BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA

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YEAR ENDED JUNE 30, 2019

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BOILING SPRINGS FIRE DISTRICT

Greenville, South Carolina

A Special Purpose District

created by the

South Carolina Legislature

March 6, 1970

<u>COMMISSIONERS (as of July 1, 2019)</u>

William T. McDowell Jr., Chairman

Ric Brown, Vice Chairman

Tonja M. Faulkenberry, Treasurer

William A. Flack, Secretary

J.R. Christy, At Large

LOVE BAILEY

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Boiling Springs Fire District
Greenville, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund, of Boiling Springs Fire District (the "District"), as of and for the year ended June 30, 2019, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 governmental activities and each major fund of Boiling Springs Fire District as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

218 W. Laurens Street Laurens, SC 29360 Phone: 864.984.2698 Fax: 864.984.2874 lovebaileycpa.com

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule – General Fund, the pension plan schedules and other post-employment schedule, 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.

Opinions

In accordance with Government Auditing Standards, we have also issued our report dated October 14, 2019 on our consideration of Boiling Springs Fire District's internal control over financial reporting and on out tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Boiling Springs Fire District's internal control over financial reporting and compliance.

Love Bailey & Associates, LLC

Love Bailey & Associates, LLC
Laurens, South Carolina
October 14, 2019

This discussion and analysis of Boiling Springs Fire District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to present the District's financial performance as a whole; readers should also review the financial statements, the notes to the financial statements, and the required supplementary information to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2019 are as follows:

- On the government-wide financial statements, the assets and deferred outflows of the District exceeded its liabilities and deferred inflows of resources at June 30, 2019 by approximately $1,245,000. The District reported a deficit in unrestricted net position of approximately ($1,223,000). This deficit is due to the Net Pension Liability and related deferred inflows / outflows of resources totaling approximately $3,557,000, as required by GASB Statement 68.
- On the government-wide financial statements, the total net position of the District decreased by approximately $210,000, as expenses exceeded revenues in the current fiscal year.
- As of the close of the current fiscal year the District's governmental funds reported combined ending fund balances of approximately $2,762,000, an increase of approximately $113,000 from the prior year ending fund balances, as revenues exceeded expenditures. 87% of the fund balances as of June 30, 2019, or approximately $2,405,000, is unassigned and available for spending at the District's discretion. This amount was approximately 45% of total governmental fund expenditures for the year.
- The District's total net capital assets decreased by approximately $521,000 (8%) during the current fiscal year. The key factor in this decrease was due to capital asset disposals of vehicles and equipment for approximately $274,000 and depreciation expense of approximately $389,000, partially offset by additions of approximately $141,000.
- The District's debt and lease purchases decreased by approximately $391,000 (9%) during the current fiscal year primarily due to scheduled principal payments of approximately $391,000.
- During fiscal year 2019, the District's governmental fund's revenues were approximately $5,290,000 compared to approximately $4,972,000 in the prior year. The increase was primarily due to the District's higher receipts of property taxes in the current year. The District's governmental fund's expenditures were approximately $5,355,000 for 2019, compared to approximately $7,202,000 in the prior year. This decrease was primarily due to additional capital outlay due to the three fire trucks purchased in the prior year, partially offset by higher salaries and employee benefits in the current year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: the Introductory Section, the Financial Section (which includes the management's discussion and analysis, the financial statements, and the required supplementary information), and the Compliance Section.

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include fire protection services. The District does not have any business-type activities. The government-wide financial statements can be found as listed in the table of contents of this report.

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The District maintains two individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and the Debt Service Fund, of which, both are considered to be major funds. The governmental fund financial statements can be found as listed in the table of contents of this report.

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

Other Information. The District adopts an annual appropriated budget for its General Fund and its Debt Service Fund. A budgetary comparison schedule for the General Fund has been provided as required supplementary information. This schedule can be located as listed in the table of contents of this report. Budgetary comparison schedules are not required to e presented for debt service funds.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Figure A-1: Major Features of the District's Government-Wide and Fund Financial Statements

	Financial Statements	Fund Financial Statements
	Government-Wide	Governmental Funds
Scope	Entire District	The Activities of the District that are Governmental in Nature
Required Financial Statements	▪ Statement of Net Position ▪ Statement of Activities	▪ Balance Sheet ▪ Statement of Revenues, Expenditures, and Changes in Fund Balance
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of Asset/Liability Information	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets and deferred outflows of resources (if any) expected to be used up and liabilities and deferred inflows of resources (if any) that come due during the year or soon thereafter. No capital assets or long-term obligations are included
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately $1,245,000 and $1,455,000 for the current and prior year, respectively. Table 1 provides a summary of the District's net position for its governmental activities at June 30, 2019 and 2018:

Table 1 - Net Position

	June 30, 2019	June 30, 2018
Assets		
Current and Other Assets	$ 2,998,243	$ 2,826,413
Capital Assets, Net	6,136,936	6,658,417
Total Assets	9,135,179	9,484,830
Deferred Outflows of Resources		
Deferred Pension Charges	1,108,261	971,841
Liabilities		
Current Liabilities	249,815	214,545
Net Pension Liability	4,498,380	4,102,245
Debt and Other Long-Term Liabilities	4,082,960	4,442,615
Total Liabilities	8,831,155	8,759,405
Deferred Inflows of Resources		
Deferred Pension Credits	166,957	242,240
Net Position		
Net Investment in Capital Assets	2,283,529	2,482,069
Restricted	184,906	168,884
Unrestricted	(1,223,107)	(1,195,927)
Total Net Position	$ 1,245,328	$ 1,455,026

Total assets decreased from the prior year primarily due to normal depreciation expense on capital assets of approximately $389,000 and disposal of capital assets of approximately $274,000. Total liabilities increased from the prior year primarily due to the increase in the net pension liability of approximately $396,000 partially offset by scheduled principal payments of approximately $391,000.

Governmental accounting principles require the District to classify its net position in three categories, consisting of the following:

- Net Investment in Capital Assets – This represents amounts invested in capital assets, less accumulated depreciation and amortization on those assets, unspent debt or lease purchase proceeds, less any liabilities that are attributable to the construction, acquisition, and/or improvement of those assets. At June 30, 2019 and 2018, the amount invested in capital assets was approximately $2,284,000 and $2,482,000, respectively.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

- Restricted – This represents the amount of net position that is restricted primarily for the payment of future debt service. The balance of restricted net position was approximately $185,000 and $169,000 at June 30, 2019 and 2018 respectively.

- Unrestricted – This represents the portion of net position that can be used to finance the daily operations of the District and which no restrictions are imposed. The balance of unrestricted net position as of June 30, 2019 and 2018 was a deficit of approximately ($1,223,000) and ($1,196,000), respectively. This deficit is due primarily to the Net Pension Liability and related deferred inflows / outflows of resources totaling approximately $3,557,000 (2019) and $3,373,000 (2018), as required by GASB Statement 68.

Table 2 shows the changes in net position for District's governmental activities for 2019 and 2018:

Table 2 - Changes in Net Position

	Governmental Activities	
Revenues	2019	2018
Program Revenue:		
Operating Grants	$ 87,767	$ 16,681
General Revenue:		
Property Taxes	5,170,448	4,859,561
Insurance Proceeds Received	-	79,951
Other	49,356	95,650
Total Revenues	5,307,571	5,051,843
Program Expenses		
Fire Protection Services	5,394,783	4,977,296
Interest and Fiscal Charges	122,486	127,842
Total Program Expenses	5,517,269	5,105,138
Change in Net Position	(209,698)	(53,295)
Net Position, Beginning of Year	1,455,026	1,508,321
Net Position, End of Year	$ 1,245,328	$ 1,455,026

Governmental Activities. Governmental activities decreased the District's net position in fiscal year 2019 by approximately $210,000 (15%). Key elements of this decrease are as follows:

- Revenues increased approximately $256,000 from the prior year primarily due to the increase in general property taxes of approximately $311,000.
- Program expenses increased approximately $412,000 from the prior year primarily due an increase in pension expense of approximately $130,000 and an increase in salaries and employee benefits of approximately $237,000 in the current year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

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

The District's Major Funds include the General Fund and the Debt Service Fund.

For the year ended June 30, 2019, the District's governmental funds reported a *combined* fund balance of approximately $2,762,000 as compared to the prior year amount of approximately $2,649,000. At June 30, 2019, the District's unassigned fund balance for all governmental funds was approximately $2,405,000, which represents only the General Fund. Approximately $221,000 was restricted for debt service, approximately $9,000 was restricted for the World Trade Center Memorial, approximately $21,000 was restricted for capital outlay, and approximately $106,000 was non-spendable for prepaid items.

The fund balance for the District's General Fund increased by approximately $104,000 or 5% during the current fiscal year. The increase was primarily due the proceeds received from the sale of three fire trucks. At June 30, 2019, the fund balance for the General Fund was approximately $2,647,000, of which approximately $106,000 is non-spendable for prepaid items, approximately $106,000 is restricted for debt service, approximately $21,000 is unspent bond proceeds restricted for capital outlay, approximately $9,000 is restricted for the World Trade Center Memorial, with the remaining balance of approximately $2,405,000 (unassigned) being available for spending at the District's discretion.

The Debt Service Fund is shown in a separate column in the accompanying financial statements of the District. This fund is used to account for debt service on general obligation bonds and the USDA loan. The District's fund balance for the Debt Service Fund increased by approximately $8,000 or 8% during the current fiscal year primarily due to total revenues of approximately $369,000 exceeding expenditures of approximately $361,000. Debt service payments of approximately $361,000 were funded by property tax collections of approximately $369,000. At June 30, 2019, the fund balance of the Debt Service Fund was approximately $115,000 which is restricted for the payment of debt service.

General Fund Budgetary Highlights

The District's General Fund budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. There were no amendments to the General Fund's 2019 original budget. Actual revenues were higher than budgeted revenues by approximately $459,000 primarily due to higher tax collections than were anticipated of approximately $378,000 and grant revenue received of approximately $67,000 which were not budgeted. Actual expenditures were more than budgeted expenditures by approximately $119,000, primarily due to salaries and capital outlay being more than budget by approximately $71,000 and $139,000, respectively. Other Financing Sources, consisting primarily proceeds from the sale of capital assets of approximately $177,000, exceeded budget as these items were not budgeted by the District.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District had approximately $6,137,000 and $6,685,000 in capital assets at the close of 2019 and 2018, respectively. Table 3 shows capital assets balances by category at June 30, 2019 and 2018:

Table 3
Capital Assets, Net of Depreciation

Capital Asset Category	June 30, 2019	June 30, 2018
Land	$ 322,306	$ 322,306
Construction in Progress	17,617	17,617
Buildings and Building Improvements	2,522,973	2,550,509
Vehicles and Equipment	3,274,039	3,767,985
Totals	$ 6,136,935	$ 6,658,417

The total decrease in the District's capital assets was approximately $521,000 or approximately 8%. The major capital asset events during the current fiscal year consisted of the following:

- Purchases of building improvements, vehicles and equipment for approximately $141,000.
- Disposed of three fire trucks, one vehicle, and various other equipment for approximately $274,000
- Depreciation expense of approximately $389,000.

More detailed information about the District's capital assets is included in the notes to the financial statements.

Debt Administration

At the end of 2019 and 2018, the District had outstanding debt and lease purchases of approximately $3,960,000 and $4,351,000, respectively. Table 4 shows detail of the year end debt and lease purchase balances for 2019 and 2018:

Table 4
Long-Term Debt and Lease Purchases

Description	June 30, 2019	June 30, 2018
Farmers Home Administration General Obligation Bond - 1980	$ 49,301	$ 74,725
USDA Loan Payable	1,759,193	1,792,438
General Obligation Bond 2017	1,714,000	1,909,000
Lease Purchase – 10/09	352,255	462,126
Lease Purchase – 10/16	85,682	113,114
Total	$ 3,960,431	$ 4,351,403

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration (Continued)

The total decrease in the District's debt and lease purchases was approximately $391,000, or approximately 9%. The major events during the current fiscal year consisted of the following:

- Principal payments on debt and lease purchases in 2019 of approximately $391,000.
- Interest payments on debt and lease purchases in 2019 of approximately $129,000.

The State limits the amount of general obligation debt that Districts can issue to 8% of the assessed value of all taxable property within the District's corporate limits. The District is significantly below these limits.

The District had other long-term obligations outstanding at year end which consisted of a compensated absence liability. For more detailed information on all of the District's long-term obligations, please see the notes to the financial statements.

ECONOMIC FACTORS AND CURRENT EVENTS

Boiling Springs Fire District, serves about 28,000 residents, four schools, and numerous businesses, is located in Greenville, South Carolina. The general area has seen a rapid growth in the past, but most vacant land is now developed and most growth is filled in. Although the economy of the area continues to improve, growth of property tax revenue will be modest with demand for services from its citizens increasing.

FISCAL YEAR 2020 BUDGET

Many factors were considered by the District's administration during the process of developing the 2019 budget. The District's budget was prepared to continue the vision and mission of the District. The District's total budgeted expenditures for 2020 is approximately $5,102,000, which is an increase of approximately $227,000 from the 2019 budget. The 2020 budget includes a planned use of accumulated fund balance of approximately $307,000.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide those interested with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Shelby Alleckson, Administrative Assistant, at (864) 284-9927 or email alleckson@boilingspringsfd.org or Steve Graham, Fire Chief, at (864) 288-5037 or email sgraham@boilingspringsfd.org.

Financial Statements

BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2019

		Governmental Activities
ASSETS		
Cash and Cash Equivalents	$	337,484
Restricted Cash and Cash Equivalents		113,835
Cash and Investments Held by County Treasurer		2,363,957
Prepaids		105,557
Due from County Treasurer		40,267
Property Taxes Receivable, Net		37,143
Capital Assets:		
Non-Depreciable		339,923
Depreciable, Net		5,797,013
TOTAL ASSETS		**9,135,179**
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Charges		**1,108,261**
LIABILITIES		
Accounts Payable		41,983
Accrued Expenses		157,921
Accrued Interest Payable		44,648
Unearned Revenue		5,263
Non-Current Liabilities:		
Net Pension Liability		4,498,380
Long-Term Obligations - Due Within One Year		525,184
Long-Term Obligations - Due in More Than One Year		3,557,776
TOTAL LIABILITIES		**8,831,155**
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Credits		**166,957**
NET POSITION		
Net Investment in Capital Assets		2,283,529
Restricted For:		
Debt Service		176,028
World Trade Center Memorial		8,878
Unrestricted		(1,223,107)
TOTAL NET POSITION	**$**	**1,245,328**

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

BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

		PROGRAM REVENUES			NET (EXPENSE) REVENUE & CHANGE IN NET POSITION	
FUNCTIONS/PROGRAMS					Primary Government	
PRIMARY GOVERNMENT:	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Totals**
Governmental Activities:						
Fire Protection Services	$ 5,394,783	-	87,767	-	(5,307,016)	$ (5,307,016)
Interest and Other Charges	122,486	-	-	-	(122,486)	(122,486)
TOTAL PRIMARY GOVERNMENT	**$ 5,517,269**	**-**	**87,767**	**-**	**(5,429,502)**	**(5,429,502)**
General Revenues:						
Property Taxes Levied for General Purposes					4,803,930	4,803,930
Property Taxes Levied for Debt Service					366,518	366,518
Unrestricted Investment Earnings					41,488	41,488
Miscellaneous					7,868	7,868
Total General Revenues					5,219,804	5,219,804
CHANGE IN NET POSITION					**(209,698)**	**(209,698)**
NET POSITION, Beginning of Year					1,455,026	1,455,026
NET POSITION, End of Year					**$ 1,245,328**	**$ 1,245,328**

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

BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2019

	GENERAL	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	$ 337,484	-	$ 337,484
Restricted Cash and Cash Equivalents	113,835	-	113,835
Cash and Investments Held by County Treasurer	2,248,984	114,973	2,363,957
Due from County Treasurer	40,267	-	40,267
Prepaids	105,557	-	105,557
Property Taxes Receivable, Net	37,143	-	37,143
TOTAL ASSETS	**$ 2,883,270**	**114,973**	**$ 2,998,243**
LIABILITIES			
Accounts Payable	$ 41,983	-	$ 41,983
Accrued Expenses	157,921	-	157,921
Unearned Revenue	5,263	-	5,263
TOTAL LIABILITIES	205,167	-	205,167
DEFERRED INFLOWS OF RESOURCES			
Unavailable - Property Taxes	31,143	-	31,143
TOTAL DEFERRED INFLOWS OF RESOURCES	31,143	-	31,143
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	236,310	-	236,310
FUND BALANCES			
Nonspendable			
Prepaids	105,557	-	105,557
Restricted For:			
Debt Service	105,703	114,973	220,676
Capital Outlay	21,344	-	21,344
World Trade Center Memorial	8,878	-	8,878
Unassigned	2,405,478	-	2,405,478
TOTAL FUND BALANCES	2,646,960	114,973	2,761,933
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	**$ 2,883,270**	**114,973**	**$ 2,998,243**

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

BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA

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

JUNE 30, 2019

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	**$**	**2,761,933**
Amounts reported for the governmental activities in the Statement of Net Position are different because of the following:		
Outstanding property taxes which will be collected in the future, but are not available soon enough to pay for the current period's expenditures, are deferred in the governmental funds.		31,143
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets was $9,760,419 and the accumulated depreciation was $3,623,483.		6,136,936
The District's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State pension plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.		(3,557,076)
Accrued interest on debt and lease purchases in governmental accounting is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.		(44,648)
Long-term liabilities are not due or payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end are reported in the Statement of Net Position and consisted of the following:		
Long-Term Debt (including lease purchases)		(3,960,431)
Compensated Absences (Vacations)		(122,529)
TOTAL NET POSITION- GOVERNMENTAL ACTIVITIES	**$**	**1,245,328**

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

BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2019

	GENERAL	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Taxes	$ 4,786,580	366,518	$ 5,153,098
Grants	67,455		67,455
Investment Earnings	39,037	2,452	41,489
Donations - World Trade Center Memorial	500	-	500
Other	27,694	-	27,694
TOTAL REVENUES ALL SOURCES	**4,921,266**	**368,970**	**5,290,236**
EXPENDITURES			
Current:			
Fire Department Operations	4,670,790	-	4,670,790
Capital Outlay	163,723	-	163,723
Debt Service:			
Principal	137,303	253,669	390,972
Interest	21,910	107,208	129,118
TOTAL EXPENDITURES	**4,993,726**	**360,877**	**5,354,603**
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**(72,460)**	**8,093**	**(64,367)**
OTHER FINANCING SOURCES (USES)			
Sale of Capital Assets	176,945	-	176,945
TOTAL OTHER FINANCING SOURCES (USES)	**176,945**	**-**	**176,945**
CHANGES IN FUND BALANCES	**104,485**	**8,093**	**112,578**
FUND BALANCES, Beginning of Year	2,542,475	106,880	2,649,355
FUND BALANCES, End of Year	**$ 2,646,960**	**114,973**	**$ 2,761,933**

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

BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2019

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	**$**	**112,578**
Amounts reported for the governmental activities in the Statement of Activities are different because of the following:		
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. They are considered revenues in the Statement of Activities.		17,350
Payment of principal on debt and lease purchase obligations is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position.		390,972
Interest on long-term debt and lease purchases in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and payable, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due and payable. This is the net change in accrued interest from the current to prior year.		6,632
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		(31,317)
Changes in the District's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities.		(184,432)
In the Statement of Activities, the loss on the disposal of capital assets is reported, whereas in the governmental funds, proceeds from the disposal of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the assets disposed.		(273,708)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets that are considered capital asset additions is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense of $388,819 exceeded capital asset additions of $141,046.		(247,773)
TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	**$**	**(209,698)**

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

Boiling Springs Fire District (the "District") is a special purpose district created in 1970 by the South Carolina legislature to provide fire protection services to residents of a specified geographical district within the boundaries of Greenville County in South Carolina. The District operates under a commission form of government.

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

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

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

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

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District (the primary government). For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not report any business-type activities.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The comparison of direct expenses with program revenues identifies the extent to which each business segment, or governmental function, is self-financing or draws from the general revenues of the District.

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

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

Governmental **fund financial statements** are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Property taxes, intergovernmental revenues, fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as capital outlay expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Governmental fund types are those through which all of the governmental functions of the District are financed. The District's expendable financial resources and related assets and liabilities are accounted for through governmental funds. Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. The following are the District's major governmental funds:

The ***General Fund, a major fund*** and a budgeted fund, is the general operating fund of the District and accounts for all revenues and expenditures of the District except those required to be accounted for in other funds. All general tax revenues and other receipts (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

The ***Debt Service Fund, a major fund*** and a budgeted fund**,** is used to account for and report the accumulation of financial resources that are restricted, committed, or assigned for the payment of all long-term debt principal, interest, and related costs of the District.

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

1. Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Investments

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

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

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

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

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

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

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

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

The District's cash investment objectives are preservation of capital, liquidity, and yield. The District reports its cash, cash equivalents, and investments at fair value which is normally determined by quoted market prices.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Investments (Continued)

The District currently or in the past year has used the following investments:

- Cash and Investments held by the County Treasurer which are property taxes collected by the District's fiscal agent. The County Treasurer invests these funds in investments authorized by state statute as outlined above. All interest and other earnings gained are added back to the fund and are paid out by the County Treasurer to the respective governments as requested.

2. Receivables and Payables

Transactions between funds (if any) that are representative of reimbursement arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the Statement of Net Position.

All property taxes receivable are shown net of an allowance for uncollectibles.

3. Prepaid Items and Deposits

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

4. Capital Assets

Capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their estimated acquisition value (as estimated by the District) as of the date donated. The District maintains a capitalization threshold of $5,000. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest is not capitalized during the construction of capital assets.

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

Description	Estimated Lives
Buildings	20 - 40
Building Improvements	20 - 40
Vehicles, Machinery & Equipment	5 - 20

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Compensated Absences

District employees are granted vacation and sick leave in varying amounts. Upon termination of employment, an employee is reimbursed for accumulated vacation days (as defined). Unused sick leave is not reimbursed at termination but will be reimbursed if the employee retires or becomes disabled (at a set percentage of the normal sick leave amount).

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

6. Accrued Liabilities and Long-Term Obligations

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

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

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 District currently has one type of deferred outflows of resources. The District reports *deferred pension charges* in its Statement of Net Position in connection with its participation in the South Carolina Retirement System and the South Carolina Police Officers' Retirement System. These *deferred pension charges* are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

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 District currently has two types of deferred inflows of resources: (1) The District reports *unavailable revenue – property taxes* only in the governmental fund balance sheet; it is deferred and recognized as an inflow of resources (property tax revenues) in the period the amounts become available. (2) The

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Deferred Outflows/Inflows of Resources (Continued)

District also reports *deferred pension credits* in its Statement of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers' Retirement System. These *deferred pension credits* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

8. Fund Balance

In accordance with GAAP, the District classifies its governmental fund balances as follows:

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

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

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

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

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

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

9. Net Position

Net position represents the difference between assets and deferred outflows (if any) and liabilities and deferred inflows (if any) in the statement of net position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Net Position (Continued)

improvement of those assets (if any). Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

10. Pensions

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.A and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The District recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the District's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the District's fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred.

Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

11. Fair Value

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

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

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

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Fair Value (Continued)

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

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

12. Accounting Estimates

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Budgetary Practices **-** Budgets are presented in the required supplementary section of the financial statements for the General Fund. Each budget is presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

Prior to July 1st each year, the Board of Commissioners adopts an annual budget ordinance for the General Fund. The presented budgetary information is as originally adopted or as amended by the Board of Commissioners. The Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgets and Actual – contains the original budget and the revised budget. There were no amendments made to the District's budget by the Board of Commissioners for the year ended June 30, 2017. The District also adopts an annual budget for the Debt Service Fund.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2019, none of the District's bank balances of approximately $452,000 (which had a carrying value of approximately $452,000) were exposed to custodial credit risk. The bank balance was higher than the book/carrying value due to outstanding checks.

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

A. Deposits and Investments (Continued)

Investments

As of June 30, 2019, the District had the following investments:

Investment Type	Fair Value Level	Credit Rating	Fair Value	Weighted Average Maturity (Years)
Cash and Investments Held by County Treasurer	N/A	Unrated	$ 2,363,957	< 1 Year

N/A - Not Applicable

<u>**Interest Rate Risk:**</u> The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates but they do follow the investment policy statutes of the State of South Carolina

The District does not typically put its funds in security investments and thus has not developed a policy for credit risk, custodial credit risk or concentration of credit risk for these types of investments.

Certain cash and cash equivalents in the General Fund and the cash and investments held by the County Treasurer in the Debt Service Fund are legally restricted for lease purchase and debt service requirements.

B. Property Taxes and Other Receivables

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

Property taxes are levied and billed by the County on real and business personal properties on October 1 based on an assessed value of approximately $170 million at rates of 25.7 mills for general and debt service activities. These taxes are due without penalty through January 15. Penalties are added to taxes depending on the date paid as follows:

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

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

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

B. Property Taxes and Other Receivables (Continued)

The District has recorded uncollected, delinquent property taxes at June 30, 2019, of approximately $37,000 (net of an allowance for uncollectible portion of approximately $12,000). Delinquent property taxes of $6,000 have been recognized as revenue at June 30, 2019 because it was collected within 60 days of year end and had been received by the District or its fiscal agent (the County). The remaining delinquent property tax receivable of approximately $31,000 has been recorded by the District as unavailable revenue (deferred inflow of resources) at June 30, 2019 on the governmental fund financial statements because they were not collected within 60 days after year end and are thus not considered available.

The District also had a receivable of approximately $40,000 from the County Treasurer related to property taxes collected by the County during the month of June 2019 which were not remitted to the District until July 2019.

C. Capital Assets

Following is a summary of capital asset activity for the District for the year ended June 30, 2019:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Non-Depreciable					
Land	$ 322,306	-	-	-	$ 322,306
Construction in Progress	17,617	-	-	-	17,617
Total Capital Assets, Non-Depreciable	339,923	-	-	-	339,923
Capital Assets, Depreciable					
Buildings and Improvements	4,063,961	72,727	-	-	4,136,688
Vehicles	5,771,082	28,896	917,640	-	4,882,338
Equipment	1,156,281	39,423	794,234	-	401,470
Total Capital Assets, Depreciable	10,991,324	141,046	1,711,874	-	9,420,496
Less: Accumulated Depreciation for:					
Buildings and Improvements	1,513,452	100,263	-	-	1,613,715
Vehicles	2,240,503	273,002	694,631	-	1,818,874
Equipment	918,875	15,554	743,535	-	190,894
Total Accumulated Depreciation	4,672,830	388,819	1,438,166	-	3,623,483
Total Capital Assets, Depreciable, Net	6,318,494	(247,773)	273,708	-	5,797,013
Total Governmental Activities Capital Assets, Net	$ 6,658,417	(247,773)	273,708	-	$ 6,136,936

Depreciation expense was charged to the District's only function – fire protection services.

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

D. Long-Term Obligations

The District issues bonds to provide funds for the acquisition and construction of major capital facilities. General Obligation Bonds ("GOB") are direct obligations and pledge the full faith and credit of the District. Lease Purchase ("LP") obligations are special obligations of the District payable from the general revenues of the District. The USDA Loan Payable is a federally backed loan payable from the general revenues of the District. The full faith, credit and taxing powers of the District are not pledged for the payment of lease purchase obligations nor the interest thereon. Following is the detail for each outstanding debt and lease purchase issue at June 30, 2019:

General Obligation Bonds

- Farmers Home Administration General Obligation Bond – 1980 ("FHA GOB – 1980"), payable in annual installments of $29,140, including interest at 5.0% per annum with the last payment due in July 2020.

- General Obligation Bond, Series 2017 – payable in annual installments ranging from $191,000 through $230,000, including semi-annual interest at 2.135% with the last payment due in March 2027. The District used approximately $2,000,000 of the proceeds from this bond to purchase three fire trucks.

USDA Loan Payable

- USDA Loan Payable – 2014 ("USDA Loan"), payable in annual installments of $95,980, including interest at 3.5% per annum through the year 2050.

Lease Purchase Obligations

- Lease Purchase entered into on October 2009 ("LP – 10/09"), payable in twelve annual payments of $129,874, including interest at 4.270% through October 2021, secured by one platform fire truck with a 100-foot ladder and one pumper fire truck.

- Lease Purchase entered into in October 2016 ("LP – 10/16"), payable in five annual payments of $29,728, including interest at 2.03% through November 2021.

General Fund resources typically have been used to liquidate the lease purchase obligations and the compensated absences payable. The Debt Service Fund has been used to service all of the debt of the District.

The State limits the amount of general obligation debt that Districts can issue to 8% of the assessed value of all taxable property within the District's corporate limits. At June 30, 2019, the District's assessed property valuation was approximately $170,098,000. The District had approximately $1,759,000 of bonded debt subject to the 8% limit of approximately $13,608,000, resulting in unused legal debt margin of approximately $11,849,000.

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

D. Long-Term Obligations (Continued)

The following is a summary of changes in District long-term obligations for the year ended June 30, 2019:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Debt					
FHA GOB - 1980	$ 74,725	-	25,424	49,301	$ 26,695
USDA Loan	1,792,438	-	33,245	1,759,193	34,408
GO Bond 2017	1,909,000	-	195,000	1,714,000	199,000
Total Debt	3,776,163	-	253,669	3,522,494	260,103
Lease Purchase					
LP - 10/09	462,126	-	109,871	352,255	114,563
LP - 10/16	113,114	-	27,432	85,682	27,989
Total Lease Purchases	575,240	-	137,303	437,937	142,552
Compensated Absences	91,212	122,529	91,212	122,529	122,529
Total Governmental Activities	$ 4,442,615	122,529	482,184	4,082,960	$ 525,184

As of June 30, 2019, the annual requirements to amortize the bonds payable and lease purchase obligations outstanding are as follows:

Year Ending	Debt		Lease Purchase Obligations		
June 30,	Principal	Interest	Principal	Interest	Totals
2020	$ 260,103	100,611	142,552	17,050	$ 520,316
2021	261,219	93,824	148,012	11,590	514,645
2022	243,859	87,133	147,373	5,910	484,275
2023	250,149	81,423	-	-	331,572
2024	255,484	75,562	-	-	331,046
2025-2029	896,143	289,853	-	-	1,185,996
2030-2034	260,273	219,627	-	-	479,900
2035-2039	309,123	170,776	-	-	479,899
2040-2044	367,141	112,759	-	-	479,900
2045-2049	419,000	43,850	-	-	462,850
Totals	$ 3,522,494	1,275,418	437,937	34,550	$ 5,270,399

IV. OTHER INFORMATION

A. Retirement Plans

The District participates in the State of South Carolina's retirement plans, which are administered by the South Carolina Public Employee Benefit Authority ("PEBA"). The PEBA, created on July 1, 2012 and governed by an 11-member Board of Directors ("PEBA Board"), 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, the PEBA is responsible for administering the South Carolina Retirement Systems' ("Systems") five defined benefit pension plans. The Retirement Funding and Administration Act of 2017, which became effective July 1, 2017, increased the employer and employee contribution rates, established a ceiling on the SCRS and PORS employee contribution rates, lowered the assumed rate of return, required a scheduled reduction of the funding periods, and addressed various governance issues including the assignment of the PEBA Board as custodian of the retirement trust funds and assignment of the Retirement Systems Investment Commission ("RSIC") and PEBA as co-trustees of 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.

The PEBA issues a Comprehensive Annual Financial Report ("CAFR") containing financial statements and required supplementary information for the System' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on the PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. The PEBA is considered a division of the primary government of the State of South Carolina and therefore, retirement trust fund financial information is also included in the 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 effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

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

Plan Membership

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

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

IV. OTHER INFORMATION(CONTINUED)

A. Retirement Plans (Continued)

Plan Membership (Continued)

- PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS.

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

Plan Benefits

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

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

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

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

IV. OTHER INFORMATION(CONTINUED)

A. Retirement Plans (Continued)

Plan Benefits (Continued)

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

Plan Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. If the scheduled employee and employer contributions provided in statute, or the rates last adopted by the PEBA Board, are insufficient to maintain the period set in statute, the PEBA Board shall increase employer contribution rates as necessary.

After June 30, 2027, 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 eighty-five percent, then the PEBA 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 eighty-five 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 eighty-five percent, then effective on the following July first, and annually thereafter as necessary, the PEBA 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 eighty-five percent.

The Retirement System Funding and Administration Act establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for the SCRS and the PORS, respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for the SCRS and 21.24 percent for the PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty-year amortization period.

As noted earlier, both employees and the SCFR are required to contribute to the Plans at rates established and as amended by the PEBA. The SCFR's contributions are actuarially determined but are communicated to and paid by the Commission as a percentage of the employees' annual eligible compensation as follows for the past three years:

IV. OTHER INFORMATION(CONTINUED)

A. Retirement Plans (Continued)

Plan Contributions (Continued)

Required employer and employee contribution rates for the past three years are as follows:

	SCRS Rates			PORS Rates		
	2017	2018	2019	2017	2018	2019
Employer Contribution Rate:^						
Retirement*	11.41%	13.41%	14.41%	13.84%	15.84%	16.84%
Incidental Death Benefit	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
Accidental Death Contributions	0.00%	0.00%	0.00%	0.20%	0.20%	0.20%
	11.56%	13.56%	14.56%	14.24%	16.24%	17.24%
Employee Contribution Rate	8.66%	9.00%	9.00%	9.24%	9.75%	9.75%

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

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

Year Ended	SCRS Contributions		PORS Contributions	
June 30,	Required	% Contributed	Required	% Contributed
2019	$ 23,758	100%	$ 371,633	100%
2018	16,235	100%	336,207	100%
2017	$ 12,993	100%	$ 269,600	100%

Eligible payrolls of the District covered under the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Payroll	PORS Payroll	Total Payroll
2019	$ 163,170	2,155,643	$ 2,318,813
2018	120,393	2,070,241	2,190,634
2017	$ 112,393	1,893,255	$ 2,005,648

Actuarial Assumptions and Methods

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2015.

IV. OTHER INFORMATION(CONTINUED)

A. Retirement Plans (Continued)

The June 30, 2018, total pension liability, net pension liability, and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company ("GRS") and are based on an actuarial valuation performed as of July 1, 2017. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2018, using generally accepted actuarial principles. The Retirement System Funding and Administration Act of 2017 was signed into law April 25, 2017, and included a provision to reduce the assumed rate of return from 7.50% to 7.25% effective July 1, 2018. As a result of this legislation, GRS made an adjustment to the calculation of the roll-forward total pension liability for this assumption change as of the measurement date of June 30, 2018.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2017 valuations for the SCRS and PORS.

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate of Return*	7.25%	7.25%
Projected Salary Increases*	3.0% to 12.5% (varies by service)	3.5% to 9.5% (varies by service)
Benefit Adjustments	Lesser of 1% or $500 annually	Lesser of 1% or $500 annually

* Includes inflation at 2.25%.

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table ("2016 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 2016.

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 30 year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

IV. OTHER INFORMATION(CONTINUED)

A. Retirement Plans (Continued)

Long-Term Expected Rate of Return (Continued)

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Global Equity	**47.0%**		
Global Public Equity	33.0%	6.99%	2.31%
Private Equity	9.0%	8.73%	0.79%
Equity Options Strategies	5.0%	5.52%	0.28%
Real Assets	**10.0%**		
Real Estate (Private)	6.0%	3.54%	0.21%
Real Estate (REITs)	2.0%	5.46%	0.11%
Infrastructure	2.0%	5.09%	0.10%
Opportunistic	**13.0%**		
GTAA/Risk Parity	8.0%	3.75%	0.30%
Hedge Funds (non-PA)	2.0%	3.45%	0.07%
Other Opportunistic Strategies	3.0%	3.75%	0.11%
Diversified Credit	**18.0%**		
Mixed Credit	6.0%	3.05%	0.18%
Emerging Markets Debt	5.0%	3.94%	0.20%
Private Debt	7.0%	3.89%	0.27%
Conservative Fixed Income	**12.0%**		
Core Fixed Income	10.0%	0.94%	0.09%
Cash and Short Duration (Net)	2.0%	0.34%	0.01%
Total Expected Real Return	100.0%		5.03%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.28%

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

The ("NPL") is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2018 measurement date, for the SCRS and PORS are presented in the following table (in 000's):

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	$ 48,821,730,067	26,414,916,370	$ 22,406,813,697	54.1%
PORS	$ 7,403,972,673	4,570,430,247	$ 2,833,542,426	61.7%

IV. OTHER INFORMATION(CONTINUED)

A. Retirement Plans (Continued)

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

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 No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the Plans' funding requirements.

At June 30, 2019, the District reported liabilities of approximately $260,000 and $4,238,000 for its proportionate share of the net pension liabilities for the SCRS and PORS ("Plans"), respectively. The net pension liabilities were measured as of June 30, 2018, and the total pension liabilities for the Plans used to calculate the net pension liabilities were determined based on the most recent actuarial valuation report as of July 1, 2017 that was projected forward to the measurement date. The District's proportion of the net pension liabilities were based on a projection of the District's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2018 measurement date, the District's SCRS proportion was .001162 percent, which was an increase of 0.000048 from its proportion measured as of June 30, 2017. At the June 30, 2018 measurement date, the District's PORS proportion was .14059 percent, which was a decrease of 0.00898 from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of approximately $54,000 and $526,000 for the SCRS and PORS, respectively. At June 30, 2019, the District reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	$ 10,798	$ -
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	4,135	1,532
Changes in Proportionate Share and Differences Between Employer Contributions and Proportionate Share of Total Plan Employer Contributions	40,291	79
District's Contributions Subsequent to the Measurement Date	23,758	-
Total SCRS	78,982	1,611
PORS		
Differences Between Expected and Actual Experience	410,018	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	84,751	-
Changes in Proportionate Share and Differences Between Employer Contributions and Proportionate Share of Total Plan Employer Contributions	162,877	165,346
District's Contributions Subsequent to the Measurement Date	371,633	-
Total PORS	1,029,279	165,346
Total SCRS and PORS	$ 1,108,261	$ 166,957

IV. OTHER INFORMATION(CONTINUED)

A. Retirement Plans (Continued)

Approximately $23,000 and $372,000 that were reported as deferred outflows of resources related to the District's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the net pension liabilities) in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS and PORS will increase (decrease) pension expense as follows:

Year Ended June 30,	SCRS	PORS	Total
2020	38,975	235,286	274,261
2021	15,127	173,080	188,207
2022	(249)	61,547	61,298
2023	(240)	22,387	22,147
Total	$ 53,613	492,300	$ 545,913

Discount Rate

The discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in the SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

The following table presents the sensitivity of the District's proportionate share of the NPL of the Plans to changes in the discount rate, calculated using the discount rate of 7.25 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.25 percent) or 1% point higher (8.25 percent) than the current rate:

System	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
The District's proportionate share of the net pension liability of the SCRS	$ 332,638	260,318	$ 208,616
The District's proportionate share of the net pension liability of the PORS	5,713,438	4,238,062	3,029,606
Total Pension Liability	$ 6,046,076	4,498,380	$ 3,238,222

Plans' Fiduciary Net Position

Detailed information regarding the fiduciary net position of the Plans administered by the PEBA is available in the separately issued CAFR containing financial statements and required supplementary. The CAFR is publicly available through the Retirement Benefits' link on the PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

IV. OTHER INFORMATION(CONTINUED)

A. Retirement Plans (Continued)

Payable to Plans

The District reported a payable of approximately $109,000 to the PEBA as of June 30, 2019, representing required employer and employee contributions for the months of May and June 2019 for the SCRS and PORS. This amount is included in Accrued Expenses on the financial statements and was paid in July 2019.

B. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees' and natural disasters. For the past several years, the District has obtained coverage from commercial insurance companies and has effectively managed risk through various employee education and prevention programs.

All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

The District has not significantly reduced insurance coverages from the previous year; and settled claims in excess of insurance coverage for the last three years were immaterial.

C. Health Insurance

The District maintains a fully insured health insurance program for District employees. The District pays a premium each month to the insurer and the insurance provider pays all covered claims.

D. Fund Balance Categories

The District's General Fund has approximately (a) $106,000 in non-spendable fund balance that is related to prepaid items, (b) approximately $106,000 that is a bond cushion fund (which is required by the terms of the loan agreement with the Farmers Home Administration) which is restricted for future debt service, (c) approximately $21,000 in unexpended bond proceeds that are restricted for capital outlays and (d) approximately $9,000 of restricted donations related to the maintenance of the World Trade Center Memorial. Approximately $2,405,000 is unassigned and available for spending at the District's discretion. The District's Debt Service Fund has approximately $115,000 that is restricted for future debt service.

E. Tax Abatements

District's Tax Abatements

The District does not have any of its own tax abatement agreements.

Greenville County's Tax Abatements

The District's property tax revenues were reduced by approximately $93,000 under agreements entered into by Greenville County, South Carolina.

Required Supplementary Information

BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

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

YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES				
Taxes	$ 4,409,003	4,409,003	4,786,580	$ 377,577
Grants	-	-	67,455	67,455
Investment Earnings	13,339	13,339	39,037	25,698
Donations - World Trade Center Memorial	-	-	500	500
Other	39,965	39,965	27,694	(12,271)
TOTAL REVENUES ALL SOURCES	**4,462,307**	**4,462,307**	**4,921,266**	**458,959**
EXPENDITURES				
Current:				
Salaries	2,334,000	2,334,000	2,405,409	(71,409)
Employee Benefits	1,669,000	1,669,000	1,658,232	10,768
Dues and Subscriptions	9,500	9,500	8,731	769
Fuel	40,000	40,000	40,793	(793)
Insurance	165,000	165,000	150,824	14,176
Maintenance:				
Buildings and Grounds	37,000	37,000	37,289	(289)
Equipment	34,600	34,600	33,611	989
Vehicle	52,000	52,000	46,081	5,919
Meals	7,000	7,000	4,821	2,179
Miscellaneous	47,800	47,800	37,777	10,023
Office Supplies	33,700	33,700	26,051	7,649
Professional Fees	43,000	43,000	39,414	3,586
Protective Clothing	30,000	30,000	17,092	12,908
Public Relations	32,000	32,000	26,881	5,119
Training	47,100	47,100	24,994	22,106
Conferences	15,000	15,000	10,381	4,619
Utilities	71,500	71,500	91,966	(20,466)
Hail Damage Expenditures	-	-	10,443	(10,443)
Grant Expenditures	7,500	7,500	-	7,500
Capital Outlay	25,000	25,000	163,723	(138,723)
Debt Service:				
Principal	174,000	174,000	137,303	36,697
Interest	-	-	21,910	(21,910)
TOTAL EXPENDITURES	**4,874,700**	**4,874,700**	**4,993,726**	**(119,026)**
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**(412,393)**	**(412,393)**	**(72,460)**	**339,933**
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	-	176,945	176,945
TOTAL OTHER FINANCING SOURCES (USES)	**-**	**-**	**176,945**	**176,945**
CHANGES IN FUND BALANCE	(412,393)	(412,393)	104,485	516,878
FUND BALANCE, Beginning of Year	2,542,475	2,542,475	2,542,475	-
FUND BALANCE, End of Year	**$ 2,130,082**	**2,130,082**	**2,646,960**	**$ 516,878**

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

BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	Year Ended June 30,					
	2019	**2018**	**2017**	**2016**	**2015**	**2014**
District's Proportion of the Net Pension Liability (Asset)	0.001162%	0.001114%	0.001040%	0.000530%	0.000541%	0.000541%
District's Proportionate Share of the Net Pension Liability (Asset)	$ 260,318	250,779	222,142	100,517	93,142	$ 97,036
District's Covered-Employee Payroll	$ 120,393	112,393	100,753	49,678	49,095	$ 62,303
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	216.22%	223.13%	220.48%	202.34%	189.72%	155.75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.10%	53.34%	52.91%	56.99%	59.92%	56.39%

Notes to Schedule:

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

BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM

LAST SIX FISCAL YEARS

	Year Ended June 30,					
	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	$ 23,758	16,325	12,993	11,143	5,415	$ 5,204
Contributions in Relation to the Contractually Required Contribution:						
Contributions from the District	23,758	15,297	12,993	11,143	5,415	5,204
Contributions from the State	-	1,028	-	-	-	-
Contribution Deficiency (Excess)	$ -	-	-	-	-	$ -
Boiling Springs Fire District's Covered-Employee Payroll	$ 163,170	120,393	112,393	100,753	49,678	$ 49,095
Contributions as a Percentage of Covered-Employee Payroll:	14.56%	13.56%	11.56%	11.06%	10.90%	10.60%

BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	Year Ended June 30,					
	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.14957%	0.14059%	0.15063%	0.15542%	0.15669%	0.15669%
District's Proportionate Share of the Net Pension Liability (Asset)	$ 4,238,062	3,851,466	3,820,641	3,387,439	2,999,774	$ 3,248,203
District's Covered-Employee Payroll	$ 2,070,241	1,893,255	1,920,308	1,925,473	1,884,610	$ 1,846,816
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	204.71%	203.43%	198.96%	175.93%	159.17%	175.88%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.73%	60.94%	60.44%	64.57%	67.55%	62.98%

Notes to Schedule:

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

BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
POLICE OFFICERS RETIREMENT SYSTEM

LAST SIX FISCAL YEARS

	Year Ended June 30,					
	2019	**2018**	**2017**	**2016**	**2015**	**2014**
Contractually Required Contribution	$ 371,633	336,207	269,600	263,850	258,206	$ 241,984
Contributions in Relation to the Contractually Required Contribution:						
Contributions from the District	371,633	316,464	269,600	263,850	258,206	241,984
Contributions from the State	-	19,743	-	-	-	-
Contribution Deficiency (Excess)	$ -	-	-	-	-	$ -
Boiling Springs Fire District's Covered-Employee Payroll	$ 2,155,643	2,070,241	1,893,255	1,920,308	1,925,473	$ 1,884,610
Contributions as a Percentage of Covered-Employee Payroll:	17.24%	16.24%	14.24%	13.74%	13.41%	12.84%

Compliance Section

LOVE BAILEY

CERTIFIED PUBLIC ACCOUNTANTS

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 Commissioners
Boiling Springs Fire District
Greenville, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Boiling Springs Fire District (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Districts' basic financial statements, and have issued our report thereon dated October 14, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

218 W. Laurens Street Laurens, SC 29360 Phone: 864.984.2698 Fax: 864.984.2874 lovebaileycpa.com

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.

Love Bailey & Associates, LLC

Love Bailey & Associates, LLC
Laurens, South Carolina
October 14, 2019