

Town of Ninety Six Commission of Public Works

**Financial Statements
Year Ended September 30, 2021
(With Independent Auditor's Report Thereon)**

Town of Ninety Six Commission of Public Works
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Member
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Certified Public Accountants

Independent Auditor's Report

To the Board of Commissioners
Town of Ninety Six Commission of Public Works
Ninety Six, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the Town of Ninety Six Commission of Public Works (the "District"), which comprise the statement of net position as of September 30, 2021, and the related statement of revenues, expenses, changes in net position, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Town of Ninety Six Commission of Public Works, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Highsmith & Highsmith, LLC

Highsmith & Highsmith, LLC

Travelers Rest, South Carolina
April 22, 2022

**Town of Ninety Six Commission of Public Works
Management's Discussion and Analysis
September 30, 2021**

This discussion and analysis is designed to provide a narrative overview of the financial condition and operating results of the Town of Ninety Six Commission of Public Works (the "Commission"), and also to inform the reader about the Commission's financial issues and activities. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the Commission's basic financial statements (beginning on page 9).

Overview of the Basic Financial Statements

This annual financial report consists of two parts: Management's Discussion and Analysis and the Financial Statements. The required financial statements are the Statements of Net Position at September 30, 2021, the Statements of Revenues, Expenses, and Changes in Net Position for the year ended September 30, 2021 and the Statement of Cash Flows for the year ended September 30, 2021. The financial statements, except for the cash flow statement, are prepared using the accrual basis of accounting, which means that revenues are recorded when earned and expenses are recorded when incurred regardless of the timing of cash receipts or payments. The cash flow statements are an exception because those statements show the receipt and payment of cash for operating, non-capital and related financing, and investing activities.

Required Financial Statements

The Financial Statements of the Commission report information about the Commission using accounting methods similar to those used by companies in the private sector. These statements offer short and long-term financial information about its activities. The Statements of Net Position include all of the Commission's assets and liabilities and provides information about the nature and amounts of investments in assets and obligations to Commission creditors as liabilities, if any. It also provides the basis for computing rate of return, evaluating the capital structure of the Commission and assessing the liquidity and financial flexibility of the Commission.

All of the current year's revenues and expenses are accounted for in the Statements of Revenues, Expenses and Changes in Net Position. These statements measure the Commission's operations over the past year and can be used to determine whether the Commission has successfully recovered all its costs through its rates and other income. The Commission's profitability and credit worthiness can also be determined from these statements.

The final required financial statement is the Statements of Cash Flows. The primary purpose of these statements is to provide information about the Commission's cash receipts and cash payments during the reporting period. These statements report cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities. They explain where cash came from and where cash was used, and the change in the cash balance during the reporting period.

**Town of Ninety Six Commission of Public Works
Management's Discussion and Analysis
September 30, 2021**

Financial Highlights

As a result of this year's operations, the Commission's net position decreased by \$63,406. Total net position was \$3,300,075 of which \$(358,404) was unrestricted.

Operating revenues increased by \$208,342, primarily due to sewer charges. Operating expenses decreased by \$77,026.

Using this Annual Report

The Commission is a special-purpose government engaged only in business-type activities. The Commission's only business-type activity is the operation of a water system. The Commission's financial statements consist of statements of net assets, statements of revenues, expenses and changes in net assets and statements of cash flows.

One of the most important questions asked about the Commission's finances is, "Is the Commission as a whole better off or worse off as a result of the year's activities?" The statements of net position and the statements of revenues, expenses and changes in net position report information about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Commission's net position and changes in them. You can think of the Commission's net position – the difference between assets and liabilities – as one way to measure the Commission's financial health, or financial position. Over time, increases or decreases in the Commission's net position is one indicator of whether its financial health is improving or deteriorating.

Government-Wide Financial Analysis

The following tables and analysis discuss the financial position and changes to financial position for the Commission as of and for the years ended September 30, 2021 and 2020.

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The combined net position exceeded liabilities by \$3,300,075 at the close of the most recent year.

**Town of Ninety Six Commission of Public Works
Management's Discussion and Analysis
September 30, 2021**

The following is a summary of the Commission's net position as of September 30, 2021 and 2020:

Condensed Statement of Net Position

	<u>2021</u>	<u>2020</u>
Assets:		
Current and other assets	\$ 320,797	\$ 237,069
Capital assets	<u>4,989,784</u>	<u>5,187,541</u>
Total assets	<u>5,310,581</u>	<u>5,424,610</u>
Deferred outflows of resources - pension	\$ <u>151,395</u>	\$ <u>113,224</u>
Total assets and deferred outflows	<u>\$ 5,461,976</u>	<u>\$ 5,537,834</u>
Liabilities:		
Current liabilities	\$ 209,822	\$ 217,290
Long-term liabilities	<u>1,779,423</u>	<u>1,829,337</u>
Total liabilities	<u>1,989,245</u>	<u>2,046,627</u>
Deferred inflows of resources - pension	\$ <u>172,656</u>	\$ <u>127,726</u>
Total liabilities and deferred inflows	<u>\$ 2,161,901</u>	<u>\$ 2,174,353</u>
Net Position:		
Invested in capital assets, net of related debt	3,565,061	3,682,329
Restricted for renewal and replacement	41,098	2,680
Restricted for debt service	52,320	52,320
Unrestricted	<u>(358,404)</u>	<u>(373,848)</u>
Total net position	<u>\$ 3,300,075</u>	<u>\$ 3,363,481</u>

Net position of the Commission decreased by \$63,406. Net position invested in capital assets, net of related debt decreased from \$3.7 million compared to \$3.5 in 2021.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased by \$15,444.

**Town of Ninety Six Commission of Public Works
Management's Discussion and Analysis
September 30, 2021**

Changes in Net Position

Condensed Statement of Changes in Net Position

Condensed Statement of Changes in Net Position

	<u>2021</u>	<u>2020</u>
Program Revenues:		
Operating revenues	\$ 1,413,432	\$ 1,205,090
Interest income	<u>1,078</u>	<u>850</u>
Total revenues	1,414,510	1,205,940
Program Expenses:		
Operating expenses	<u>1,311,353</u>	<u>1,234,327</u>
 Increase (decrease) in income operating income	103,157	(28,387)
Interest expense	(92,792)	(70,646)
Grant income	11,350	452,778
Grant expenses	<u>(85,121)</u>	<u>(452,778)</u>
Increase in net position	(63,406)	(99,033)
Net position, beginning of the year	<u>3,363,481</u>	<u>3,462,514</u>
Net position, end of the year	\$ <u><u>3,300,075</u></u>	\$ <u><u>3,363,481</u></u>

Operating expenses increased \$77,026, primarily due to an increase in the cost of delivered water, salaries and wages, and depreciation.

Capital Assets and Debt Administration

Capital Assets

At September 30, 2021, the Commission had \$4,989,784, net of depreciation, invested in infrastructure, land and buildings, office furniture and equipment, and intangibles. This represents a net decrease (including additions and deductions) of \$197,757 over last year.

Debt Administration

At year-end the Commission had \$1,424,723 in a revenue bonds payable and notes payable. This is a decrease of \$80,489 from the previous year. More detailed information about the Commission's long-term liabilities is presented in Note 6 to the financial statements.

**Town of Ninety Six Commission of Public Works
Management's Discussion and Analysis
September 30, 2021**

Economic Factors and Other Considerations

The Commission continues to be affected by economic factors such as changes in drought conditions and inflationary trends in the service area (which compare favorable to national indices). The Commission's Board and management consider such factors when developing plans and budgets for the upcoming year.

Also, from time to time, local growth and development, changes in regulatory and compliance requirements, and modification of existing facilities or operations will dictate the financing of additional capital improvements and increases in operating costs. It is the Commission's policy to conduct regular reviews of its rates and fees in order to accommodate such changing circumstances.

Contacting the Commission's Financial Management

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in the Commission's finances. If you have questions about this report or need additional information, contact Heather Fields, Town of Ninety Six Commission of Public Works, 120 West Main Street, Ninety Six, South Carolina 29666.

Town of Ninety Six Commission of Public Works

**Statement of Net Position
September 30, 2021**

Assets

Current Assets

Cash and cash equivalents	\$ 175,294
Accounts receivable, net of allowance of \$58,955	24,895
Materials and supplies	27,190
Total current assets	227,379

Restricted cash and cash equivalents

Utility Plant and Equipment, net of accumulated depreciation	93,418
Total assets	\$ 4,989,784

Deferred outflows of resources

Total assets and deferred outflows	\$ 151,395
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Liabilities

Current Liabilities

Accounts payable	\$ 79,561
Accrued payroll and related liabilities	15,620
Customer deposits	49,085
Current portion of note payable	65,556
Total current liabilities	209,822

Noncurrent Liabilities

Long-term debt	1,359,167
Net pension liability	420,256
Total long-term liabilities	1,779,423
Total liabilities	1,989,245

Deferred inflows of resources

Total liabilities and deferred inflows	\$ 172,656
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Net Position

Invested in capital assets, net of related debt	3,565,061
Restricted for renewal and replacement	41,098
Restricted for debt service	52,320
Unrestricted	(358,404)
Total net position	\$ 3,300,075

Town of Ninety Six Commission of Public Works

**Statement of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2021**

Operating Revenues

Water sales	\$ 653,194
Sewer charges	652,687
Other revenues	107,551
Total operating revenues	<u>1,413,432</u>

Operating Expenses

Water distribution	207,157
Waste treatment - plant operations	378,208
Salaries and benefits	366,609
Office	79,621
Other operating	62,186
Depreciation	197,757
Water meters	19,815
Total operating expenses	<u>1,311,353</u>
Operating income (loss)	<u>102,079</u>

Nonoperating Revenues (Expenses)

Interest expense	(92,792)
Grant income	11,350
Grant expenses	(85,121)
Interest income	1,078
Total nonoperating revenues (expenses)	<u>(165,485)</u>

Change in net position	(63,406)
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Net position, beginning of year	<u>3,363,481</u>
Net position, end of year	<u>\$ 3,300,075</u>

Town of Ninety Six Commission of Public Works

**Statement of Cash Flows
Year Ended September 30, 2021**

Cash Flows From Operating Activities

Cash received from customers	\$ 1,424,484
Cash paid to suppliers of goods and services	(960,381)
Cash paid to employees	(198,277)
Net cash provided (used) by operating activities	<u>265,826</u>

Cash Flows From Capital and Related Financing Activities

Principle and interest payments against capital debt	(173,281)
Net cash used by capital and related financing activities	<u>(173,281)</u>

Cash Flows From Investing Activities

Interest received	1,078
Net cash provided (used) by investing activities	<u>1,078</u>

Net Increase (Decrease) in Cash and Cash Equivalents 93,623

Cash and Cash Equivalents, beginning of year 175,089

Cash and Cash Equivalents, end of year \$ 268,712

Reconciliation to Statement of Net Position

Cash and cash equivalents	\$ 175,294
Restricted cash and cash equivalents	<u>93,418</u>

Total cash and cash equivalents, end of year \$ 268,712

Town of Ninety Six Commission of Public Works

Statement of Cash Flows
Year Ended September 30, 2021

Reconciliation of Operating Income to Net

Cash Provided (Used) by Operating Activities

Operating income	\$ 102,079
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation expense	197,757
Grant revenues & expenses	(73,771)
Change in assets and liabilities	
Decrease in accounts receivable	9,895
Increase in accounts payable	15,212
Increase in accrued payroll and related liabilities	(3,351)
Increase in renter deposits	1,157
Increase in net pension liability	10,089
Changes in deferred outflows and inflows:	
Increase in deferred outflows - pensions	(38,171)
Decrease in deferred inflows - pensions	<u>44,930</u>
Net cash provided (used) by operating activities	<u><u>\$ 265,826</u></u>

Town of Ninety Six Commission of Public Works

Notes to Financial Statements Year Ended September 30, 2021

Note 1 – Description of Entity

Town of Ninety Six Commission of Public Works (the "Commission") is a political subdivision of the State of South Carolina to provide water and sewer to the Town of Ninety Six and parts of Greenwood County. The Town serves as a conduit for issuing revenue bonds as the Commission does not have Commission to borrow money. The Commission is not a component unit of the Town. The Town has no component units.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation and Accounting

The Commission's financial statements are presented on the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Commission applies all Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations, and the Accounting Principles Board (APB) of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The Commission has not adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 980, Regulated Operations.

All activities of the Commission are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Commission's principal ongoing operations. The principal operating revenues of the Commission are charges to customers for water. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Town of Ninety Six Commission of Public Works

Notes to Financial Statements Year Ended September 30, 2021

Note 2 – Summary of Significant Accounting Policies, continued

The accounting and financial reporting treatment applied to the Commission is determined by its measurement focus. The transactions of the Commission are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position. Net position (i.e., total assets, net of total liabilities) are segregated into “invested in capital assets, net of related debt”; “restricted for debt service”; and “unrestricted” components.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the statement of financial position date, and reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, the allowance for doubtful accounts and certain claims and judgment liabilities, among other accounts. Actual results may differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents, for purposes of the statements of cash flows, include restricted and unrestricted cash on hand or on deposit, certificates of deposit, and highly liquid debt instruments with original maturities of three months or less.

The State of South Carolina Statutes permits the Commission to invest in certain types of financial instruments. Cash is maintained in demand deposits or savings accounts, certificates of deposits, or money market funds.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents represent a) cash required by loan covenants and b) cash maintained in accordance with resolutions and formal actions of the Commission or by agreement for the purpose of funding certain debt service payments, depreciation and contingency activities, and improvements and extensions to the utility systems.

Accounts Receivable

Accounts receivable represents volume fees earned, but not yet collected. Cycle billings at the end of the fiscal year are estimated to record revenues earned through yearend. The Commission’s management has not provided an allowance for estimated uncollectible accounts based on its assessment of the current status of individual accounts. Balances that are still outstanding and deemed uncollectible after management has used reasonable collection efforts are written-off directly as an expense.

Town of Ninety Six Commission of Public Works

Notes to Financial Statements Year Ended September 30, 2021

Note 2 – Summary of Significant Accounting Policies, continued

Inventory

Inventory, valued at the lower of cost or market using the first-in, first-out method, consists of materials and supplies for water treatment and repair.

Utility Plant and Equipment

Utility, plant and equipment in service and construction in progress are recorded at cost, if purchased or constructed. Property, plant and equipment is defined by the Commission as assets with an initial individual cost of more than \$5,000 or renewal and replacement cost of a component of existing assets with a cost of more than \$5,000. Assets acquired through contributions from developers or other customers are capitalized at their estimated fair market value, if available, or at engineers' estimated fair market value or cost to construct at the date of the contribution. Internal engineering costs are capitalized to the extent of direct support and contribution to construction and expansion projects. Costs of studies that directly result in specific construction projects are capitalized.

Maintenance and repairs, which do not significantly extend value or life of property, plant and equipment, are expensed as incurred.

Assets are depreciated on the straight-line method. Depreciation is calculated using the following estimated useful lives:

Water lines, tanks, etc.	50 years
Buildings	39 years
Equipment	10 years
Vehicles	5 years
Computers	5 years

Long-term Obligations and Costs

Long-term obligations are reported at face value. There are no applicable premiums or discounts.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position 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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission currently has one type of deferred outflows of resources: The Commission reports deferred pension charges in connection with its participation in the South Carolina Retirement System. The 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

Town of Ninety Six Commission of Public Works

Notes to Financial Statements Year Ended September 30, 2021

Note 2 – Summary of Significant Accounting Policies, continued

Deferred Outflows/Inflows of Resources, continued

future periods in accordance with GAAP.

In addition to liabilities, the statement of financial position 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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission currently has one type of deferred inflows of resources: The Commission reports deferred pension credits in connection with its participation in the South Carolina 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.

Compensation for Future Absences

Accumulated vacation pay eligible to be paid to employees is recorded as an expense and liability as the benefits are earned.

Claims and Judgments

These obligations are recorded on the accrual basis when the event occurs and the obligation arises.

Revenues and Rate Structure

Revenues from water services are recognized on the accrual basis as earned. Services are supplied to customers under a rate structure designed to produce revenues sufficient to provide for operating and maintenance costs and capital outlay.

The Commission has a monthly billing cycle.

Operating revenues are those revenues that are generated directly from the primary activity of the Commission.

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, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of these balances as of the date of the financial statements. In addition, they affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Town of Ninety Six Commission of Public Works

Notes to Financial Statements Year Ended September 30, 2021

Note 2 – Summary of Significant Accounting Policies, continued

Capital Contributions

Contributions are recognized in the statements of revenues, expenses and changes in net position when earned. Contributions include developer-contributed water systems.

Special and Extraordinary Items

Extraordinary items are transactions or other events that are both unusual in nature and infrequent in occurrence. Special items are significant transactions or other events within the control of management that are either unusual in nature or infrequent in occurrence. If such items exist during the reporting period, they are reported separately in the statement of revenues, expenses and changes in net position.

Pensions

The Commission 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 Commission's proportionate share thereof in the case of cost-sharing multiple-employer plan, measured as of the Commission'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.

Net Position

Net position comprises the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified in the following three components: invested in capital assets, net of related debt; restricted for debt service; and unrestricted net position. Invested in capital assets, net of related debt, consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Restricted for capital activity and debt service consists of net position for which a constraint is placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates, less any related liabilities. Unrestricted consists of all other net positions not included in the above categories.

Town of Ninety Six Commission of Public Works

Notes to Financial Statements Year Ended September 30, 2021

Note 2 – Summary of Significant Accounting Policies, continued

Net Position, continued

The Commission uses restricted resources, prior to using unrestricted resources, to pay expenditures meeting the criteria imposed on the use of restricted resources.

Budget and Budgeting

The Commission employs budget integration as a management control device. Annual budgets are formally adopted by the Board of Directors and are used as a management tool and are not a legal requirement.

Note 3 - Deposits

Custodial credit risk – deposits. Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Commission will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of September 30, 2021, none of the Commission's bank balances were exposed to custodial credit risk.

The Commission has not formally adopted a policy governing deposits and investments.

The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Commission has the following recurring fair value measurements as of September 30, 2021:

- Certificate of deposits of \$52,320 are valued using quoted market prices (Level 1 inputs)

Note 4 – Restricted Assets

Revenue bonds payable require a certain level of cash in a separate account. The bonds that each account be funded one-tenth (1/10th) of the required monthly payment until the cash on deposit in each account is equal to the amount to pay principal and interest of the bonds for one year. At September 30, 2021, the bond restricted cash balance was \$41,098 for renewal and replacement and \$52,320 for principal and interest payments.

Town of Ninety Six Commission of Public Works

Notes to Financial Statements Year Ended September 30, 2021

Note 5 – Property, Plant and Equipment

Capital asset activity during the year ended September 30, 2021 was as follows:

	September 30, 2020	Additions	Transfers and Disposals	September 30, 2021
Water and sewer system	8,366,729	-	-	8,366,729
Wastewater plant	1,045,569	-	-	1,045,569
Equipment	263,028	-	-	263,028
Vehicles	442,365	-	-	442,365
Buildings and improvements	1,340,060	-	-	1,340,060
Utility Plant and Equipment in services	11,457,751	-	-	11,457,751
Accumulated depreciation	(6,270,210)	(197,757)	-	(6,467,967)
Net utility plant and equipment	\$ 5,187,541	\$ (197,757)	\$ -	\$ 4,989,784

Depreciation expense for the year ended September 30, 2021 was \$197,757.

Note 6 – Long-Term Debt

Following is a summary of notes payable at September 30, 2021:

1997 Revenue Bond for \$741,000, due in monthly installments of \$3,580 through 2037, interest rate 5.0%	\$ 453,429
1997 Revenue Bond for \$74,400, due in monthly installments of 353 through; interest rate at 4.875%	45,580
2002 Revenue Bond for \$951,000, due in monthly installments of \$4,360 through 2024; interest rate at 4.65%	703,506
2016 Note Payable for \$32,000 due in monthly installments of \$478 through 2021; interest rate 2.39%	945
2017 Note Payable for \$131,355 due in monthly installments of \$1,343 through 2028; interest rate 2.39%	81,016
2018 Note Payable for \$162,500 due in monthly installments of \$1,289 through 2034; interest rate 5.0%	140,247
	1,424,723
Less: current portion	(65,556)
Total long-term portion of note payable	\$ 1,359,167

Town of Ninety Six Commission of Public Works

Notes to Financial Statements Year Ended September 30, 2021

Note 6 – Long-Term Debt, continued

A summary of long-term debt activity during the year ended September 30, 2021 is as follows:

	Balance at September 30, 2020	Additions	Reductions	Balance at September 30, 2020	Due Within One Year
1997 Revenue Bond	\$ 471,131	\$ -	\$ 17,702	\$ 453,429	\$ 20,516
1997 Revenue Bond	47,339	-	1,759	45,580	2,051
2002 Revenue Bond	719,573	-	16,067	703,506	20,289
2015 Note Payable	18,754	-	18,754	-	-
2016 Note Payable	6,584	-	5,639	945	945
2017 Note Payable	93,449	-	12,433	81,016	13,099
2018 Note Payable	148,382	-	8,135	140,247	8,656
	<u>\$ 1,505,212</u>	<u>\$ -</u>	<u>\$ 72,354</u>	<u>\$ 1,424,723</u>	<u>\$ 65,556</u>

Remaining debt service payments at September 30, 2021 are as follows:

	Principal	Interest
2022	65,556	66,494
2023	67,718	63,384
2024	70,976	60,127
2025	74,392	56,712
2026	77,972	53,131
Thereafter	1,068,109	369,692
	<u>\$ 1,424,723</u>	<u>\$ 669,540</u>

Note 7 – Pension Plan Obligation

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

Town of Ninety Six Commission of Public Works

Notes to Financial Statements Year Ended September 30, 2021

Note 7 – Pension Plan Obligation, continued

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

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Description

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

Membership

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

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

Town of Ninety Six Commission of Public Works

Notes to Financial Statements Year Ended September 30, 2021

Note 7 – Pension Plan Obligation, continued

Benefits

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

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

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

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 contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS employer contribution rates that was

Town of Ninety Six Commission of Public Works

Notes to Financial Statements Year Ended September 30, 2021

Note 7 – Pension Plan Obligation, continued

Contributions, continued

scheduled to go into effect beginning July 1, 2020. If the schedule contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of the SCRS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

Required employee contribution rates (1) are as follows:

	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%

Required employer contributions rates (1) are as follows:

	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>
SCRS		
Employer Class Two	16.41%	15.41%
Employer Class Three	16.41%	15.41%
Employer Incidental Death Benefit	0.15%	0.15%

- (1) Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.
- (2) Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

Town of Ninety Six Commission of Public Works

Notes to Financial Statements Year Ended September 30, 2021

Note 7 – Pension Plan Obligation, continued

Pension Plan Fiduciary Net Position

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, 2021, for SCRS and PORS are presented below.

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers' Net Pension Liability (Asset)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
SCRS	\$ 55,131,579,363	\$ 33,490,305,970	\$ 21,641,273,393	60.7%

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB 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.

Actuarial Assumptions

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019.

The June 30, 2021, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by the state's consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2020. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2021, using generally accepted actuarial principles. There was no legislation enacted during the 2021 legislative session that had a material change in the benefit provisions for any of the systems. IN FY 2021 the Board adopted updated demographic assumptions. Also, the General Assembly permitted the investment return assumption at July 1, 2021 to decrease from 7.25% to 7.00%, as provided by Section 9-16-335 in South Carolina State Code.

Town of Ninety Six Commission of Public Works

Notes to Financial Statements Year Ended September 30, 2021

Note 7 – Pension Plan Obligation, continued

Actuarial Assumptions, continued

The following table provides a summary of the actuarial assumptions and methods used in the June 30, 2021 valuations for SCRS.

	SCRS
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Investment rate of return (1)	7.0%
Projected salary increases (1)	3.0% to 11.0% (varies by service) Lesser of 1% or \$500
Benefit adjustments	annually

(1) Includes inflation at 2.25%

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

Assumptions used in the determination of the June 30, 2021, total pension liability are as follows:

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

Long-Term Expected Rate of Return

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

Town of Ninety Six Commission of Public Works

**Notes to Financial Statements
Year Ended September 30, 2021**

Note 7 – Pension Plan Obligation, continued

Long-Term Expected Rate of Return, continued

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2021 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. 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%	6.87%	3.16%
Bonds	26.0%	0.27%	0.07%
Private Equity	9.0%	9.68%	0.87%
Private Debt	7.0%	5.47%	0.39%
Real Assets	12.0%		
Real Estate	9.0%	6.01%	0.54%
Infrastructure	3.0%	5.08%	0.15%
Total Expected Real Return	100.0%		5.18%
Inflations for Actuarial Purposes			2.25%
			7.43%

Town of Ninety Six Commission of Public Works

Notes to Financial Statements Year Ended September 30, 2021

Note 7 – Pension Plan Obligation, 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 will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7.00 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.00 percent) or 1.00 percent higher (8.00 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1.00% Decrease (6%)	Current Discount Rate (7%)	1.00% Increase (8%)
SCRS	\$ 550,483	\$ 420,256	\$ 312,010

Net Pension Liability

At September 30, 2021, the Commission reported a net pension liability of \$420,256 for its proportionate share of the SCRS net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportionate share of the net pension liabilities was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At September 30, 2021, the Commission's proportionate share of the SCRS plan was .001942 percent.

Pension Expense

For the year ended September 30, 2021, the Commission recognized pension expense for the SCRS plan of \$51,028.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Town of Ninety Six Commission of Public Works

Notes to Financial Statements Year Ended September 30, 2021

Note 7 – Pension Plan Obligation, continued

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

For the SCRS plan, there were total deferred outflows of resources of \$151,395 consisting of differences between expected and actual experience of \$30,162, the net difference between projected and actual earnings on pension plan investments of \$30,980, changes in proportion and differences between employer contributions and proportionate share of contributions of \$81,679, and Commission contributions subsequent to the measurement date of \$8,574. There were deferred inflows of resources of \$172,656 for the SCRS plan consisting of differences between expected and actual experience.

The \$8,574 reported as deferred outflows of resources resulting from the Commission's contributions subsequent to the measurement date for the SCRS plan during the year ended September 30, 2021 will be recognized as a reduction of the net pension liabilities in the year ending September 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the SCRS plan:

For the SCRS plan, \$15 will be recognized for the fiscal year 2022; \$(20,078) for fiscal year 2023; \$13,071 for fiscal year 2024. For fiscal year 2025 \$(22,843) will be recognized.

Covered Payroll and Contributions

The payroll for Commission employees covered by the SCRS totaled \$218,415 and \$190,207 for the years ended September 30, 2021 and 2020, respectively.

The Commission's contributions to SCRS are summarized as follows:

<u>Year Ended</u>	<u>Employer</u>		<u>Employee</u>	
	<u>Percent</u>	<u>SCRS</u>	<u>Percent</u>	<u>SCRS</u>
September 30, 2021	100%	\$ 34,180	100%	\$ 19,657
September 30, 2020	100%	\$ 29,311	100%	\$ 17,118
September 30, 2019	100%	\$ 28,628	100%	\$ 17,592

Town of Ninety Six Commission of Public Works

Notes to Financial Statements Year Ended September 30, 2021

Note 8 – Employee Insurance

The Commission offers medical and life insurance through the state of South Carolina. The Commission pays the entire portion of the employee portion of medical and dental coverage. Medical and life insurance coverage totaled \$41,080 for the year ended September 30, 2021.

Note 9 – Risk Management

The Commission is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. To insure against casualty risks, the Commission obtains insurance from commercial insurance carriers for errors and omissions, and physical property loss and natural disasters to its buildings and pump stations. The Commission self-insures its water mains and tanks.

The Commission acquires insurance from commercial insurance carriers for job-related injury and illness (worker's compensation) to its employees, medical insurance encompassing health, dental, life and other medical benefits to employees and their dependents.

During September 30, 2021, the Commission did not experience any significant uninsured claims. Accordingly, there was no liability or expense recorded for actual claims, and management does not believe any provision for unasserted claims is necessary.

Note 10 – Subsequent Events

Subsequent events have been evaluated through April 22, 2022, which is the date the financial statements were available to be issued.

Town of Ninety Six Commission of Public Works

**Schedule of Proportionate Share of the Net Pension Liability and Related Ratios
Year Ended September 30, 2021**

<u>Year Ended</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Actual Covered Member Payroll</u>	<u>Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability</u>
September 30, 2021	0.001942%	\$ 420,256	\$ 218,415	192.41%	60.70%
September 30, 2020	0.001605%	\$ 410,167	\$ 190,207	215.64%	50.70%
September 30, 2019	0.002325%	\$ 420,256	\$ 195,441	215.03%	54.40%
September 30, 2018	0.001932%	\$ 410,167	\$ 210,093	195.23%	54.10%
September 30, 2017	0.001511%	\$ 340,150	\$ 205,874	165.22%	53.30%
September 30, 2016	0.001932%	\$ 406,905	\$ 183,094	222.24%	52.90%
September 30, 2015	0.0019320%	\$ 332,626	\$ 188,832	176.15%	59.90%

*Schedule is intended to show information for 10 years.
Additional information will be displayed as they become available.*

Town of Ninety Six Commission of Public Works

**Schedule of Employer Contributions
Year Ended September 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
SCRS							
Contractually required contribution	\$ 34,180	\$ 29,311	\$ 28,628	\$ 28,689	\$ 24,548	\$ 20,228	\$ 20,299
Contributions in relation to the contractually required contribution	<u>34,180</u>	<u>29,311</u>	<u>28,628</u>	<u>28,689</u>	<u>24,548</u>	<u>20,228</u>	<u>20,299</u>
Contributions deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered payroll	\$ 218,415	\$ 190,207	\$ 195,441	\$ 210,093	\$ 205,874	\$ 183,094	\$ 188,832
Contributions as a percentage of covered payroll	15.65%	15.41%	14.65%	13.66%	11.92%	11.05%	10.75%

Town of Ninety Six Commission of Public Works

**Notes to Required Supplementary Information
Year Ended September 30, 2021**

The following table provides a summary for the actuarial methods and assumptions used in calculations of the actuarially determined contributions for the SCRS plan:

	SCRS
Valuation date	July 1, 2019
Actuarial cost method	Entry age normal
Asset valuation method	5-year smoothed
Amortization method	Level % of pay
Remaining amortization period	28-year maximum, closed period
Inflation rate	2.25%
Projected salary increases	3.00% plus step-rate increases for members with less than 21 years of service
Investment rate of return	7.25%
Mortality	The 2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2016. Male rates multiplied by 100% for non-educators and 92% for educators. Female rates multiplied by 111% for non- educators and 98% for educators.
Comment on the development of the actuarially determined and actual contribution rate:	Contribution rate for fiscal year 2021 is determined in accordance with the Retirement System Funding and Administration Act of 2017.