Grand Strand Water And Sewer Authority
Retiree Health Care Benefit Plan

Report on Financial Statements
For the Year Ended June 30, 2022

Grand Strand Water And Sewer Authority
Retiree Health Care Benefit Plan

Financial Statements
Year Ended June 30, 2022

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MAULDIN
& JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Grand Strand Water & Sewer Plan
Conway, South Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the **Grand Strand Water & Sewer Plan Retiree Health Care Benefit Plan** (the "Plan") as of and for the years ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Grand Strand Water & Sewer Plan Retiree Health Care Benefit Plan as of June 30, 2022, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan 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 opinion.

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 Plan'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 Responsibility 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 opinion. 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 Plan'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 Plan's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2022 on our consideration of the Plan'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 Plan'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 Plan's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Columbia, South Carolina
September 19, 2022

GRAND STRAND WATER AND SEWER AUTHORITY
RETIREE HEALTHCARE BENEFIT PLAN

STATEMENT OF FIDUCIARY NET POSITION
As of June 30, 2022

Assets	
Cash and Cash Equivalents	$ 308,516
Investments, at Fair Value	
US Government and Agency Bonds	7,968,623
US Government Notes	2,074,733
US Government Bonds	392,290
US Government Infaltion Bonds	373,782
Total Investments	10,809,428
Receivables	
Employee Contributions	10,245
	10,245
Total Assets	$ 11,128,189
Net Position - Restricted for Other Post-Employment Benefits	$ 11,128,189

See Notes to Financial Statements

GRAND STRAND WATER AND SEWER AUTHORITY
RETIREE HEALTHCARE BENEFIT PLAN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
As of June 30, 2022

Additions	
Investment Income	
Net Appreciation in Fair Value of Investments	$ 355,645
Interest Income	(967,853)
Total Investment Income (Loss)	(612,208)
Contributions	
Employer	1,638,245
Plan Members	132,365
Total Contributions	1,770,610
Total Additions	1,158,402
Deductions	
Benefits Paid	486,957
Fees	2,990
Net Increase in Net Position	489,947
Net Position - Restricted for Other Post Employment Benefits	
Beginning of Year	10,459,734
End of Year	$ 11,128,189

See Notes to Financial Statements

Note 1 – Plan Description

Grand Strand Water and Sewer Authority (GSWSA), the Plan sponsor, administers a single employer defined benefit postemployment healthcare plan that covers retired employees of GSWSA, the Grand Strand Water and Sewer Authority Retiree Health Care Benefit Plan (the "Plan"). Assets of the Plan may be used only for the payment of administrative costs incurred by the Plan and benefits of the members of the Plan, in accordance with the terms of the Plan. The Plan provides health and dental insurance benefits to eligible retirees and their spouses. The Plan Agreement and Declaration of Trust assigns the authority to establish and amend the benefit provisions of the Plan to GSWSA.

Management of the Plan is vested in the GSWSA Board of Directors, which consists of nine members who are resident electors of Horry County, South Carolina, appointed by the Governor, upon the recommendation of the resident members of the Horry County Legislative Delegation including the resident Senator. GSWSA is the only participating employer. The membership of the Plan consisted of the following at July 1, 2020, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	40
Active plan members	332
Total	372

Eligibility:

Eligible employees will include employees retiring from the South Carolina Retirement System and meeting any of the various conditions described below.

i. If the retiring employee has 28 or more years of continuous full-time service with the Authority on the date of retirement, the Authority will pay 75% of the premium for the employee's health, dental, and vison insurance coverage through the Authority's insurance company. The employee is responsible for the balance and is solely responsible for 100% of dependent coverage if coverage is available.

ii. If the retiring employee is age 65 or older on the date of retirement with a minimum of 5 years of continuous full-time service with the Authority, the employee may purchase health insurance coverage through the Authority's insurance company. The employee is responsible for 100% of the health, dental, and vision insurance premium and is responsible for 100% of dependent coverage if coverage is available.

iii. If the retiring employee has 25 or more years of continuous full-time service with the Authority and is age 55 or older on the date of retirement, the percentage of the employer paid portion will decrease by 4% for every year of service less than 28 years. The employee is responsible for the balance and the employee is solely responsible for 100% of dependent coverage if coverage is available.

    i. Age 55 or older with 25 years of experience = 63% employer paid portion
    ii. Age 55 or older with 26 years of experience = 67% employer paid portion
    iii. Age 55 or older with 27 years of experience = 71% employer paid portion Employees who

were hired prior to July 1, 1999, can also become eligible through the following guidelines:

1. If, the retiring employee has 20 years of full-time (meaning 30 or more hours each week during the year) continuous service with the Authority and is retiring from the Authority after age 60, the Authority will pay 75% of the premium for the employee's medical, dental, and vision insurance coverage through the Authority's insurance company. The employee is responsible for the balance and the employee is solely responsible for 100% of dependent coverage if coverage is available.

2. If, the employee has a minimum of 5 years of full-time continuous service with the Authority at age 60, the employee may purchase insurance coverage through the Authority's insurance company (if permitted by the insurance company) and the Employee pays 100% of the premium of the employee's medical/dental insurance. The employee is also responsible for 100% of dependent coverage if coverage is available.

Disability Retirement:

Employees must have received approval for Social Security disability benefits prior to receiving evaluation and approval of disability through the South Carolina Retirement System.

1. If the retiring employee is a Class Two Member, has 5 years of continuous full-time service with the Authority and becomes medically disabled, the Authority will pay 75% of the premium for the employee's health, dental, and vison insurance coverage through the Authority's insurance company. The employee is responsible for the balance and the employee is solely responsible for 100% of dependent coverage if coverage is available.

2. If the retiring employee is a Class Three Member, has 8 years of continuous full-time service with the Authority and becomes medically disabled, the Authority will pay 75% of the premium for the employee's health, dental, and vision insurance coverage through the Authority's insurance company. The employee is responsible for the balance and the employee is solely responsible for 100% of dependent coverage if coverage is available.

Contributions:

The contribution requirements of plan members and GSWSA are established and may be amended by the Board of Directors. GSWSA has been contributing at a rate that is based on an actuarial valuation that is prepared in accordance with certain parameters. Premiums may be adjusted annually based on a contract between GSWSA and the insurance carrier. The monthly contribution for retirees to opt into the medical plan is based on plan and tier election, date of hire, age at retirement and service at retirement. For the year ended June 30, 2022, the Plan's average contribution rate was 8.95% of covered-employee payroll. Following is a chart detailing premiums and contribution amounts for coverage as of January 1, 2021.

2021 Monthly Insurance Premiums - Copay Plan

	Medical	Vision	Dental	Total
Single	$ 837.83	$ 4.38	$ 33.46	$ 875.67
Retiree/Children	$ 1,589.54	$ 8.73	$ 71.14	$ 1,669.41
Retiree/Spouse	$ 1,923.65	$ 8.30	$ 68.44	$ 2,000.39
Family	$ 2,341.24	$ 12.84	$ 113.16	$ 2,467.24

2021 Monthly Insurance Premiums - High Deductible Health Plan

	Medical	Vision	Dental	Total
Single	$ 744.01	$ 4.38	$ 33.46	$ 781.85
Retiree/Children	$ 1,408.85	$ 8.73	$ 71.14	$ 1,488.72
Retiree/Spouse	$ 1,704.35	$ 8.30	$ 68.44	$ 1,781.09
Family	$ 2,073.73	$ 12.84	$ 113.16	$ 2,199.73

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared using the economic resources measurement focus and accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due, and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable, in accordance with the terms of the Plan.

Investments

Investments are reported at fair value, which, for the Plan, is determined by the mean of the most recent bid and ask prices as obtained from dealers that make markets in such securities. Securities for which market quotations are not readily available are valued at their fair value as determined by the custodian under the direction of the GSWSA Board of Directors.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Plan to make estimates and assumptions that affect the reported amounts of assets, liabilities and net position. Estimates also affect the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period.

Contributions

The GSWSA Board of Directors approves the amount of funding to provide the Plan each year. It is their intent to make contributions at a rate equivalent to the annual required contribution (ARC) as determined by actuarial valuation. Plan member contributions consist of the retiree portion of premium payments. Administrative costs are paid by the Plan sponsor but may, in the future, be paid by the trustee from the assets of the Plan.

Subsequent Events

In preparing these financial statements, the Plan has evaluated events and transactions for potential recognition or disclosure through September 19, 2022, the date the financial statements were available for issue.

Note 3 – Net OPEB Liability of the Plan

The components of the net OPEB liability of the Plan at June 30, 2022, are as follows:

Total OPEB Liability	$ 24,501,026
Plan Fiduciary Net Position	(11,128,189)
Plan's Net OPEB Liability	$ 13,372,837
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	45.42%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	3.00% Annually
Investment Rate of Return	4.70%
Healthcare Cost Trend Rates	Pre-Medicare: 7.00% Medicare Eligible: 5.25%

Mortality Rates were based on the PUB-2010 Mortality Table for Employees with a 135% multiplier to better reflect anticipated experience and provide a margin for future improvements.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the July 1, 2021 valuation were based on the results of an actuarial experience study adopted by SCRS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the July 1, 2021 valuation were based on a review of recent plan experience done concurrently with the July 1, 2021 valuation.

Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges should be combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant may cover a shorter investment horizon and may not be useful in setting the long-term rate of return for funding OPEB plans which are likely to cover a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. As of the most recent adoption of the current long-term rate of return by the Plan, the target asset allocation and best estimates of geometric rates of return (the inflation expectation of 2.25% is not reflected in these rates) for each major asset class, as provided by the Plan, are summarized in the following table:

Asset Class	**Target Allocation**	**10 Year Expected Geometric Rate of Return**
US Government Funds	0.43%	1.50%
Core Bonds	99.00%	3.50%
US TIPS	0.57%	2.20%
Total	100.0%	7.20%

Since the asset allocation for the OPEB trust is subject to South Carolina's investment policy, which places restrictions on investing in equities, the expected rate of return on OPEB plan investment has remained at 4.70% to match the rate used in the prior valuation. The projection of cash flows used to determine the discount rates assumed that Plan contributions will be made at rates equal to the actuarily determined contribution rates.

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of GSWSA, as well as what GSWSA's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower or 1% point higher than the current healthcare cost trend rates:

<u>Health Care Cost Trend Rate Sensitivity</u>

	1% Decrease	Current	1% Increase
Net OPEB Liability	$8,835,437	$13,372,837	$19,385,937

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of GSWSA, as well as what GSWSA's net OPEB liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current discount rate:

<u>Discount Rate Sensitivity</u>

	1% Decrease	Current	1% Increase
Net OPEB Liability	$17,941,712	$13,372,837	$9,728,104

Note 4 – Cash and Cash Equivalents

At June 30, 2021, the Plan's assets consisted of $308,516 in a money market account maintained by a regional bank. Using a daily sweep, available cash balances in the money market account are deposited by the bank into multiple Federal Deposit Insurance Corporation (FDIC) insured deposit accounts at one or more other financial institutions.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or deposit. Duration (period of time to maturity or redemption) is the primary measure of the sensitivity to changes in interest rates. The Plan's money market account is not subject to significant interest rate risk.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Plan's arrangement regarding its money market account allows for Plan assets to be substantially covered by FDIC insurance.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plan's arrangement regarding its money market account allows for deposits to effectively be distributed among multiple financial institutions.

Note 5 – Investments

Investment Policy

The mix or percentage of the Plan assets to be allocated between short, intermediate and long-term investments is fluid and will change contingent upon current cash flow needs and market conditions.

At time of purchase, a maximum of 10% of the Investment Portfolio may be held in any single security, exclusive of U.S. Treasuries, and a maximum of 20% of the Investment Portfolio, on a per agency or per instrumentality basis may be held in securities issued by agencies or instrumentalities of the United States government. In no case shall

the total percentage of the Investment Portfolio invested in U.S. agency or instrumentality securities exceed 80% at time of purchase.

At no time shall cash balances or non-collateralized investments exceed the amount covered by FDIC insurance. In the event a *de Minimis* amount of not to exceed $1,000, is held for not more than 24 hours in a non-collateralized investment account which is not FDIC insured, the Plan shall not declare a default to have occurred in an investment or custodial agreement.

Rate of Return

For the year ended June 30, 2021, the annual money weighted rate of return on investments, net of investment expense, was -0.57%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

Note 6 – Fair Value Measurement

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: 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 Plan does not have any investments that are measured using Level 3 inputs.

Fair value measurements of GSWSA's investments are as follows at June 30, 2022:

	Fair Value Measurements Using		
Investments	**(Level 1)**	**(Level 2)**	**(Level 3)**
Debt Securities			
US Agency Bonds	$ 8,557,654	$ -	$ -
US Treasury Bonds	2,373,060	2,373,060	-
Total Debt Securities	$ 10,930,714	$ 2,373,060	$ -

GRAND STRAND WATER AND SEWER AUTHORITY
RETIREE HEALTHCARE BENEFIT PLAN

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
AND RELATED RATIOS
As of June 30, 2022

	2022	2021	2020	2019	2018	2017	2016
Total OPEB liability							
Service cost	$ 975,334	$ 884,724	$ 822,548	$ 730,305	$ 709,034	$ 553,328	$ 1,053,624
Interest on Total OPEB Liability	1,305,273	1,279,441	1,152,727	1,223,427	970,507	907,157	-
Differences between expected and actual experience	(1,483,604)	(162,641)	587,453	(298,145)	282,083	-	1,567,216
Changes of assumptions or other inputs	(3,888,405)	515,402	277,068	(2,791,789)	3,327,220	-	-
Benefit payments	(354,592)	(313,608)	(297,656)	(258,414)	(203,137)	(186,288)	(195,412)
Net change in total OPEB liability	(3,445,994)	2,203,318	2,542,140	(1,394,616)	5,085,707	1,274,197	2,425,428
Total OPEB liability - beginning	27,947,020	25,743,702	23,201,562	24,596,178	19,510,471	18,236,274	15,810,846
Total OPEB liability - ending (a)	$ 24,501,026	$ 27,947,020	$ 25,743,702	$ 23,201,562	$ 24,596,178	$ 19,510,471	$ 18,236,274
Plan fiduciary net position							
Contributions - employer	$ 1,638,245	$ 1,663,979	$ 1,549,528	$ 1,566,440	$ 1,190,970	$ 1,053,624	$ 1,053,624
Contributions - employee	131,702	114,234	111,689	93,317	83,965	80,152	58,613
	1,769,947	1,778,213	1,661,217	1,659,757	1,274,935	1,133,776	1,112,237
Net investment income	(615,198)	(81,851)	472,458	366,601	(19,128)	(33,053)	118,512
Benefit payments, including refunds of employee contributions	(486,294)	(427,842)	(409,345)	(351,731)	(287,102)	(266,440)	(195,412)
Net change in plan fiduciary net position	668,455	1,268,520	1,724,330	1,674,627	968,705	834,283	1,035,337
Plan fiduciary net position - beginning	10,459,734	9,191,214	7,466,884	5,792,257	4,823,552	3,989,269	2,953,932
Plan fiduciary net position - ending (b)	$ 11,128,189	$ 10,459,734	$ 9,191,214	$ 7,466,884	$ 5,792,257	$ 4,823,552	$ 3,989,269
City's net OPEB liability - ending (a) - (b)	$ 13,372,837	$ 17,487,286	$ 16,552,488	$ 15,734,678	$ 18,803,921	$ 14,686,919	$ 14,247,005
Plan fiduciary net position as a percentage of the total OPEB liability	45.42%	37.43%	35.70%	32.18%	23.55%	24.72%	21.88%
Covered payroll	$ 18,314,154	$ 17,921,554	$ 17,107,885	$ 16,442,561	$ 15,886,558	$ 15,521,883	$ 15,521,883
Net OPEB liability as a percentage of covered payroll	73.02%	97.58%	96.75%	95.69%	118.36%	94.62%	91.79%

Notes to Schedule

* Benefit payments are net of participant contributions and for 2019 include a payment of $6,700 for the implicit subsidy based on the guidance of GASB Implementation Guide No. 2017-2, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.*

** Employer contribution amounts for 2019 include the $6,700 implicit subsidy payment during the period.

For years following the valuation date (when no new valuation is performed), covered-employee payroll has been set to equal to the covered-employee payroll from the most recent valuation.

Presentation of 10 Year Trend. The schedule is intended to illustrate various trends over a Ten-year period, however, data prior to 2016 is unavailable.

GRAND STRAND WATER AND SEWER AUTHORITY
RETIREE HEALTHCARE BENEFIT PLAN

SCHEDULE OF PLAN CONTRIBUTIONS
As of June 30, 2022

	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 1,638,245	$ 1,663,979	$ 1,549,528	$ 1,559,740	$ 1,186,070	$ 1,053,624	$ 1,053,624
Contributions in relation to the actuarially determined contribution	1,638,245	1,663,979	1,549,528	1,566,440	1,190,970	1,053,624	1,053,624
Contribution deficiency	$ -	$ -	$ -	$ (6,700)	$ (4,900)	$ -	$ -
Covered payroll	$ 18,314,154	$ 17,921,554	$ 17,107,885	$ 16,442,561	$ 15,886,558	$ 15,521,883	$ 15,521,883
Contributions as a percentage of covered payroll	8.95%	9.28%	9.06%	9.53%	7.50%	6.79%	6.79%

Notes to Schedule

Valuation Date:

Actuarially determined contributions rates are calculated as July 1, 2021, the date of the most recent Actuarial Report.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal Actuarial Cost Method
Amortization Method	Level Percent of Pay, Open
Amortization Period	30 Years
Asset Value Method	Market Value of Assets
Healthcare Cost Trend Rates	Pre-Medicare: 7.00%, Medicare Eligible: 5.25%
Salary Increases	3.00%
Investment Rate of Return	4.70% Investment Return Assumption
Mortality	In the 2018 actuarial valuation, the mortality rates utilized are based on the RP-2014 Mortality Table for Employees with a 95% multiplier to better reflect anticipated experience and provide a margin for future improvements.

Other Information.

Employer contribution amounts for 2019 include the $6,700 implicit subsidy payment during the period

For years following the valuation date (when no new valuation is performed), covered-employee payroll has been set to equal to the covered-employee payroll from the most recent valuation.

Presentation of 10 Year Trend. The schedule is intended to illustrate various trends over a Ten-year period, however, data prior to 2016 is unavailable.

GRAND STRAND WATER AND SEWER AUTHORITY
RETIREE HEALTHCARE BENEFIT PLAN

SCHEDULE OF INVESTMENT RETURNS
As of June 30, 2022

	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expenses for the City's OPEB Plan	2.14%	-0.57%	5.74%	5.57%	-0.40%	-0.74%	-5.06%

Presentation of 10 Year Trend. The schedule is intended to illustrate various trends over a ten-year period, however, data prior to 2016 is unavailable.

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S 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*

To the Board of Directors of the
Grand Strand Water & Sewer Plan
Conway, South Carolina

We have audited, in accordance with 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 **Grand Strand Water & Sewer Plan Retiree Health Care Benefit Plan** (the "Plan") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements and have issued our report thereon dated September 19, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan'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 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 Plan'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*.

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.

Mauldin & Jenkins, LLC

Columbia, South Carolina
September 19, 2022