SLATER-MARIETTA FIRE DISTRICT
MARIETTA, SOUTH CAROLINA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

SLATER-MARIETTA FIRE DISTRICT
MARIETTA, SOUTH CAROLINA

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YEAR ENDED JUNE 30, 2023

SLATER-MARIETTA FIRE DISTRICT

Marietta, South Carolina

A Special Purpose District

created by the

South Carolina Legislature

1958

BOARD OF COMMISSIONERS AS OF JUNE 30, 2023

Shane Cody, Chair

Winfreda Bates, Vice Chair

Steve Alverson, Secretary

James H. Cleveland, Treasurer

Travis McConnell

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Slater-Marietta Fire District
Marietta, South Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Slater-Marietta Fire District, South Carolina (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards ("Government Auditing Standards"),* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District 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 the 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 District'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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there 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.

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In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District'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 District'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 budgetary comparison schedule and the pension plan schedules, as listed in the table of contents, 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Greene Finney Cauley, LLP

Greene Finney Cauley, LLP
Mauldin, South Carolina
June 19, 2024

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Basic Financial Statements

SLATER-MARIETTA FIRE DISTRICT
MARIETTA, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2023

	PRIMARY GOVERNMENT Governmental Activities
ASSETS	
Cash and Cash Equivalents	$ 662,745
Restricted Cash and Cash Equivalents	20,822
Restricted Cash and Cash Equivalents Held by County Treasurer	1,295,841
Property Taxes Receivable, Net	34,059
Prepaids - Brush Truck & Pumper Truck	633,380
Capital Assets:	
Non-Depreciable	549,813
Depreciable, Net	1,074,121
TOTAL ASSETS	**4,270,781**
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Charges	134,277
LIABILITIES	
Accounts Payable	12,913
Accrued Salaries and Benefits	4,610
Retainage Payable	34,679
Accrued Interest	11,872
Non-Current Liabilities:	
Long-Term Obligations - Due Within One Year	196,701
Long-Term Obligations - Due in More Than One Year	2,477,992
Net Pension Liability - Due in More Than One Year	409,755
TOTAL LIABILITIES	**3,148,522**
DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Credits	9,905
NET POSITION	
Net Investment in Capital Assets	834,435
Restricted for Firefighters' 1% Costs	20,822
Unrestricted	391,374
TOTAL NET POSITION	**$ 1,246,631**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

SLATER-MARIETTA FIRE DISTRICT
MARIETTA, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION
FUNCTIONS/PROGRAMS					
PRIMARY GOVERNMENT:	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities Totals**
Governmental Activities:					
Fire Protection and Emergency Response	$ 855,242	-	285,733	50,333	$ (519,176)
Interest and Other Charges	50,718	-	-	-	(50,718)
TOTAL PRIMARY GOVERNMENT	**$ 905,960**	**-**	**285,733**	**50,333**	**(569,894)**

General Revenues:	
Property Taxes Levied for General Purposes	657,024
Property Taxes Levied for Debt Service	278,773
Investment Earnings	65,974
Miscellaneous Revenue	65,204
Total General Revenues	1,066,975
Excess of Revenues over Expenses before Special Item	497,081
Special Item - Loss on Transfer of River Falls Fire Service Area Operations to Greenville County	(317,238)
CHANGE IN NET POSITION	**179,843**
NET POSITION, Beginning of Year	1,066,788
NET POSITION, End of Year	**$ 1,246,631**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

SLATER-MARIETTA FIRE DISTRICT
MARIETTA, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2023

	GENERAL FUND	SPECIAL REVENUE FUND	FIREFIGHTERS' 1% FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents	$ 662,745	-	-	$ 662,745
Restricted Cash and Cash Equivalents	-	-	20,822	20,822
Restricted Cash and Investments Held by County Treasurer	1,295,841	-	-	1,295,841
Property Taxes Receivable, Net	34,059	-	-	34,059
Prepaids - Pumper Truck	633,380	-	-	633,380
TOTAL ASSETS	**$ 2,626,025**	**-**	**20,822**	**$ 2,646,847**
LIABILITIES				
Accounts Payable	$ 12,913	-	-	$ 12,913
Accrued Salaries and Benefits	4,610	-	-	4,610
Retainage Payable	34,679	-	-	34,679
TOTAL LIABILITIES	**52,202**	**-**	**-**	**52,202**
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	18,886	-	-	18,886
TOTAL DEFERRED INFLOWS OF RESOURCES	**18,886**	**-**	**-**	**18,886**
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**71,088**	**-**	**-**	**71,088**
FUND BALANCES				
Nonspendable - Prepaid Items	633,380	-	-	633,380
Restricted for Firefighters' 1% Costs	-	-	20,822	20,822
Restricted for Capital Projects and Debt Service	1,295,841	-	-	1,295,841
Unassigned	625,716	-	-	625,716
TOTAL FUND BALANCES	**2,554,937**	**-**	**20,822**	**2,575,759**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	**$ 2,626,025**	**-**	**20,822**	**$ 2,646,847**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

SLATER-MARIETTA FIRE DISTRICT
MARIETTA, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2023

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	**$**	**2,575,759**
Amounts reported for the governmental activities in the Statement of Net Position are different because of the following:		
Outstanding property taxes which will be collected in the future, but are not available soon enough to pay for the current period's expenditures, are deferred in the governmental funds.		18,886
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets was $2,543,005 and the accumulated depreciation was $919,071.		1,623,934
The District's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State retirement plan are not recorded in the governmental funds but are recorded in the Statement of Net Position.		(285,383)
Accrued interest on the District's debt is not due and payable in the current period and therefore is not reported as a liability in the governmental funds but is on the Statement of Net Position		(11,872)
Long-term obligations, including any debt premiums, are not due or payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term obligations at year-end are reported in the Statement of Net Position and consisted of the following:		
Long-Term Debt		(2,667,186)
Compensated Absences		(7,507)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	**$**	**1,246,631**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

SLATER-MARIETTA FIRE DISTRICT
MARIETTA, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2023

	GENERAL FUND	SPECIAL REVENUE FUND	FIREFIGHTERS' 1% FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Property Taxes - Operating	$ 655,187	20,401	-	$ 675,588
Property Taxes - Debt Service	278,773	-	-	278,773
Interest	65,697	183	94	65,974
Donations	12,900	-	-	12,900
Grants	50,333	250,000	-	300,333
One Percent Income	-	4,938	17,895	22,833
Miscellaneous	14,884	-	-	14,884
TOTAL REVENUES	**1,077,774**	**275,522**	**17,989**	**1,371,285**
EXPENDITURES				
Current:				
Fire Protection and Emergency Response	657,649	76,219	22,050	755,918
Capital Outlay	871,614	-	-	871,614
Debt Service:				
Principal	184,961	-	-	184,961
Interest and Fiscal Charges	51,529	-	-	51,529
TOTAL EXPENDITURES	**1,765,753**	**76,219**	**22,050**	**1,864,022**
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**(687,979)**	**199,303**	**(4,061)**	**(492,737)**
OTHER FINANCING SOURCES (USES)				
Insurance Recoveries	29,919	-	-	29,919
SPECIAL ITEM				
Loss on Transfer of River Falls Fire Service Area Operations to Greenville County	-	(317,238)	-	(317,238)
CHANGES IN FUND BALANCES	**(658,060)**	**(117,935)**	**(4,061)**	**(780,056)**
FUND BALANCES, Beginning of Year	3,212,997	117,935	24,883	3,355,815
FUND BALANCES, End of Year	**$ 2,554,937**	**-**	**20,822**	**$ 2,575,759**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

SLATER-MARIETTA FIRE DISTRICT
MARIETTA, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	**$**	**(780,056)**
Amounts reported for the governmental activities in the Statement of Activities are different because of the following:		
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental fund. They are considered revenues in the Statement of Activities.		1,837
Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.		184,961
Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		811
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		(999)
Changes in the District's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year related to its participation in the State retirement plan are not reported in the governmental funds but are reported in the Statement of Activities.		(26,932)
The governmental funds report capital outlays as expenditures. However, in the Statement of Activities capital outlay expenditures that qualify as capital assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions of $885,239 exceeded depreciation expense of $85,018 in the current period.		800,221
TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	**$**	**179,843**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

Slater-Marietta Fire District (the "District") is a special purpose district created in 1958 by the South Carolina legislature to provide fire protection and emergency response services to a specified geographical district within the boundaries of Greenville County in South Carolina. The District operates under a commission form of government. The board of commissioners (the "Board") consists of five elected members who establish policy for the District. The more significant of the District's accounting policies are described below.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

As required by GAAP, the financial statements present the District's financial information with any of its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the District both appoints a voting majority of the entity's governing body, and either 1) the District is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the District. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the District and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the District.

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the District having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the District; and (c) issue bonded debt without approval by the District. An entity has a financial benefit or burden relationship with the District if, for example, any one of the following conditions exists: (a) the District is legally entitled to or can otherwise access the entity's resources, (b) the District is legally obligated or has otherwise assumed the obligation to finance the deficits or, or provide financial support to, the entity, or (c) the District is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above for being fiscally independent if excluding it would cause the District's financial statements to be misleading.

Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the District. Based on the criteria above, the District does not have any significant component units.

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District (the primary government). *Governmental activities*, which normally are supported by taxes, fees, and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The governmental activities of the District include fire protection and emergency response services. The District does not have any business-type activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Taxes and other items not properly included with program revenues are reported instead as *general revenues*. The comparison of direct expenses with program revenues identifies the extent to which each business segment, or governmental function, is self-financing or draws from the general revenues of the District.

Government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Governmental funds financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Property taxes, intergovernmental revenues, and interest associated with the current period are all considered to be measurable and susceptible to accrual and so have been recognized as revenues of the current period. For this purpose, the government generally considers its revenues to be available if they are collected within 60 days of the end of the current period with the exception of certain reimbursement expenditure grants for which a twelve-month availability period is generally used. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures related to compensated absences and claims and judgments are recorded only when payments are due and payable. Capital asset acquisitions are reported as capital outlay expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. The District has three major funds.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are a minimum number of funds maintained to keep the accounts consistent with legal and managerial requirements. The following fund category is used by the District:

Governmental funds are those through which all of the governmental functions of the District are financed. The District's expendable financial resources and related assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources are accounted for through governmental funds. Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. Following are the District's governmental funds:

The ***General Fund, a major fund,*** is the general operating fund of the District and accounts for all revenues and expenditures of the District except those required to be accounted for in another fund. All general and debt tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in the General Fund. General operating and debt service expenditures are paid from the General Fund. This is a budgeted fund.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Special Revenue Funds are used to account for the proceeds of specific revenue sources (that are expected to continue to comprise a substantial portion of the inflows of the fund) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

The ***Special Revenue Fund, a major special revenue fund,*** is used to account for the accumulation of resources for, and payments of, fire protection and first responder services and related costs provided to the River Falls Fire Service Area ("RFFSA"). The Greenville County Treasurer levies ad valorem tax on all property in the RFFSA. This is an unbudgeted fund. The District ended its relationship with the RFFSA in December 2022. See Note IV.E for more details.

The ***Firefighters' 1% Fund, a major special revenue fund,*** is used to account for the District's Firemen's Insurance and Inspection Fund, commonly referred to as 1% money. The District receives this funding from the State of South Carolina ("State") based on its share of one-percent taxes collected on all fire insurance premiums written in the State and are to be used for the betterment and maintenance of skilled and efficient fire departments. This is an unbudgeted fund.

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity

1. Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

The District considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) are reported as investments.

Investments

The District's investment policy is designed to operate within existing statutes (which are identical for all funds, fund types and component units within the State of South Carolina) that authorize the District to invest in the following:

(a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States;

(b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations;

(c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations;

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

1. Cash, Cash Equivalents, and Investments (Continued)

Investments (Continued)

(d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government;

(e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government;

(f) Repurchase agreements when collateralized by securities as set forth in this section; and

(g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The District's cash investment objectives are preservation of capital, liquidity, and yield. The District reports its cash, cash equivalents, and investments at fair value which is normally determined by quoted market prices. The District currently or in the past year has used the following investments:

- Certificates of Deposit ("CD") are bond-type investments issued by a bank when a person or company deposits a certain amount of money for a determined amount of time. The maturity can be up to five years, and interest is paid to the holder of the CD at an agreed upon rate. Money removed before maturity is generally subject to a penalty.

- Cash and investments held by the County Treasurer represent property taxes collected by the District's fiscal agent that have not been remitted to the District as well as unspent debt proceeds maintained by the County. The County Treasurer invests these funds in investments authorized by state statute as outlined above. All interest and other earnings gained are added back to the fund and are paid out by the County Treasurer to the respective governments on a periodic basis.

2. Receivables

All property taxes and other receivables are shown net of an allowance for uncollectibles.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method (if material). 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 goods/assets are received or services are consumed.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

4. Capital Assets

Capital 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 governmental fund financial statements. All capital assets are capitalized at cost (or estimated historical cost). Donated capital assets are recorded at estimated acquisition value (as estimated by the District) at the date of donation. The District maintains a capitalization threshold of $5,000. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, except land and construction in progress are depreciated. Construction projects begin being depreciated once they are complete, at which time the complete costs of the project are transferred to the appropriate capital asset category. Improvements are depreciated over the remaining useful lives of the related capital assets. Governmental activities depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and Improvements	15-40
Vehicles	10-20
Equipment	5-10

5. Compensated Absences

It is the District's policy to permit employees to accumulate earned vacation and sick leave. Unused paid time off can accumulate up to 360 hours. Employees can receive up to 360 accrued hours of paid time off upon voluntary termination or retirement.

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16 "*Accounting for Compensated Absences*." The entire compensated absence liability and expense is reported in the government-wide financial statements. The governmental funds will only recognize compensated absences for amounts that have matured, for example, as a result of disability notifications, retirements, and terminations that occurred prior to year-end that are expected to be paid within a short time subsequent to year end, if they are material.

6. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from the governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, long-term obligations that will be paid from the governmental funds are reported as a liability in the fund financial statements only to the extent that they have matured (i.e. due and payable).

In the government-wide financial statements for the District, long-term debt and other obligations are reported as liabilities on the Statement of Net Position. Debt premiums and discounts (if any) are deferred and amortized over the life of the debt using the straight-line method that approximates the effective interest method (if any). Debt payables are reported net of the applicable debt premiums or discounts. Issuance costs are expensed when incurred.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

6. Accrued Liabilities and Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize debt premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District currently has one type of deferred outflows of resources. The District reports *deferred pension charges* in its Statement of Net Position in connection with its participation in the South Carolina Police Officers Retirement System. These *deferred pension charges* are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes 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.

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District currently has two types of deferred inflows of resources: (1) the District reports *unavailable revenue – 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 District also reports *deferred pension credits* in its Statement of Net Position in connection with its participation in the South Carolina Police Officers Retirement System. These *deferred pension credits* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

8. Fund Balance

In accordance with GAAP, the District classifies fund balance in its governmental funds as follows:

Nonspendable – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e. prepaids, inventories, etc.) or because of legal or contractual requirements (i.e. principal on an endowment, etc.).

Restricted – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the highest level of decision-making authority before the end of the reporting period. For purposes of the District, the Board must commit fund balance by formal resolution or ordinance before the end of the reporting period for fund balance to qualify in this category. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use of the committed fund balance by the same action (resolution or ordinance).

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

8. Fund Balance (Continued)

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made by the highest level of decision making authority, or by parties delegated this authority, before the report issuance date. For purposes of the District, the Board assigns fund balance by an approved motion by the Board before report issuance for fund balance to qualify in this category.

Unassigned – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The District generally uses restricted amounts to be spent first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the District generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

9. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the Statement of Net Position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets (if any). Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments.

10. Pensions

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.A 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 District 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 District's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the District'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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

11. Fair Value

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1 that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

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

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

12. Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of these balances as of the date of the financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

13. Comparative Data

Comparative data (i.e., presentation of prior year totals by fund type) has not been presented in each of the statements since their inclusion would make the statement unduly complex and difficult to read.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

***Budgetary Practices* –** Budgets are presented in the required supplementary information section of the financial statements for the General Fund. The budget is presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America. Prior to July 1 each year, the Board adopts an annual budget ordinance for the General Fund. The presented budgetary information is as originally adopted and as revised. The Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budgets and Actual – General Fund follows the notes to the financial statements.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2023, none of the District's bank balances of approximately $698,000 (with a carrying value of approximately $684,000) were exposed to custodial credit risk.

Investments

As of June 30, 2023, the District had the following investments:

Investment Type	Fair Value Level (1)	Credit Rating	Fair Value	WAM (In Years)
Cash and Investments Held by County Treasurer	N/A	Unrated	$ 1,295,841	< 1yr

The District does not have any security and non-security investments and thus has not developed a policy for interest rate risk, credit risk, custodial credit risk, or concentration of credit risk for these types of investments.

Certain cash, cash equivalents and investments of the District are legally restricted for specified purposes. The major types of restrictions at June 30, 2023 were for debt service and capital projects (including unspent bond proceeds) and those imposed by the revenue source (i.e. Firefighters' 1% monies, etc.).

B. Receivables and Unavailable and Deferred Revenues

Greenville County, South Carolina (the "County") is responsible for levying and collecting sufficient property taxes to meet its funding obligation for the District. This obligation is established each year by the Greenville County Council and does not necessarily represent actual taxes levied or 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 are levied and billed by the County on real and business personal properties on October 1 based on an assessed value of approximately $23.5 million ($22.8 million in the prior year) and a rate of 25.8 mills (26.1 mills in the prior year) for operations and 10.0 mills (10.0 mills in the prior year) for debt service. Up until the termination date (See Note IV.E), property taxes for RFFSA were based on an assessed value of approximately $6.0 million ($5.8 million in the prior year) and a rate of 19.6 mills (27.5 mills in the prior year). These taxes are due without penalty through January 15. Penalties are added to taxes depending on the date paid as follows:

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

B. Receivables and Unavailable and Deferred Revenues (Continued)

January 16 through February 1	-	3% of tax
February 2 through March 15	-	10% of tax
After March 15	-	15% of tax plus collection costs

Current year real and business personal taxes become delinquent on March 16. Unpaid property taxes become a lien against the property as of June 1 of the calendar year following the levy date. The levy date for motor vehicles is the first day of the month in which the motor vehicle license expires and taxes are due by the last day of the same month.

The District has recorded uncollected property taxes at June 30, 2023 of approximately $34,000 (net of allowance for estimated uncollectible portion of approximately $10,000). Property taxes of approximately $15,000 have been recognized as revenue at June 30, 2023 because they were collected within 60 days of year end. The remaining amount of approximately $19,000 has been recorded as unavailable revenue (component of deferred inflows of resources) on the governmental funds financial statements because they were not collected within 60 days of year end and thus are not considered available.

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Non-Depreciable:					
Land	$ 147,750	-	-	-	$ 147,750
Construction in Progress	9,855	392,208	-	-	402,063
Total Capital Assets, Non-Depreciable	157,605	392,208	-	-	549,813
Capital Assets, Depreciable:					
Buildings	489,474	53,000	-	-	542,474
Equipment	45,052	15,037	-	-	60,089
Large Fire Apparatus	995,316	424,994	84,500	-	1,335,810
Vehicles	83,819	-	29,000	-	54,819
Total Capital Assets, Depreciable	1,613,661	493,031	113,500	-	1,993,192
Less: Accumulated Depreciation for:					
Buildings	239,064	19,282	-	-	258,346
Equipment	16,093	10,718	-	-	26,811
Large Fire Apparatus	634,255	44,054	84,500	-	593,809
Vehicles	58,141	10,964	29,000	-	40,105
Total Accumulated Depreciation	947,553	85,018	113,500	-	919,071
Total Capital Assets, Depreciable, Net	666,108	408,013	-	-	1,074,121
Governmental Activities Capital Assets, Net	$ 823,713	800,221	-	-	$ 1,623,934

The District's only function is fire protection and emergency response and thus all capital asset additions and depreciation expense are charged to that function.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Long-Term Obligations

The District may issue debt in several different forms. The District may issue bonds to provide funds primarily for the acquisition and/or construction of major capital projects. General Obligation Bonds ("GOB") are direct obligations and pledge the full faith and credit of the District. The District may issue Financed Purchase ("FP") obligations to provide funds primarily for the purchase of fire trucks, vehicles, and equipment.

FP obligations are special obligations of the District payable from the general revenues of the District. The full faith, crediting and taxing powers of the District are not generally pledged for the payment of FP obligations nor the interest thereon.

All of the District's outstanding debt has been issued/obtained through direct borrowings/placements ("DBP"). Obligations through DBP are generally secured/collateralized by the underlying assets and contain provisions that in an event of default (a) outstanding amounts can become immediately due if the District is unable to make payment and (b) the lender could exercise its option to demand return of the financed asset.

Details on the District's long-term debt outstanding at June 30, 2023 are as follows:

- $3,000,000 General Obligation Bond issued in August 2021 ("2021 GOB"), due in annual installments of approximately $176,000 to $226,000 beginning April 2022 through April 2036, plus interest at 1.79% due semi-annually. This debt is not subject to the constitutional debt limit of 8% of assessed values as it was approved under a voter referendum. The proceeds from this issue will primarily be used to build a new fire station, purchase three fire trucks, and to complete renovations on two fire stations.

- $37,117 financed purchase entered into in November 2020 ("2020 FP – Ford F250"), due in monthly installments of approximately $400 to $600 beginning December 2020 through November 2026, plus interest at 3.85% due monthly. The proceeds from this issue were used to purchase a 2020 Ford F250.

Presented below is a summary of changes in the District's long-term obligations for the year ended June 30, 2023:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Debt					
2021 GOB	$ 2,824,000	-	179,000	2,645,000	$ 183,000
2020 FP - Ford F250	28,147	-	5,961	22,186	6,194
Total Debt	2,852,147	-	184,961	2,667,186	189,194
Compensated Absences	6,508	10,931	9,932	7,507	7,507
Total Governmental Activities	$ 2,858,655	10,931	194,893	2,674,693	$ 196,701

The General Fund has been used to fund all long-term obligations of the District.

The State limits the amount of bonded debt that Districts can issue to 8% of the assessed value of all taxable property within the District's corporate limits. The debt limitation does not apply to debt approved through a district-wide voter referendum. The District does not have any outstanding debt subject to the 8% debt limit of approximately $1,879,000.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Long-Term Obligations (Continued)

Debt service requirements on the District's outstanding debt are as follows:

	Direct Borrowing/Placement Debt		
Year Ended June 30,	Principal	Interest	Total
2024	$ 189,194	48,092	$ 237,286
2025	192,437	44,573	237,010
2026	195,689	40,991	236,680
2027	194,866	37,384	232,250
2028	196,000	33,920	229,920
2029-2033	1,033,000	115,742	1,148,742
2034-2036	666,000	23,985	689,985
	$ 2,667,186	344,687	$ 3,011,873

IV. OTHER INFORMATION

A. Retirement Plan

The District participates in the State of South Carolina's retirement plans. The South Carolina Public Employee Benefit Authority ("PEBA"), created July 1, 2012, is the state agency responsible for the administration and management of the retirement systems and benefit 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' ("Systems") five defined benefit pension plans. PEBA has an 11-member Board of Directors ("PEBA Board"), 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 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.

The PEBA issues an Annual Comprehensive Financial Report ("ACFR") containing financial statements and required supplementary information for the System' Pension Trust Funds. The ACFR is publicly available through the 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. The 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 ACFR of the state.

Plan Description

The South Carolina Police Officers Retirement System ("PORS"), a cost–sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and firefighters. The PORS also covers peace officers, coroners, probate judges, and magistrates.

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plan (Continued)

Plan Membership

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

- 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 the PORS. Magistrates are required to participate in the PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least $2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Plan Benefits

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

- 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.

Plan 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, the PORS (“Plan”) contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (“UAAL”) over a period that does not exceed the number of years scheduled in state statute. The Retirement Funding and Administration Act of 2017 increased, but also established a ceiling for the PORS employee contribution rates.

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plan (Continued)

Plan Contributions (Continued)

Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for the 9.75 percent for the PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for the 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. The General Assembly postponed the one percent increase in the PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by 1 percentage point each year until reaching 21.24 percent for the PORS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The PEBA Board shall increase the employer contribution rates as necessary to meet the amortization period set in statute.

Pension reform legislation modified the statute such that the employer contribution rates for the PORS are to be further increased, not to exceed one-half of one percent in any one year if necessary, in order to improve the funding of the Plan. The statute set rates intended to reduce the unfunded liability of the PORS to the maximum amortization period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the Plan. Finally, under the revised statute, the contribution rates for the PORS may not be decreased until the Plan is at least 85 percent funded.

As noted earlier, both employees and the District are required to contribute to the Plan at rates established and as amended by the PEBA. The District's contributions are actuarially determined but are communicated to and paid by the District as a percentage of the employees' annual eligible compensation. Required employer and employee contribution rates for the past year are as follows:

	PORS Rates
	2023
Employer Contribution Rate: ^	
Retirement*	19.84%
Incidental Death Benefit	0.20%
Accidental Death Contributions	0.20%
	20.24%
Employee Contribution Rate ^	9.75%

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

The actual and required contributions to the PORS were approximately $44,000 for the year ended June 30, 2023.

Actuarial Assumptions and Methods

Actuarial valuations of the 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.

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plan (Continued)

Actuarial Assumptions and Methods (Continued)

The June 30, 2022 total pension liability ("TPL"), net pension liability ("NPL"), and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company, and are based on an actuarial valuation performed as of July 1, 2021. The TPL was rolled-forward from the valuation date to the Plan's fiscal year end, June 30, 2022, using generally accepted actuarial principles. There was no legislation enacted during the 2022 legislative session that had a material change in the benefit provisions for any of the systems.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2022 (measurement date) for the PORS.

	PORS
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return*	7.00%
Projected Salary Increases*	3.5% to 10.5% (varies by service)
Benefit Adjustments	Lesser of 1% or $500 annually

* Includes inflation at 2.25%.

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table ("2020 PRSC"), were 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.

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 rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2022 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For actuarial purposes, the 7.00 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plan (Continued)

Long-Term Expected Rate of Return (Continued)

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

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

The NPL is calculated separately for each System and represents that particular System's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of the June 30, 2022 measurement date, for the PORS, are presented in the following table:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
PORS	$ 8,937,686,946	5,938,707,767	$ 2,998,979,179	66.4%

The TPL is calculated by the Systems' actuary, and the Plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the Plan's funding requirements.

At June 30, 2023, the District reported a liability of approximately $410,000 for its proportionate share of the NPL for the PORS. The NPL was measured as of June 30, 2022, and the TPL for the Plan used to calculate the NPL was determined based on the most recent actuarial valuation report of July 1, 2021 that was projected forward to the measurement date. The District's proportion of the NPL was based on a projection of the District's long-term share of contributions to the Plan relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2022 measurement date, the District's PORS proportion was 0.013663 percent, which was an increase of 0.002094 from its proportion measured as of June 30, 2021.

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2023, the District recognized pension expense of approximately $72,000 for the PORS. At June 30, 2023, the District reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
PORS		
Differences Between Expected and Actual Experience	$ 6,875	$ 8,100
Change in Assumptions	17,063	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,237	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	65,425	1,805
Employer Contributions Subsequent to the Measurement Date	43,677	-
Total PORS	$ 134,277	$ 9,905

Approximately $44,000 that was reported as deferred outflows of resources related to the District's contributions subsequent to the measurement date to the PORS will be recognized as a reduction of the NPL in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the PORS will increase (decrease) pension expense as follows:

Year Ended June 30,	PORS
2024	$ 40,711
2025	25,073
2026	(1,015)
2027	15,926
Total	$ 80,695

Discount Rate

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

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plan (Continued)

Sensitivity Analysis

The following table presents the sensitivity of the District's proportionate share of the NPL of the Plan to changes in the discount rate, calculated using the discount rate of 7.00 percent, as well as what it 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:

System	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability of the PORS	$ 571,378	409,755	$ 277,450

Plan Fiduciary Net Position

Detailed information regarding the fiduciary net position of the Plan administered by the PEBA is available in the separately issued ACFR containing financial statements and required supplementary information for the PORS. The ACFR is publicly available through the 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.

Payable to Plan

The District reported a payable of approximately $13,000 to the PEBA as of June 30, 2023, representing required employer and employee contributions for the months of May and June 2023 for the PORS. This amount is included in Accounts Payable on the financial statements and was paid in July 2023.

B. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District continues to carry commercial insurance coverage for property and casualty insurance and has effectively managed risk through various employee education and prevention programs. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. Settled claims have not exceeded insurance coverage in any of the last three years. There were no significant reductions of coverage compared to the prior year.

C. Health Insurance

The District maintains a fully-insured health insurance program for the District employees. The District pays the required monthly premium and the insurer is responsible for all eligible claims. Settled claims have not exceeded insurance coverage in any of the last three years. There were no significant reductions of coverage compared to the prior year.

D. Commitments and Contingencies

In September 2022, the District entered into a contract with Red Iron Steel Erectors, LLC to construct a new fire station (Station # 72) at 4222 SC Hwy 11 in Marietta, SC for approximately $1,226,000. During 2023, the District recognized approximately $381,000 in capital outlay related to this project, leaving a remaining commitment at June 30, 2023 of approximately $844,000. The new fire station is being funded by a portion of the proceeds from the 2021 GOB.

IV. OTHER INFORMATION (CONTINUED)

E. Special Item – Loss on Transfer of River Falls Fire Service Operations to Greenville County

In July 2022, the District ended its agreement with Greenville County ("the County") to provide fire protection services to the RFFSA. The termination became effective December 15, 2022. Upon termination, the responsibility for these Services reverted back to the River Falls Fire District (under the supervision of Greenville County). As of December 15, 2022, the District had approximately $317,000 in assets in its Special Revenue Fund that reverted back to the River Falls Fire District. The District has accounted for this transaction as a "Transfer/Disposal of Operations" under GASB Statement No. 69 "*Governmental Combinations and Disposals of Government Operations*". The District recorded this transaction based on the carrying value of the assets and liabilities on the effective transfer date. This transaction consisted primarily of net cash transferred of approximately $317,000. This transaction resulted in a loss in the governmental funds statement of revenues, expenditures, and changes in fund balances and in the government-wide statement of activities of approximately $317,000. Since this loss is infrequent and was under the control of the Board/management of the District, it has been recognized as a "Special Item – Loss on Transfer of River Falls Fire Service Operations to Greenville County" in the District's applicable financial statements.

Required Supplementary Information

SLATER-MARIETTA FIRE DISTRICT
MARIETTA, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2023

	BUDGET AMOUNTS			
	ORIGINAL	REVISED	ACTUAL	VARIANCE
REVENUES				
Property Taxes - Operating	$ 556,689	556,689	655,187	$ 98,498
Property Taxes - Debt Service	-	-	278,773	278,773
Interest Income	740	740	65,697	64,957
Donations	-	-	12,900	12,900
Grants	-	-	50,333	50,333
Miscellaneous Income	10,000	10,000	14,884	4,884
TOTAL REVENUES	**567,429**	**567,429**	**1,077,774**	**510,345**
EXPENDITURES				
Current:				
Fire Protection and Emergency Response	567,429	567,429	657,649	(90,220)
Capital Outlay	-	-	871,614	(871,614)
Debt Service:				
Principal	-	-	184,961	(184,961)
Interest	-	-	51,529	(51,529)
TOTAL EXPENDITURES	**567,429**	**567,429**	**1,765,753**	**(1,198,324)**
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**-**	**-**	**(687,979)**	**(687,979)**
OTHER FINANCING SOURCES (USES)				
Insurance Proceeds	-	-	29,919	29,919
TOTAL OTHER FINANCING SOURCES (USES)	-	-	29,919	29,919
CHANGES IN FUND BALANCES	**-**	**-**	**(658,060)**	**(658,060)**
FUND BALANCES, Beginning of Year	3,212,997	3,212,997	3,212,997	-
FUND BALANCES, End of Year	**$ 3,212,997**	**3,212,997**	**2,554,937**	**$ (658,060)**

Note: The General Fund budgetary comparison schedule has been prepared in accordance with generally accepted accounting principles.
Note: The District's expenditures were over budget primarily due to debt service and capital outlay - as the District does not budget for these costs. The District also had higher operating costs during the current year but chose not to amend its budget.

SLATER-MARIETTA FIRE DISTRICT
MARIETTA, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.013663%	0.011569%	0.011562%	0.008210%	0.006210%	0.006210%	0.003550%	0.003550%	0.003680%	0.003680%
District's Proportionate Share of the Net Pension Liability	$ 409,755	297,670	383,406	252,818	289,641	170,099	90,045	77,307	76,368	$ 76,368
District's Covered Payroll	$ 206,535	173,967	173,967	125,859	125,859	141,486	135,107	79,645	79,645	$ 65,000
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	198.39%	171.11%	220.39%	200.87%	230.13%	120.22%	66.65%	97.06%	95.89%	117.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.45%	70.37%	58.79%	62.69%	61.73%	60.94%	60.44%	64.57%	67.55%	67.50%

Notes to Schedule:

The amounts presented for each year were determined as of June 30th of the year presented.
The discount rate was lowered from (a) 7.25% to 7.00% beginning with the year ended June 30, 2021 and (b) 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

SLATER-MARIETTA FIRE DISTRICT
MARIETTA, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF CONTRIBUTIONS
SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	$ 43,677	39,737	31,732	31,793	22,512	22,512	11,907	6,219	5,893	$ 5,689
Contributions in Relation to the Contractually Required Contributions from the District	43,677	39,737	31,732	31,793	22,512	22,512	11,907	6,219	5,893	5,689
Contribution Deficiency (Excess)	$ -	-	-	-	-	-	-	-	-	$ -
District's Covered Payroll	$ 215,794	206,535	173,967	174,305	125,859	141,486	135,107	79,645	79,645	$ 65,000
Contributions as a Percentage of Covered Payroll	20.24%	19.24%	18.24%	18.24%	17.89%	15.91%	8.81%	7.81%	7.40%	8.75%

Supplementary Information

SLATER-MARIETTA FIRE DISTRICT
MARIETTA, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - DETAILED BUDGETARY COMPARISON SCHEDULE

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - REVISED BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2023

	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES			
Property Taxes - Operating	$ 556,689	655,187	$ 98,498
Property Taxes - Debt Service	-	278,773	278,773
Interest Income	740	65,697	64,957
Donations	-	12,900	12,900
Grants	-	50,333	50,333
Miscellaneous Income	10,000	14,884	4,884
TOTAL REVENUES	**567,429**	**1,077,774**	**510,345**
EXPENDITURES			
Current:			
Personnel Services:			
Salaries/Wages	294,888	304,455	(9,567)
Payroll Taxes and Retirement	92,295	89,009	3,286
Supplies	15,628	24,329	(8,701)
Utilities	22,201	20,895	1,306
Fuel	20,000	24,341	(4,341)
Recruitment and Retention	-	502	(502)
Training	3,800	6,934	(3,134)
Insurance	62,076	86,367	(24,291)
Workers Compensation Insurance	12,601	12,644	(43)
Professional Services	9,000	-	9,000
Repairs and Maintenance	30,000	62,787	(32,787)
Dues and Subscriptions	3,500	5,460	(1,960)
Miscellaneous Expenses	1,440	19,926	(18,486)
Total Current	567,429	657,649	(90,220)
Capital Outlay	-	871,614	(871,614)
Debt Service:			
Principal	-	184,961	(184,961)
Interest and Fiscal Charges	-	51,529	(51,529)
TOTAL EXPENDITURES	**567,429**	**1,765,753**	**(1,198,324)**
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**-**	**(687,979)**	**(687,979)**
OTHER FINANCING SOURCES (USES)			
Insurance Recoveries	-	29,919	29,919
TOTAL OTHER FINANCING SOURCES (USES)	-	29,919	29,919
CHANGES IN FUND BALANCES	**-**	**(658,060)**	**(658,060)**
FUND BALANCES, Beginning of Year	3,212,997	3,212,997	-
FUND BALANCES, End of Year	**$ 3,212,997**	**2,554,937**	**$ (658,060)**

Note: The District's expenditures were over budget primarily due to debt service and capital outlay - as the District does not budget for these costs. The District also had higher operating costs during the current year but chose not to amend its budget.

Greene Finney Cauley, LLP
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Slater-Marietta Fire District
Marietta, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Slater-Marietta Fire District, South Carolina (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 19, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2023-01 and 2023-02, that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

District's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

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

Greene Finney Cauley, LLP

Greene Finney Cauley, LLP
Mauldin, South Carolina
June 19, 2024

2023-01: LACK OF SEGREGATION OF DUTIES AND INTERNAL CONTROLS

Condition: During the 2023 audit, it was noted that there is generally only one employee involved in almost all of the District's major financial activities. Reviews of individual transactions revealed that there was no consistent documentation of preparation or review on financial reconciliations or processes. There was also a lack of internal controls (properly completed reconciliations, good documentation, proper reviews) in almost all of the District's accounting processes.

Criteria: The District should have proper internal controls in place and should also ensure that if one person is performing financial operations, a second employee or a commissioner should sign off as a reviewer to mitigate the risk of fraud and error.

Context, Cause and Effect: The District has limited staffing and a limited budget.

Recommendation: We recommend that the District develop and implement appropriate internal controls so that each major financial process includes financial controls as well as evidence of both a preparer and a reviewer being involved.

Response: The District is planning to contract with a local accounting firm to outsource its accounting beginning with the close of fiscal year 2024. The District will also evaluate its major financial processes and develop a way for more than one person to be involved in each process.

2023-02: RECORDING FINANCIAL ACTIVITY

Condition: Much of the District's financial activity (primarily related to debt and capital assets) was unrecorded in the initial trial balance received by the auditors. Many adjustments needed to be made to the District's balance sheet accounts in addition to major reclassifications that were required in the statement of revenues, expenditures, and changes in fund balances. During the fiscal year 2023 audit, the District also became aware that the County broke out the debt service millage into a new account in 2022 for the purpose of accounting for the debt service activity related to the District's 2021 general obligation bond issuance. This account was not recorded in the fiscal year 2022 financial statements and was added to the fiscal year 2023 financial statements (as it was not material for a prior period adjustment)

Criteria: The District is doing the best that it can in tracking its financial activity but was not aware the County had opened a new account related to the GOB issuance.

Context, Cause and Effect: The District has limited staffing and limited communication with the County.

Recommendation: We would recommend that the District consider getting outsourced accounting or a bookkeeper to help keep track of the District's financial activities.

Response: The District is planning to contract with a local accounting firm to outsource its accounting beginning with the close of fiscal year 2024. The District will also evaluate its major financial processes and develop a way for more than one person to be involved in each process.