%	0.240582%	0.243218%	0.22309%
Parker Sewer and Fire District's Proportionate Share of the Net Pension Liability	6,719,417	8,181,932	\$ 6,894,931	\$ 6,891,690	\$ 6,111,686
Parker Sewer and Fire District's Covered-Employee Payroll	3,927,031	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	171.11%	219.52%	197.59%	204.71%	199.26%
Plan Fiduciary Net Position as a Percentage of the Net Pension Liability	70.40%	58.80%	62.69%	61.70%	70.40%

PARKER SEWER AND FIRE SUBDISTRICT

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

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

	Year Ended June 30,					
	2022	2021	2020	2019	2018	2017
Contractually Required Contribution	\$ 830,738	\$ 716,291	\$ 679,832	\$ 601,627	\$ 546,721	\$ 424,509
Contributions in Relation to the Contractually Required Contribution	830,738	716,291	679,832	601,627	546,721	424,509
Contribution Deficiency (Excess)	-	\$ -	\$ -	\$ -	\$ -	\$ -
Parker Sewer and Fire District's Covered-Employee Payroll	\$ 4,317,766	\$ 3,927,031	\$ 3,727,149	\$ 3,489,542	\$ 3,366,505	\$ 3,067,261
Contributions as a Percentage of Covered-Employee Payroll	19.24%	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 FIVE FISCAL YEARS

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

	Year Ended June 30,				
	2022	2021	2020	2019	2018
Total OPEB Liability:					
Service Cost	\$ 1,670,847	\$ 1,509,270	\$ 847,531	\$ 637,602	\$ 915,780
Interest on total OPEB liability	719,203	634,342	768,637	912,656	848,459
Effect of plan changes	(1,053,000)	-	-	-	-
Effect of economic/demographic gains or (losses)	-	289,483	-	(5,451,973)	-
Effect of assumption changes or inputs	(6,493,679)	3,188,024	5,198,921	2,673,904	(940,109)
Benefit payments	(911,957)	(844,837)	(623,755)	(583,846)	(741,332)
Net change in total OPEB liability	(6,068,586)	4,776,282	6,191,334	(1,811,657)	82,798
Total OPEB liability, Beginning	32,390,343	27,614,061	21,422,727	23,234,384	23,151,586
Total OPEB Liability, Ending	<u>\$ 26,321,757</u>	<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	\$ 4,652,976	\$ 4,986,791	\$ 4,986,791	\$ 4,388,400
Total OPEB Liability as a % of Covered Payroll	565.70%	696.12%	553.74%	429.59%	529.45%

PARKER SEWER AND FIRE SUBDISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

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

Debt service payments for principal and interest exceeded appropriations by \$5,489,900 and \$26,294, respectively. Public safety capital outlays exceeded appropriations by \$3,518,107. These excess expenditures were funded by the available fund balance and proceeds from financed purchases.

NOTE 3 – COVERED-EMPLOYEE PAYROLL

At June 30, 2022, 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, 2021, 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, 2021, 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, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014, respectively, because the amounts are compared to Subdistrict's information as of these dates.

At June 30, 2022, 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, 2020, 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, 2021, 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, 2022, 2021, 2020, 2019, 2018, and 2017, because the amounts are compared to Subdistrict's information as of these dates.

SUPPLEMENTARY INFORMATION

PARKER SEWER AND FIRE SUBDISTRICT

DETAILED SCHEDULE OF EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	BUDGET			ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	Original	Revisions	Final		
CURRENT:					
GENERAL AND ADMINISTRATIVE:					
Healthcare	\$ 2,840,000	\$ -	\$ 2,840,000	\$ 1,777,731	\$ 1,062,269
S.C. Retirement	1,225,705	-	1,225,705	191,229	1,034,476
Police Officers Retirement System	-	-	-	845,066	(845,066)
OPEB Healthcare Costs	-	-	-	1,198,875	(1,198,875)
Dental insurance program	120,177	-	120,177	131,694	(11,517)
Social Security and unemployment	488,351	-	488,351	379,751	108,600
Workers' compensation insurance	190,000	-	190,000	164,598	25,402
Attorney fees	30,000	-	30,000	2,591	27,409
Salaries	174,398	-	174,398	169,886	4,512
Life insurance	15,000	-	15,000	22,150	(7,150)
Professional liability	180,000	-	180,000	142,037	37,963
HSA Program	80,000	-	80,000	87,233	(7,233)
Vision Program	15,400	-	15,400	16,372	(972)
HRA funding	-	-	-	2,336	(2,336)
Service contracts	43,200	-	43,200	43,997	(797)
Auditor fees	25,000	-	25,000	29,474	(4,474)
Commission per diem	5,135	-	5,135	4,004	1,131
Mileage expense	-	-	-	752	(752)
Electricity	8,736	-	8,736	6,006	2,730
Fees and assessments	6,500	-	6,500	86	6,414
Awards/recognition	14,000	-	14,000	15,063	(1,063)
Computer software/programming	4,400	-	4,400	177	4,223
Telephone	3,800	-	3,800	2,877	923
Office supplies	3,500	-	3,500	31,291	(27,791)
Natural gas	1,130	-	1,130	883	247
Building maintenance	2,500	-	2,500	544	1,956
Water/wastewater	720	-	720	493	227
Office equipment	2,600	-	2,600	-	2,600
Data periodicals	500	-	500	119	381
Flowers	300	-	300	437	(137)
Tuition reimbursement	-	-	-	850	(850)
Employee training & development	5,900	-	5,900	1,165	4,735
Certifications/Inspections	500	-	500	636	(136)
Uniforms	500	-	500	-	500
Newspaper ads/notices	200	-	200	68	132
	<u>5,488,152</u>	<u>-</u>	<u>5,488,152</u>	<u>5,270,471</u>	<u>217,681</u>
PUBLIC SAFETY:					
Salaries	4,039,142	-	4,039,142	3,772,736	266,406
Fire chief	90,000	-	90,000	81,983	8,017
Staff personnel	452,570	-	452,570	364,889	87,681
Electricity	44,600	-	44,600	28,337	16,263
Fire fighting clothes	77,600	-	77,600	89,571	(11,971)
Fuel – heating	12,000	-	12,000	14,153	(2,153)
Telephone	33,000	-	33,000	39,618	(6,618)
Building and vehicle maintenance	75,000	-	75,000	79,185	(4,185)
Fire department equipment	39,900	-	39,900	29,725	10,175
Physicals and fitness program	36,400	-	36,400	25,997	10,403

PARKER SEWER AND FIRE SUBDISTRICT

DETAILED SCHEDULE OF EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

	BUDGET			ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	Original	Revisions	Final		
PUBLIC SAFETY (CONTINUED):					
Certifications/inspections	35,000	-	35,000	33,847	1,153
Station supplies	18,500	-	18,500	21,003	(2,503)
Uniforms	46,970	-	46,970	45,361	1,609
Office supplies	7,150	-	7,150	6,069	1,081
Water/wastewater	8,217	-	8,217	6,934	1,283
Radio maintenance	138,230	-	138,230	26,198	112,032
SCBA maintenance	94,000	-	94,000	28,272	65,728
Employee training	54,600	-	54,600	46,150	8,450
Computer software/upgrades	30,000	-	30,000	28,438	1,562
Fire prevention – safety education	24,000	-	24,000	25,549	(1,549)
Vehicle maintenance	2,000	-	2,000	5,916	(3,916)
EMT supplies	75,000	-	75,000	6,596	68,404
Service contracts	31,642	-	31,642	44,545	(12,903)
Newspaper ads/notice	400	-	400	47	353
Equipment maintenance	1,500	-	1,500	2,800	(1,300)
Deductible damages	2,000	-	2,000	-	2,000
Professional services	24,000	-	24,000	24,000	-
	<u>5,493,421</u>	<u>-</u>	<u>5,493,421</u>	<u>4,877,919</u>	<u>615,502</u>
FLEET MAINTENANCE:					
Chief mechanic	67,500	-	67,500	65,641	1,859
Salaries	114,718	-	114,718	57,718	57,000
Shop equipment	10,000	-	10,000	3,252	6,748
Equipment maintenance and purchases	5,000	-	5,000	18,022	(13,022)
Tires	45,000	-	45,000	44,590	410
Service contracts	8,000	-	8,000	2,050	5,950
Electricity	4,480	-	4,480	2,794	1,686
Phone/pager	2,250	-	2,250	686	1,564
Fuel	120,000	-	120,000	152,705	(32,705)
Uniforms	2,750	-	2,750	950	1,800
Office/cleaning supplies	4,500	-	4,500	2,036	2,464
Natural gas	2,000	-	2,000	1,670	330
Water/wastewater	1,430	-	1,430	730	700
Safety equipment	18,000	-	18,000	18,705	(705)
Computer software/internet	10,000	-	10,000	12,173	(2,173)
Employee health	1,250	-	1,250	500	750
Parts purchased	120,000	-	120,000	115,517	4,483
Equipment rental	500	-	500	-	500
Certifications/inspections	2,000	-	2,000	580	1,420
Building/yard maintenance	20,000	-	20,000	13,943	6,057
Outsourced service	60,000	-	60,000	35,283	24,717
Employee training	12,000	-	12,000	3,693	8,307
	<u>631,378</u>	<u>-</u>	<u>631,378</u>	<u>553,238</u>	<u>78,140</u>

PARKER SEWER AND FIRE SUBDISTRICT

DETAILED SCHEDULE OF EXPENDITURES –
 BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2022

	BUDGET			ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	Original	Revisions	Final		
DEBT SERVICE:					
Principal	-	-	-	5,489,900	(5,489,900)
Interest	-	-	-	26,294	(26,294)
	-	-	-	5,516,194	(5,516,194)
CAPITAL OUTLAYS:					
GENERAL AND ADMINISTRATIVE					
Capital admin	10,000	-	10,000	-	10,000
	10,000	-	10,000	-	10,000
PUBLIC SAFETY:					
Capital fire	1,020,000	-	1,020,000	4,538,107	(3,518,107)
	1,020,000	-	1,020,000	4,538,107	(3,518,107)
TOTAL EXPENDITURES	\$ 12,642,951	\$ -	\$ 12,642,951	\$ 20,755,929	\$ (8,112,978)