

**LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA

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LAKE CUNNINGHAM FIRE DISTRICT

Greer, South Carolina

A Special Purpose District

created by the

South Carolina Legislature

1972

BOARD OF COMMISSIONERS

As of June 30, 2023

Richard Bradshaw

Dean Cannon

Roland Pittman

David Welchel

Sherri Wilbanks-Stokes

Jason Wright



INDEPENDENT AUDITOR’S REPORT

Board of Commissioners
 Lake Cunningham Fire District
 Greer, 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 Lake Cunningham 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*, 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 is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 management's discussion and analysis, 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.

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 September 21, 2023 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
September 21, 2023

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**LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

This discussion and analysis of Lake Cunningham Fire District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to present the District's financial performance as a whole; readers should also review the financial statements, the notes to the financial statements, and the supplemental schedules to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2023 are as follows:

- On the government-wide financial statements, the assets and deferred outflows of resources of the District exceeded the liabilities and the deferred inflows of resources at the close of the most recent fiscal year by approximately \$2,417,000. Of this amount, approximately \$751,000 (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors.
- On the government-wide financial statements, the District's change in net position was an increase of approximately \$361,000. This compares to an increase of approximately \$10,000 in the prior year. The current year change in net position of approximately \$361,000 was due to revenues exceeding expenses.
- As of the close of the current fiscal year, the District's General Fund reported an ending fund balance of approximately \$3,226,000, an increase of approximately \$398,000 from the prior year fund balance. Approximately \$2,752,000 of the District's fund balance is unassigned and thus available for spending at the District's discretion.
- During the current fiscal year, the District's General Fund revenues were approximately \$3,737,000 compared to \$3,411,000 in the prior year. This increase was primarily related to an increase in property taxes of approximately \$302,000. General Fund expenditures were approximately \$3,339,000 compared to approximately \$3,170,000 in the prior year. This increase was primarily related to increases in fire department expenditures of approximately \$100,000 and in capital outlay of approximately \$69,000.
- The District's Firefighters' 1% Fund reported an ending fund balance of approximately \$39,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – the *Financial Section* which includes management's discussion and analysis, the financial statements, the notes to the financial statements, required supplementary information, and other supplementary information and the *Compliance Section*.

Government-Wide Financial Statements. The financial statements include two kinds of statements that present different views of the District. The first two financial statements are *government-wide financial statements* that provide a broad overview of the District's overall financial status, in a manner similar to a private-sector enterprise.

The *Statement of Net Position* presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, for some items, revenues and expenses are reported in this statement that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

**LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District are fire services. The District has no business-type activities. The government-wide financial statements can be found as listed in the table of contents.

Fund Financial Statements. The remaining financial statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in more detail than the government-wide statements.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. There are three categories of funds that are typically used by state and local governments: governmental funds, proprietary funds, and fiduciary funds. The District utilizes only governmental funds in reporting its operations.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate the comparison between the governmental funds and governmental activities.

The District maintains two governmental funds. Information is presented in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and the Firefighters' 1% Fund, which are both considered major funds. The governmental funds financial statements can be found as listed in the table of contents.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the table of contents.

Other Information. In addition to the financial statements and accompanying notes, required supplementary information and supplementary information have been provided which enhance the financial statements. This other information can be found as listed in the table of contents.

**LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA**

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Major Features of the District’s Government-Wide and Fund Financial Statements		
	Government-Wide Financial Statements	Governmental Fund Financial Statements
Scope	Entire District	The activities of the District that are governmental in nature
Required Financial Statements	<ul style="list-style-type: none"> ▪ Statement of Net Position ▪ Statement of Activities 	<ul style="list-style-type: none"> ▪ Balance Sheet ▪ Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of Asset/Liability Information	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets and deferred outflows of resources expected to be used and liabilities and deferred inflows of resources that come due during the year or soon, thereafter; no capital assets or long-term obligations are included
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

**LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$2,417,000 at the close of the most recent fiscal year compared to approximately \$2,056,000 in the prior year. See below for a summary of the District's net position at June 30, 2023 and 2022:

	Net Position	
	Governmental Activities	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Assets		
Current and Other Assets	\$ 3,381,416	\$ 3,006,012
Capital Assets, Net	1,627,762	1,655,099
Total Assets	<u>5,009,178</u>	<u>4,661,111</u>
Deferred Outflows of Resources	<u>669,527</u>	<u>823,746</u>
Liabilities		
Accounts Payable and Accrued Expenses	74,691	106,421
Long-Term Obligations	149,319	171,505
Net Pension Liability	2,943,703	2,562,161
Total Liabilities	<u>3,167,713</u>	<u>2,840,087</u>
Deferred Inflows of Resources	<u>93,510</u>	<u>588,749</u>
Net Position		
Net Investment in Capital Assets	1,627,762	1,655,099
Restricted for Firefighters' 1% Costs	38,661	33,017
Unrestricted	751,059	367,905
Total Net Position	<u>\$ 2,417,482</u>	<u>\$ 2,056,021</u>

The District's total assets increased approximately \$348,000 over the prior year primarily due to increases in cash, cash equivalents, and investments, partially offset by decreases in net capital assets due to depreciation exceeding additions. Total liabilities at June 30, 2023 increased by approximately \$328,000 from the prior year primarily due to an increase in the net pension liability (due to changes in the actuarial valuations), partially offset by decreases in accounts payable/accrued expenses and long-term obligations (due to decreases in the compensated absences liability). The decrease in deferred outflows of resources and the decrease in deferred inflows of resources were due to the actuarial changes of the net pension liability.

The District's assets and deferred outflows exceeded liabilities and deferred inflows by approximately \$2,417,000 at June 30, 2023. The District's net investment in capital assets (i.e., land, buildings, furniture and equipment, etc. net of any related outstanding debt used to acquire those assets) was approximately 67% of the District's total net position. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt generally must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA**

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The District’s net position restricted for the District’s firefighters’ 1% costs at June 30, 2023 was approximately 2% of the District’s total net position.

The remaining balance of net position of approximately \$751,000 (approximately 31% of total net position) is unrestricted and may be used to meet the government’s ongoing obligations to citizens and creditors.

See below for the changes in net position for fiscal years 2023 and 2022.

Changes in Net Position

Revenues	Governmental Activities	
	June 30, 2023	June 30, 2022
Program Revenues:		
Charges for Services	\$ 195	\$ 46,149
Operating Grants	88,985	85,003
General Revenue:		
Property Taxes	3,652,760	3,331,274
Other	88,211	18,890
Total Revenues	3,830,151	3,481,316
Program Expenses		
Fire Department	3,468,690	3,471,197
Total Program Expenses	3,468,690	3,471,197
Change in Net Position	361,461	10,119
Net Position, Beginning of Year	2,056,021	2,045,902
Net Position, End of Year	\$ 2,417,482	\$ 2,056,021

Governmental activities increased the District’s net position in fiscal year 2023 by approximately \$361,000 or 18% (compared to an increase of approximately \$10,000 in the prior year). The District’s revenues grew by approximately \$349,000 primarily due to an increase in property taxes of \$321,000 (10%), as the assessed values increased by 5% and the millage increased by 1.7 mills (5%), while expenses decreased slightly from the prior year by approximately \$3,000, which resulted in an increase in net position.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The analysis of governmental funds serves the purpose of determining available fund resources, how they were spent and what is available for future expenditures. Did the government generate enough revenue to pay for current obligations? What is available for spending at the end of the year?

**LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA**

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)

At June 30, 2023, the District’s General Fund reported total fund balance of approximately \$3,226,000 as compared to approximately \$2,828,000 for the prior year. The increase of approximately \$398,000 is due to the District’s revenues exceeding the expenditures of the District. Approximately \$2,752,000 of the District’s General Fund fund balance is unassigned and thus is available for spending at the District’s discretion. Approximately \$324,000 of the District’s General Fund fund balance was committed for fire trucks ordered in December 2022 but not yet delivered to the District as of June 30, 2023. Approximately \$88,000 of the District’s General Fund fund balance was assigned for future capital projects, and approximately \$61,000 of the fund balance is nonspendable and represents prepaid items.

The Firefighters’ 1% Fund is used to account for the District’s Firemen’s Insurance and Inspection Fund allocation and expenditures, commonly referred to as 1% money. These funds are received from the State to be used for the betterment and maintenance of skilled and efficient fire departments. At June 30, 2023, the District’s Firefighters 1% Fund reported a fund balance of approximately \$39,000, an increase of approximately \$6,000 from the prior year fund balance due to revenues exceeding expenditures.

General Fund Budgetary Highlights

The District’s budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The District’s General Fund is a budgeted fund. In fiscal year 2023, actual revenues of approximately \$3,737,000 exceeded budgeted revenues by approximately \$386,000 primarily due to property tax revenues exceeding budget by approximately \$351,000. Actual expenditures of approximately \$3,339,000 were lower than budgeted expenditures by approximately \$12,000, due to fire department operations being lower than budget by approximately \$87,000, partially offset by higher lower than budgeted capital outlay expenditures of approximately \$76,000.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal years 2023 and 2022, the District had approximately \$1,628,000 and approximately \$1,655,000 respectively, invested in capital assets, net of depreciation. The total decrease in the District’s investment in net capital assets was approximately \$27,000 which was due primarily to depreciation of approximately \$154,000, partially offset by additions of approximately \$126,000. The capital asset balances for fiscal years 2023 and 2022 were as follows:

Capital Assets	Capital Assets	
	June 30, 2023	June 30, 2022
Land	\$ 486,550	\$ 486,550
Buildings and Improvements	866,010	779,400
Fire Apparatus	2,659,333	2,619,507
Furniture and Equipment	13,896	13,896
Less: Accumulated Depreciation	(2,398,027)	(2,244,254)
Totals	<u>\$ 1,627,762</u>	<u>\$ 1,655,099</u>

More detailed information about the District’s capital assets is included in Note III of the notes to the financial statements.

Debt

At the end of fiscal years 2023 and 2022, the District had no outstanding debt.

**LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Debt (Continued)

The State limits the amount of general obligation debt that District's can issue to 8% of the assessed value of all taxable property within the District's corporate limits. At June 30, 2023, the District's available debt limit was approximately \$7,700,000.

ECONOMIC FACTORS

Lake Cunningham Fire District serves an area near Greer, South Carolina. Greer is one of South Carolina's fastest growing communities. This area has seen rapid growth since the 1990s. The City of Greer has been annexing property as it continues to grow, and this has led to an overlapping of boundaries between the District and the City.

The Department continues to evaluate and balance available revenue against expenditures and services levels to seek operating efficiencies. Management emphasizes sound financial and operational decision-making with a focus on strategic thinking and planning. Key objectives at present include focusing services to promote the District's core mission, and development of a financial plan that fosters sustainability for the future.

FISCAL YEAR 2024 BUDGET

Many factors were considered by the District's administration during the process of developing the fiscal year 2024 budget. The District's budget was prepared to continue the vision and mission of the District. The District's budget for fiscal year 2024 is approximately \$4,086,000, representing an increase of approximately \$735,000 from the fiscal year 2023 budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide those interested with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District at 2802 N. McElhaney Road, Greer, South Carolina 20651-8344.

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Basic Financial Statements

**LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA**

STATEMENT OF NET POSITION

JUNE 30, 2023

	PRIMARY GOVERNMENT
	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 2,410,911
Cash and Cash Equivalents - Restricted	30,208
Cash and Investments Held by County Treasurer	757,261
Property Taxes Receivable, Net	50,430
Due from Other Governments	62,916
Prepaid Expenses	69,690
Capital Assets:	
Non-Depreciable	486,550
Depreciable, Net	1,141,212
TOTAL ASSETS	5,009,178
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Charges	669,527
LIABILITIES	
Accounts Payable	57
Accrued Payroll, Fringe and Benefits	74,634
Non-Current Liabilities:	
Net Pension Liability - Due in More Than One Year	2,943,703
Long-Term Obligations - Due Within One Year	84,925
Long-Term Obligations - Due in More Than One Year	64,394
TOTAL LIABILITIES	3,167,713
DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Credits	93,510
NET POSITION	
Net Investment in Capital Assets	1,627,762
Restricted for Firefighters' 1% Costs	38,661
Unrestricted	751,059
TOTAL NET POSITION	\$ 2,417,482

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

LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities Totals
PRIMARY GOVERNMENT:					
Governmental Activities:					
Fire Department	\$ 3,468,690	195	88,985	-	\$ (3,379,510)
TOTAL - PRIMARY GOVERNMENT	\$ 3,468,690	195	88,985	-	(3,379,510)
General Revenues:					
Property Taxes Levied for General Purposes					3,652,760
Interest Income					55,798
Miscellaneous					32,413
Total General Revenues					<u>3,740,971</u>
CHANGE IN NET POSITION					361,461
NET POSITION, Beginning of Year					<u>2,056,021</u>
NET POSITION, End of Year					\$ <u>2,417,482</u>

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

**LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA**

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2023

	GENERAL FUND	FIREFIGHTERS' 1% FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	\$ 2,410,911	-	\$ 2,410,911
Cash and Cash Equivalents - Restricted	-	30,208	30,208
Cash and Investments Held by County Treasurer	757,261	-	757,261
Due from County Treasurer	62,916	-	62,916
Property Taxes Receivable, Net	50,430	-	50,430
Prepaid Expenses	61,237	8,453	69,690
TOTAL ASSETS	\$ 3,342,755	38,661	\$ 3,381,416
LIABILITIES			
Accounts Payable	\$ 57	-	\$ 57
Accrued Payroll, Fringe and Benefits	74,634	-	74,634
TOTAL LIABILITIES	74,691	-	74,691
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	42,187	-	42,187
TOTAL DEFERRED INFLOWS OF RESOURCES	42,187	-	42,187
FUND BALANCES			
Nonspendable:			
Prepaid Expenses	61,237	8,453	69,690
Restricted for:			
Firefighters' 1% Costs	-	30,208	30,208
Committed for Fire Trucks	324,455	-	324,455
Assigned for Capital Projects	87,868	-	87,868
Unassigned	2,752,317	-	2,752,317
TOTAL FUND BALANCES	3,225,877	38,661	3,264,538
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,342,755	38,661	\$ 3,381,416

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

**LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA**

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

JUNE 30, 2023

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 3,264,538
Amounts reported for the governmental activities in the Statement of Net Position are different because of the following:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as capital assets in the governmental funds. The cost of the capital assets was \$4,025,789 and the accumulated depreciation was \$2,398,027.	1,627,762
Property taxes receivable which will be collected in the future, but are not available soon enough to pay for the current period's expenditures are therefore unavailable in the governmental funds.	42,187
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 pension plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.	(2,367,686)
Long-term obligations are not due or payable in the current period and therefore are not reported as liabilities in the funds. Long-term obligations at year-end consisted of the following: Compensated absences	<u>(149,319)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ 2,417,482</u>

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

**LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA**

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

YEAR ENDED JUNE 30, 2023

	GENERAL FUND	FIREFIGHTERS' 1% FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Property Taxes	\$ 3,648,960	-	\$ 3,648,960
Interest Income	55,683	115	55,798
Other Revenue	32,413	195	32,608
One Percent Income	-	88,985	88,985
TOTAL REVENUES	3,737,056	89,295	3,826,351
EXPENDITURES			
Current:			
Fire Department Operations	3,205,918	83,651	3,289,569
Capital Outlay	133,448	-	133,448
TOTAL EXPENDITURES	3,339,366	83,651	3,423,017
CHANGES IN FUND BALANCES	397,690	5,644	403,334
FUND BALANCES, Beginning of Year	2,828,187	33,017	2,861,204
FUND BALANCES, End of Year	\$ 3,225,877	38,661	\$ 3,264,538

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

**LAKE CUNNINGHAM FIRE DISTRICT
GREER, 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 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	\$	403,334
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 government funds. This amount represents the change in unavailable revenue for the year.		3,800
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. This amount represents the change in compensated absences.		22,186
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 are not reported in the governmental funds but are reported in the Statement of Activities.		(40,522)
The governmental funds reports capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets that are considered capital asset additions is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital asset additions in the current period.		(27,337)
		<hr/>
TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	361,461

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

**LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

Lake Cunningham Fire District (the “District”) is a special purpose district created in 1972 by the South Carolina legislature (General Statute at Large #1829) to provide fire protection services to a specific geographic area within Greenville County, South Carolina. The District operates under a commission form of government and is governed by the Board of Commissioners (the “Board”) elected by citizens residing within the District’s boundaries.

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 its component units, if applicable. 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 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 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 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 and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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. Taxes and other items not properly included among 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.

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as would proprietary fund and fiduciary fund financial statements. 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 statements are prepared using a different measurement focus from the manner in which governmental funds financial statements are prepared (see further detail below). Governmental funds financial statements therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the financial statements for the 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. Revenues are generally considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal 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, any debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. Proceeds from any long-term debt are reported as other financing sources.

Property taxes associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, and then use unrestricted resources as they are needed.

Fund financial statements report detailed information about the District. The focus of governmental funds financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

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 major funds and fund types are used by the District.

**LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental fund types are those through which all of the governmental functions of the District are financed. The District's expendable financial resources and related assets and liabilities are accounted for in a governmental funds. The governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. The following are the District's only 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. All general tax revenues and other receipts are accounted for in the General Fund. General operating expenditures and the capital improvement costs are paid from the General Fund. This is a budgeted fund, and any fund balance that does not have constraints is considered a resource available for use.

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 *Firefighters' 1% Fund, a major special revenue fund*, is used to account for the District's Firemen's Insurance and Inspection Fund allocation and expenditures, 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

Cash and cash equivalents include all amounts in demand deposits as well as short-term investments with an initial maturity of three months or less when purchased.

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;

**LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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.
- (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 position 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 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:

- Cash and investments held by the County Treasurer which are primarily property taxes collected by the District's fiscal agent. 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.

2. Receivables

Property taxes receivable are shown net of an allowance for uncollectibles. Receivables that are long-term in nature or that are collected after 60 days of the fiscal year-end are recognized as revenue in the government-wide financial statements but are deferred (unavailable) in the governmental funds.

3. Prepaids/Deposits

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/deposit amount is recorded at the time of the purchase or deposit and an expenditure/expense is reported in the year in which services are consumed or the goods are received.

4. Capital Assets

General capital assets are assets specifically related to expenditures reported in the District's governmental funds. These capital assets are reported in the governmental activities column of the government-wide Statement of Net Position, but are not reported in the governmental funds financial statements.

**LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Capital Assets (Continued)

All capital assets are capitalized at cost and updated for additions and retirements during the year. 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 for furniture, equipment, and vehicles. 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 (if any) 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. Depreciation is computed using the straight-line method over the following useful lives:

Asset Category	Useful Life Range
Furniture and Equipment	5 - 7 years
Fire Apparatus	5 - 17 years
Buildings and Improvements	15 - 30 years

5. 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 governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, long-term obligations (including compensated absences and any claims and judgments and any special termination benefits) that will be paid from governmental funds are reported as a liability only when payment is due.

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

In the fund financial statements, governmental fund types recognize bond 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.

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. District employees are granted vacation and sick leave in varying amounts. Upon termination of employment, an employee is reimbursed for accumulated vacation days not to exceed 1,080 hours. Unused sick leave is not reimbursed and therefore not reported in the financial statements. The entire compensated absences liability and expense is reported only on the government-wide financial statements.

LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. *Fund Balance*

In accordance with GAAP, the District classifies its governmental fund balances 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 (the Board) before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

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.

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's practice is to generally use restricted amounts 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.

7. *Deferred Outflows and 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 Retirement System and 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.

**LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. *Deferred Outflows and Inflows of Resources (Continued)*

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 Retirement System and 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. *Net Position*

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows in the Statement of Financial Position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consists 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. 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 the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

9. *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.

**LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. 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 should 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.

11. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and deferred outflows of resources (if any) and liabilities and deferred inflows of resources (if any) 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.

12. Comparative Data

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

**LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Budgetary Practices - Budgets are presented in the required supplementary section of the financial statements for the General Fund. The budget is presented on the modified accrual basis of accounting, which is consistent with GAAP.

Prior to July 1 each year, the Board adopts an annual budget ordinance for the General Fund. The presented required supplementary budgetary information (Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgets and Actual) contains the original budget and the final revised budget as approved by the Board for the year ended June 30, 2023.

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 \$2,444,000 (which had a carrying value of approximately \$2,441,000) 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	Weighted Average
Cash and Investments Held by County Treasurer	N/A	Unrated	\$ 757,261	< 1 Year

(1) See Note I.C.10 for details on the District's fair value hierarchy.
N/A - Not Applicable.

Interest Rate Risk: The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina.

Concentration of Credit Risk for Investments: The District places no limit on the amount the District may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments are exempt from concentration of credit risk disclosures.

Credit Risk for Investments: Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District does not have an investment policy for credit risk but follows the investment policy statutes of the State of South Carolina.

Certain cash and cash equivalents of the District are restricted for specified purposes. The only major type of restriction at June 30, 2023 was imposed by the revenue source (Firefighters’ 1% Funds.)

**LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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

B. Receivables and Deferred Inflows of Resources

Greenville County in South Carolina are responsible for levying and collecting sufficient property taxes to meet the funding obligation for the District. This obligation is established each year by the Board and does not necessarily represent actual taxes levied or collected. Such property taxes are considered both measurable and available for purposes of recognizing revenue and are recognized as a receivable from the County at the time they are collected.

Property taxes are levied and billed by the County on real and personal properties on October 1 based on assessed value of approximately \$96.26 million at a millage rate of 37.2 mills for operations. These taxes are due without penalty through January 15. Penalties are added to taxes depending on the date paid as follows:

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

Current year real and personal taxes become delinquent on March 16. The levy date for motor vehicles is the first day of the month in which the motor vehicles license expires. These taxes are due by the last day of the same month.

The District recorded property taxes receivable of approximately \$50,000 (net of an allowance for uncollectible taxes of approximately \$27,000) at June 30, 2023. Delinquent property taxes of approximately \$8,000 were recognized as revenue at June 30, 2023 because the taxes were collected within 60 days of year-end. At June 30, 2023, delinquent property taxes that were not collected within 60 days of year-end of approximately \$42,000, net of an allowance for uncollectible taxes, were recorded as unavailable revenue (deferred inflow of resources) on the fund statements because the taxes were not considered available to liquidate liabilities of the current period.

The District has a receivable due from the County Treasurer of approximately \$63,000 for property taxes collected for June 2023 that were remitted to the District in July 2023.

**LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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

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	\$ 486,550	-	-	-	\$ 486,550
Total Capital Assets, Non-Depreciable	<u>486,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>486,550</u>
Capital Assets, Depreciable:					
Buildings & Improvements	779,400	86,610	-	-	866,010
Fire Apparatus	2,619,507	39,826	-	-	2,659,333
Furniture and Equipment	13,896	-	-	-	13,896
Total Capital Assets, Depreciable	<u>3,412,803</u>	<u>126,436</u>	<u>-</u>	<u>-</u>	<u>3,539,239</u>
Less: Accumulated Depreciation:					
Buildings & Improvements	600,825	34,958	-	-	635,783
Fire Apparatus	1,633,687	117,766	-	-	1,751,453
Furniture and Equipment	9,742	1,049	-	-	10,791
Total Accumulated Depreciation	<u>2,244,254</u>	<u>153,773</u>	<u>-</u>	<u>-</u>	<u>2,398,027</u>
Total Capital Assets, Depreciable, Net	<u>1,168,549</u>	<u>(27,337)</u>	<u>-</u>	<u>-</u>	<u>1,141,212</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 1,655,099</u>	<u>(27,337)</u>	<u>-</u>	<u>-</u>	<u>\$ 1,627,762</u>

D. Long-Term Obligations

The District does not have any outstanding indebtedness as of June 30, 2023. The following is a summary of changes in the District's long-term obligations for year ended June 30, 2023:

Long-Term Obligations	Beginning of Year	Additions	Reductions	End of Year	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 171,505	84,925	107,111	149,319	\$ 84,925

**LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION

A. Retirement Plans

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 Retirement System (“SCRS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts and participating charter schools, public higher education institutions, other participating local subdivisions of government and first-term individuals elected to the South Carolina General Assembly.

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

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.

**LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

- SCRS – Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and first-term individuals elected to the South Carolina General Assembly. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
- PORS – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in 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.

- SCRS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

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

**LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Benefits (Continued)

- 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, SCRS and PORS (“Plans”) 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 SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. The General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by 1 percentage point each year until reaching 18.56 percent for SCRS and 21.24 percent for 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 SCRS and PORS 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 plans. The statute set rates intended to reduce the unfunded liability of SCRS and 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 Plans. Finally, under the revised statute, the contribution rates for SCRS and PORS may not be decreased until the Plans are at least 85 percent funded.

**LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Contributions (Continued)

As noted earlier, both employees and the District are required to contribute to the Plans 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:

	SCRS Rates	PORS Rates
	2023	2023
Employer Contribution Rate: ^		
Retirement	17.41%	19.84%
Incidental Death Benefit	0.15%	0.20%
Accidental Death Contributions	0.00%	0.20%
	<u>17.56%</u>	<u>20.24%</u>
Employee Contribution Rate ^	<u>9.00%</u>	<u>9.75%</u>

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

The actual and required contributions to the SCRS and PORS were approximately \$12,000 and \$318,000, respectively, 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.

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 Plans’ 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 SCRS and PORS.

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate of Return*	7.00%	7.00%
Projected Salary Increases*	3.0% to 11% (varies by service)	3.5% to 10.5% (varies by service)
Benefit Adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

* Includes inflation at 2.25%.

**LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Actuarial Assumptions and Methods (Continued)

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table ("2020 PRSC"), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

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 table on the following page. 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.

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%		
Core Fixed Income	9.0%	4.12%	0.37%
Cash and Short Duration (Net)	3.0%	5.88%	0.18%
Total Expected Real Rate of Return	<u>100.0%</u>		<u>4.79%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
Total Expected Nominal Return			<u><u>7.04%</u></u>

**LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

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 June 30, 2022 measurement date, for the SCRS and 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
SCRS	\$ 56,454,779,872	32,212,626,932	\$ 24,242,152,940	57.1%
PORS	\$ 8,937,686,946	5,938,707,767	\$ 2,998,979,179	66.4%

The TPL is calculated by the Systems’ actuary, and each Plans’ 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 Plans’ funding requirements.

At June 30, 2023, the District reported liabilities of approximately \$129,000 and \$2,814,000 for its proportionate share of the NPL for the SCRS and PORS, respectively. The NPL were measured as of June 30, 2022, and the TPL for the Plans used to calculate the NPL were 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 were based on a projection of the District’s long-term share of contributions to the Plans 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 SCRS proportion was 0.000533 percent, which was an increase of 0.000017 from its proportion measured as of June 30, 2021. At the June 30, 2022 measurement date, the District’s PORS proportion was 0.09385 percent, which was a decrease of 0.00139 from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of approximately \$16,000 and \$352,000 for the SCRS and PORS, respectively. 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:

**LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	\$ 1,123	\$ 563
Change in Assumptions	4,145	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	199	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	21,434	7,247
Employer Contributions Subsequent to the Measurement Date	12,246	-
Total SCRS	39,147	7,810
PORS		
Differences Between Expected and Actual Experience	47,221	55,637
Change in Assumptions	117,199	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	8,499	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	139,693	30,063
Employer Contributions Subsequent to the Measurement Date	317,768	-
Total PORS	630,380	85,700
Total SCRS and PORS	\$ 669,527	\$ 93,510

Approximately \$12,000 and \$318,000 that were reported as deferred outflows of resources related to the District's contributions subsequent to the measurement date to the SCRS and PORS, respectively, 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 SCRS and PORS will increase (decrease) pension expense as follows:

Year Ended June 30,	SCRS	PORS	Total
2024	\$ 6,403	128,693	\$ 135,096
2025	11,555	89,077	100,632
2026	(2,237)	(100,257)	(102,494)
2027	3,370	109,399	112,769
Total	\$ 19,091	226,912	\$ 246,003

**LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

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 SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, 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.

Sensitivity Analysis

The following table presents the sensitivity of the District’s proportionate share of the NPL of the Plans 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 SCRS	\$ 165,692	129,232	\$ 98,921
District's proportionate share of the net pension liability of the PORS	3,924,610	2,814,471	1,905,717
Total	\$ 4,090,302	2,943,703	\$ 2,004,638

Plans Fiduciary Net Position

Detailed information regarding the fiduciary net position of the Plans administered by the PEBA is available in the separately issued Annual Comprehensive Financial Report containing financial statements and required supplementary information for the SCRS and PORS. The Annual Comprehensive Financial Report 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.

B. Risk Management

The District is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District carries commercial insurance coverage to protect against casualty losses. There has been no reduction in the District’s insurance coverages in the past year, and there were no settlements exceeding insurance coverage in the past three fiscal years.

C. Commitments

In December 2022, the District ordered two brush trucks at a total cost of approximately \$476,000. Related equipment on these trucks is expected to increase the total cost to approximately \$529,000. One of the trucks will be purchased through an Assistance to Firefighters Grant through the Federal Emergency Management Agency for approximately \$205,000, which the District expects to receive in fiscal year 2024. Therefore, at June 30, 2023, the District has approximately \$324,000 committed towards the brush trucks. This amount has been reflected on the governmental funds balance sheet as committed fund balance.

Required Supplementary Information

**LAKE CUNNINGHAM FIRE DISTRICT
GREER, 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		ACTUAL	VARIANCE
	ORIGINAL	REVISED		
REVENUES				
Property Taxes	\$ 3,298,000	3,298,000	3,648,960	\$ 350,960
Interest Income	10,000	10,000	55,683	45,683
Fire Contract	43,000	43,000	-	(43,000)
Other Revenue	-	-	32,413	32,413
TOTAL REVENUES	3,351,000	3,351,000	3,737,056	386,056
EXPENDITURES				
Current:				
Fire Department Operations	3,293,112	3,293,112	3,205,918	87,194
Capital Outlay	57,888	57,888	133,448	(75,560)
TOTAL EXPENDITURES	3,351,000	3,351,000	3,339,366	11,634
CHANGE IN FUND BALANCES	-	-	397,690	397,690
FUND BALANCES, Beginning of Year	2,828,187	2,828,187	2,828,187	-
FUND BALANCES, End of Year	\$ 2,828,187	2,828,187	3,225,877	\$ 397,690

Note: The amounts on this schedule have been presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

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

LAST NINE FISCAL YEARS

	Year Ended June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Liability	0.000533%	0.000516%	0.000355%	0.000500%	0.000400%	0.000600%	0.000600%	0.000400%	0.000400%
District's Proportionate Share of the Net Pension Liability	\$ 129,232	111,618	90,706	111,072	96,963	138,897	123,033	77,948	\$ 75,409
District's Covered Payroll	\$ 63,478	58,302	39,604	51,365	44,844	62,245	50,286	38,530	\$ 39,767
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	203.59%	191.45%	229.03%	216.24%	216.22%	223.15%	244.67%	202.30%	189.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	57.06%	60.75%	50.71%	54.40%	54.10%	53.34%	52.91%	56.99%	59.92%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.

The District implemented GASB #68/71 during the year ended June 30, 2015. Information before 2015 is not available.

The discount rate was lowered from (a) 7.25% to 7.00% beginning with the year ended June 30, 2021 measurement date and (b) 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM

LAST NINE FISCAL YEARS

	Year Ended June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 12,246	10,512	9,072	6,162	7,479	6,081	7,196	5,562	\$ 4,200
Contributions in Relation to the Contractually Required Contribution	12,246	10,512	9,072	6,162	7,479	6,081	7,196	5,562	4,200
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	\$ -
District's Covered Payroll	\$ 69,740	63,478	58,302	39,604	51,365	44,844	62,245	50,286	\$ 38,530
Contributions as a Percentage of Covered Payroll	17.56%	16.56%	15.56%	15.56%	14.56%	13.56%	11.56%	11.06%	10.90%

Notes to Schedule:

The District implemented GASB #68/71 during the year ended June 30, 2015. Information before 2015 is not available.

LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

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

LAST NINE FISCAL YEARS

	Year Ended June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Liability	0.09385%	0.09524%	0.08760%	0.08450%	0.08200%	0.08160%	0.07980%	0.08070%	0.08210%
District's Proportionate Share of the Net Pension Liability	\$ 2,814,471	2,450,543	2,904,096	2,422,655	2,324,523	2,237,317	2,026,314	1,759,355	\$ 1,572,415
District's Covered Payroll	\$ 1,497,785	1,423,125	1,295,837	1,199,069	1,108,499	1,086,335	1,019,815	1,012,267	\$ 987,870
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	187.91%	172.19%	224.11%	202.04%	209.70%	205.95%	198.69%	173.80%	159.17%
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%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.

The District implemented GASB #68/71 during the year ended June 30, 2015. Information before 2015 is not available.

The discount rate was lowered from (a) 7.25% to 7.00% beginning with the year ended June 30, 2021 measurement date and (b) 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
POLICE OFFICERS RETIREMENT SYSTEM

LAST NINE FISCAL YEARS

	Year Ended June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 317,768	288,174	259,578	236,361	211,793	184,405	154,694	140,123	\$ 135,745
Contributions in Relation to the Contractually Required Contribution	317,768	288,174	259,578	236,361	211,793	184,405	154,694	140,123	135,745
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	\$ -
District's Covered Payroll	\$ 1,570,001	1,497,785	1,423,125	1,295,837	1,199,069	1,108,499	1,086,335	1,019,815	\$ 1,012,267
Contributions as a Percentage of Covered Payroll	20.24%	19.24%	18.24%	18.24%	17.66%	16.64%	14.24%	13.74%	13.41%

Notes to Schedule:

The District implemented GASB #68/71 during the year ended June 30, 2015. Information before 2015 is not available.

Supplementary Information

**LAKE CUNNINGHAM FIRE DISTRICT
GREER, SOUTH CAROLINA**

SUPPLEMENTARY INFORMATION - GENERAL FUND

DETAILED SCHEDULE OF REVENUES AND EXPENDITURES - REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2023

	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES			
Property Taxes	\$ 3,298,000	3,648,960	\$ 350,960
Interest Income	10,000	55,683	45,683
Fire Contract	43,000	-	(43,000)
Other Revenue	-	32,413	32,413
TOTAL REVENUES	\$ 3,351,000	3,737,056	\$ 386,056
EXPENDITURES			
Current:			
Salaries	\$ 1,614,052	1,685,442	\$ (71,390)
Retirement	324,788	332,674	(7,886)
Payroll Taxes	123,475	128,018	(4,543)
Insurance and Benefits	618,678	483,310	135,368
Buildings & Ground	92,000	66,122	25,878
Contracted Services	19,200	28,526	(9,326)
Uniforms and Clothing	25,457	18,910	6,547
Supplies - Operating	15,000	8,630	6,370
Supplies - Fire	144,337	85,974	58,363
Vehicle Expense	86,600	183,138	(96,538)
Communications	71,752	44,516	27,236
Insurance	19,306	17,130	2,176
Employee Training	26,000	30,849	(4,849)
Dues and Publications	10,120	15,637	(5,517)
Worker's Compensation	90,000	68,205	21,795
Miscellaneous	12,347	8,837	3,510
Capital Outlay	57,888	133,448	(75,560)
TOTAL EXPENDITURES	\$ 3,351,000	3,339,366	\$ 11,634



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
Lake Cunningham Fire District
Greer, 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 Lake Cunningham 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 September 21, 2023.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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*.

GREENEFINNEYCAULEY.CPA · INFO@GREENEFINNEY.COM

GREENVILLE, SC
864.232.0653

MAULDIN, SC
864.232.5204

CHARLESTON, SC
843.735.5805

ANDERSON, SC
864.225.8713

ASHEVILLE, NC
828.771.0847

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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
September 21, 2023