

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA  
FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**



**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

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**YEAR ENDED JUNE 30, 2019**

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**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

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**CLEAR SPRING FIRE AND RESCUE DISTRICT**

Simpsonville, South Carolina

A Special Tax District

created by

Greenville County Council

1981

**BOARD OF FIRE CONTROL**

**Angela Mistrulli Cantone, Chairman**

**Robert Huslinger, Vice Chairman**

**Todd Milam, Secretary**

**James Allison, At Large**

**Toya Lyles, At Large**

**Scott Mosher, At Large**

**Anthony Rizzolo, At Large**





**INDEPENDENT AUDITOR'S REPORT**

Board of Fire Control  
Clear Spring Fire and Rescue District  
Simpsonville, South Carolina

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Clear Spring Fire and Rescue District, South Carolina ("District"), a component unit of Greenville County, South Carolina, 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 Clear Spring Fire and Rescue District, South Carolina, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **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, and the pension plan schedules, 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.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the District's internal control over financial reporting and compliance.

*Greene Finney, LLP*

Greene Finney, LLP  
Mauldin, South Carolina  
August 22, 2019



**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2019**

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This management's discussion and analysis ("MD&A") of Clear Spring Fire and Rescue District's ("District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2019 ("FY 2019" or "2019") compared to fiscal year ended June 30, 2018 ("FY 2018" or "2018"). The intent of this MD&A is to present the District's financial performance as a whole; readers should also review the financial statements, the notes to the financial statements, the required supplementary information, and the supplementary information to enhance their understanding of the District's financial performance.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for 2019 are as follows:

- On the government-wide financial statements, the assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2019 by approximately \$2,892,000. Of this amount, approximately \$844,000 is unrestricted and may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net position decreased by approximately \$163,000 in 2019. The primary reason for the decrease in total net position is due to expenses exceeding revenues of the District.
- The District had approximately \$2,428,000 in expenses related to governmental activities. General revenues (primarily taxes) of approximately \$2,265,000 provided funding for the District's programs.
- As of the close of the current fiscal year, the District's governmental funds reported ending fund balances of approximately \$1,851,000, a decrease of approximately \$1,336,000 from the prior year ending fund balances primarily due to capital outlay on completing the construction on the new fire station and improvements at Station #2. Approximately \$10,000 of the fund balance is nonspendable relating to the District's prepaid insurance, approximately \$100 is restricted primarily for capital improvements, approximately \$400 is restricted for the Explorer Program, and approximately \$1,841,000 is unassigned.
- During 2019, the District's General Fund revenues increased approximately \$111,000 to approximately \$2,090,000. The increase was primarily due to an increase in property tax revenue of approximately \$121,000, partially offset by a decrease in other revenues of approximately \$10,000. The District's General Fund expenditures were approximately \$3,344,000 compared to approximately \$4,439,000 in the prior year. The decrease was primarily due to lower capital outlay of approximately \$1,371,000, partially offset by an increase in salaries and benefits of approximately \$325,000.
- The District's total net capital assets increased by approximately \$957,000 (20%) during the current fiscal year. The primary reasons for the increase was the purchase of equipment for approximately \$192,000, building improvements of \$50,000, an increase in construction in progress primarily for the new fire station and improvements at Station #2 of approximately \$1,231,000, partially offset by depreciation expense of approximately \$305,000, and the disposal of capital assets of approximately \$211,000.
- The District's total debt (including premium) decreased by approximately \$163,000 due to regularly scheduled payments and amortization of the premium from the 2017 general obligation refunding and improvement bonds ("GORIB").

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of two parts: the *Financial Section* (which includes management's discussion and analysis, the financial statements, the required supplementary information, and the 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 these 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.

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2019**

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**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

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

The government-wide financial statements may distinguish functions of the District that are principally supported by taxes and other 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 safety and emergency response 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.

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

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

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

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

The District maintains two 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 Debt Service Fund which are both considered major funds. The governmental fund financial statements can be found as listed in the table of contents.

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

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

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2019**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

<b>Figure A-1</b>		
<b>Major Features of the District’s Government-Wide and Fund Financial Statements</b>		
	Government-Wide Financial Statements	Governmental Fund Financial Statements
Scope	Entire District	The activities of the District that are governmental in nature
Required financial statements	<ul style="list-style-type: none"> <li>▪ Statement of Net Position</li> <li>▪ Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Balance Sheet</li> <li>▪ Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of balance sheet 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 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

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2019**

**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 (net position) by approximately \$2,892,000 and \$3,055,000 at the close of the most recent two fiscal years, respectively. Table 1 provides a summary of the District's net position at June 30, 2019 and 2018:

**Table 1 - Net Position**

	Governmental Activities	
	June 30, 2019	June 30, 2018
<b>Assets</b>		
Current and Other Assets	\$ 1,987,673	\$ 3,835,785
Capital Assets, Net	5,642,694	4,685,668
<b>Total Assets</b>	<b>7,630,367</b>	<b>8,521,453</b>
<b>Deferred Outflows of Resources</b>		
Deferred Pension Charges	600,791	811,452
<b>Liabilities</b>		
Other Liabilities	135,802	653,377
Net Pension Liability	1,068,292	1,657,542
Long-Term Liabilities	3,601,733	3,775,822
<b>Total Liabilities</b>	<b>4,805,827</b>	<b>6,086,741</b>
<b>Deferred Inflows of Resources</b>		
Deferred Pension Credits	533,388	191,380
<b>Net Position</b>		
Net Investment in Capital Assets	2,047,171	1,852,166
Restricted	398	56,359
Unrestricted	844,374	1,146,259
<b>Total Net Position</b>	<b>\$ 2,891,943</b>	<b>\$ 3,054,784</b>

The decrease in total assets for 2019 compared to 2018 was primarily due to a decrease in current and other assets, partially offset by an increase in net capital assets. The increase in capital assets was primarily due to the purchase of equipment and building improvements during the year and an increase in construction in progress on the new fire station and improvements at Station #2, partially offset by depreciation expense and the disposal of capital assets. The decrease in current and other assets was primarily due to using bond proceeds for construction costs associated with the new fire station.

The decrease in total liabilities for 2019 compared to 2018 was primarily due to an overall decrease in the net pension liability, other liabilities, and in the long-term liabilities. The decrease in other liabilities is primarily due to a decrease in the accrued constructions costs associated with the new fire station. The decrease in long-term liabilities is primarily due to regularly scheduled payments. The changes in the net pension liability and deferred outflows and inflows of resources were primarily due to differences between expected and actual liability/investment experience, changes in assumptions, and changes in the percentage of the District's share of the net pension liability in the State retirement plans.

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2019**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

Governmental accounting principles require the District to classify its net position in up to three categories. The District uses the following categories to classify its net position:

- ◆ Net investment in capital assets – This represents amounts invested in capital assets (less accumulated depreciation and amortization on those assets) less any related outstanding debt used to acquire those assets. At June 30, 2019 and 2018, the net investment in capital assets was approximately \$2,047,000 (71%) and \$1,852,000 (61%), respectively.
- ◆ Restricted – This represents the portion of net position that is restricted by outside parties for a specific purpose. The balance of restricted net position as of June 30, 2019 and 2018 was approximately \$400 (<1%) and \$56,000 (1%), respectively, and was restricted for debt service.
- ◆ Unrestricted – This represents the portion of net position that can be used to finance the daily operations of the District for which no restrictions are imposed. The balance of unrestricted net position as of June 30, 2019 and 2018 was approximately \$844,000 (29%) and \$1,146,000 (38%), respectively.

Table 2 shows the changes in net position for 2019 and 2018:

**Table 2 - Changes in Net Position**

<b>Revenues</b>	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
General Revenue:		
Property Taxes	\$ 2,212,472	\$ 2,074,196
Contributions - Unrestricted	1,985	3,759
Miscellaneous Revenue	43,151	82,115
Unrestricted Investment Earnings	7,998	42,895
<b>Total Revenues</b>	<b>2,265,606</b>	<b>2,202,965</b>
<b>Program Expenses</b>		
Fire Safety and Emergency Response	2,338,795	1,999,480
Interest and Other Charges	89,652	94,782
<b>Total Program Expenses</b>	<b>2,428,447</b>	<b>2,094,262</b>
Change in Net Position	(162,841)	108,703
Net Position, Beginning of Year	3,054,784	2,946,081
Net Position, End of Year	\$ 2,891,943	\$ 3,054,784

The District's net position decreased in 2019 by approximately \$163,000 or 5%. Key elements of this decrease are as follows:

- Total revenues increased approximately \$63,000 from the prior year primarily due to greater property tax collections (approximately \$138,000), partially offset by an overall decrease in other revenues of approximately \$75,000.
- Program expenses increased approximately \$334,000 from the prior year primarily due to an increase in salaries and benefits of approximately \$325,000 and depreciation expense of approximately \$123,000, partially offset by a decrease in pension expense of \$190,000.

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2019**

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**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 the 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 has only two governmental funds – the General Fund and the Debt Service Fund.

For the year ended June 30, 2019, the District's General Fund, a major fund, reported fund balance of approximately \$1,856,000 compared to approximately \$3,109,000 for the prior year. The decrease in fund balance is primarily due to capital outlay on completing the construction on the new fire station and improvements at Station #2. Revenues were higher in 2019 by approximately \$111,000 primarily due to higher property taxes of approximately \$121,000, partially offset by a decrease in other revenues of approximately \$10,000. Expenditures were lower in 2019 by approximately \$1,095,000, primarily due to a decrease in capital outlay of approximately \$1,370,000 (had reduced capital outlay – as the District completed the new fire station in the current year), partially offset by an increase in salaries and benefits of approximately \$325,000.

In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At June 30, 2019, the District's unassigned fund balance for the General Fund was approximately \$1,845,000. Restricted fund balance was approximately \$500 with approximately \$400 restricted for capital improvements (unspent bond proceeds) and approximately \$100 for the Explorer Program. The remaining balance of approximately \$10,000 is nonspendable and relates to the District's prepaid insurance.

For the year ended June 30, 2019, the District's Debt Service Fund, a major fund, reported fund balance of approximately (\$4,000) compared to approximately \$77,000 for the prior year. The decrease is primarily attributable to expenditures for regularly scheduled debt service and interest payments exceeding property tax and interest revenues. Revenues were higher in 2019 primarily due to an increase in property tax collections (due to higher assessed values).

**General Fund Budgetary Highlights**

The District's budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The only budgeted fund of the District is the General Fund. During the course of 2019, amendments were made to the District's revenue and expenditure budgets. Actual revenues were higher than budgeted revenues by approximately \$188,000 primarily due to an increase in property tax collections and higher than expected miscellaneous income. Actual expenditures were higher than budgeted expenditures by approximately \$1,560,000, primarily due to higher capital outlay for equipment, building improvements, and the completion of the new fire station.

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2019**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

*Capital Assets*

The District had approximately \$5,643,000 and \$4,686,000 in capital assets at the close of 2019 and 2018, respectively. Table 3 shows capital asset balances by category at June 30, 2019 and 2018:

**Table 3 - Capital Assets**

	Governmental Activities	
	June 30, 2019	June 30, 2018
Land	\$ 210,635	\$ 210,635
Construction in Progress	158,526	2,558,679
Buildings and Improvements	4,376,506	1,062,738
Emergency Vehicles	2,449,578	2,449,578
Support Vehicles	163,813	174,613
Equipment	403,919	212,293
Less: Accumulated Depreciation	(2,120,283)	(1,982,868)
<b>Totals</b>	<b>\$ 5,642,694</b>	<b>\$ 4,685,668</b>

The total increase in the District's capital assets for 2019 was approximately \$957,000 and consisted of the following:

- Construction in progress (a) on the new fire station of approximately \$1,178,000, (b) on Station #2 improvements/renovations of approximately \$23,000, and (c) on a new records management software of approximately \$30,000.
- Purchased SCBA units of approximately \$147,000
- Purchased other capital assets of approximately \$95,000
- Depreciation expense of approximately \$305,000 and the disposal of capital assets of approximately \$211,000.

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

*Debt Administration*

At June 30, 2019 and 2018, the District had outstanding debt of approximately \$3,596,000 and \$3,759,000, respectively. Table 4 shows long-term debt at June 30, 2019 and 2018:

**Table 4 - Long-Term Debt**

	Governmental Activities	
	June 30, 2019	June 30, 2018
2017 GORIB	\$ 3,545,000	\$ 3,705,000
Premium on 2017 GORIB	50,665	53,521
<b>Total</b>	<b>\$ 3,595,665</b>	<b>\$ 3,758,521</b>

The net decrease in the District's long-term debt was approximately \$163,000 (4%). Major long-term debt events during the current year included:

- Regularly scheduled principal payments of approximately \$160,000 and the amortization of the 2017 GORIB premium of approximately \$3,000.

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2019**

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**CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)**

*Debt Administration (Continued)*

The District has other long-term liabilities outstanding at year end which consisted of the compensated absences liability and the net pension liability. More detailed information about the District's long-term liabilities is included in the notes to the financial statements.

**ECONOMIC FACTORS**

The District is a fire protection area created by an ordinance of Greenville, South Carolina County Council in 1981. Prior to its legal name change on July 1, 2004, the District was known as East Simpsonville Fire District. The District provides fire protection and emergency response services within its boundaries. The District is continuing to experience positive population growth.

**FISCAL YEAR 2020 BUDGET**

Many factors were considered by the District's administration during the process of developing the year ended June 30, 2020 ("2020") budget. The District's 2020 budget was prepared to continue the vision and mission of the District. The District has budgeted expenditures for 2020 of approximately \$2,125,000.

**CONTACTING 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 Fire Chief Michael Huppmann at 3008 Woodruff Road, Simpsonville, SC 29681, by telephone at 864-288-1173.



# Basic Financial Statements

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**STATEMENT OF NET POSITION**

**JUNE 30, 2019**

	<b>PRIMARY GOVERNMENT Governmental Activities</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,930,874
Restricted Cash and Cash Equivalents	398
Restricted Cash and Investments Held by County Treasurer	142
Property Taxes Receivable, Net	46,683
Prepays	9,576
Capital Assets:	
Non-Depreciable	369,161
Depreciable, Net	5,273,533
<b>TOTAL ASSETS</b>	<b>7,630,367</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Pension Charges	600,791
<b>LIABILITIES</b>	
Payable to County Treasurer	6,210
Accounts Payable	74,973
Accrued Payroll and Payroll Taxes	32,392
Accrued Interest	22,227
Non-Current Liabilities:	
Net Pension Liability	1,068,292
Long-Term Obligations - Due Within One Year	163,247
Long-Term Obligations - Due in More Than One Year	3,438,486
<b>TOTAL LIABILITIES</b>	<b>4,805,827</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Pension Credits	533,388
<b>NET POSITION</b>	
Net Investment in Capital Assets	2,047,171
Restricted for Explorer Program	398
Unrestricted	844,374
<b>TOTAL NET POSITION</b>	<b>\$ 2,891,943</b>

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

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2019**

<b><u>FUNCTIONS/PROGRAMS</u></b>	<b><u>PROGRAM REVENUES</u></b>			<b>NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION</b>	
	<b><u>Expenses</u></b>	<b><u>Charges for Services</u></b>	<b><u>Operating Grants and Contributions</u></b>	<b><u>Capital Grants and Contributions</u></b>	<b><u>Governmental Activities Totals</u></b>
<b>PRIMARY GOVERNMENT:</b>					
Governmental Activities:					
Fire Safety and Emergency Response	\$ 2,338,795	-	-	-	\$ (2,338,795)
Interest and Other Charges	89,652	-	-	-	(89,652)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 2,428,447</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,428,447)</b>
General Revenues:					
Property Taxes Levied for General Purposes					2,041,790
Property Taxes Levied for Debt Service					170,682
Unrestricted Investment Earnings					7,998
Unrestricted Contributions					1,985
Miscellaneous Revenue					43,151
Total General Revenues					<u>2,265,606</u>
<b>CHANGE IN NET POSITION</b>					<b>(162,841)</b>
NET POSITION, Beginning of Year					<u>3,054,784</u>
<b>NET POSITION, End of Year</b>					<b>\$ <u>2,891,943</u></b>

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

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**JUNE 30, 2019**

	<b>GENERAL FUND</b>	<b>DEBT SERVICE FUND</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,930,874	-	\$ 1,930,874
Restricted Cash and Cash Equivalents	398	-	398
Restricted Cash and Investments Held by County Treasurer	142	-	142
Property Taxes Receivable, Net	43,164	3,519	46,683
Prepaid Insurance	9,576	-	9,576
<b>TOTAL ASSETS</b>	<b>\$ 1,984,154</b>	<b>3,519</b>	<b>\$ 1,987,673</b>
<b>LIABILITIES</b>			
Payable to County Treasurer	-	6,210	\$ 6,210
Accounts Payable	74,973	-	74,973
Accrued Payroll and Payroll Taxes	32,392	-	32,392
<b>TOTAL LIABILITIES</b>	<b>107,365</b>	<b>6,210</b>	<b>113,575</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property Taxes	21,267	1,691	22,958
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>21,267</b>	<b>1,691</b>	<b>22,958</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>128,632</b>	<b>7,901</b>	<b>136,533</b>
<b>FUND BALANCES:</b>			
Nonspendable - Prepaid Insurance	9,576	-	9,576
Restricted for Capital Improvements (Unspent Bond Proceeds)	142	-	142
Restricted for Explorer Program	398	-	398
Unassigned	1,845,406	(4,382)	1,841,024
<b>TOTAL FUND BALANCES</b>	<b>1,855,522</b>	<b>(4,382)</b>	<b>1,851,140</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 1,984,154</b>	<b>3,519</b>	<b>\$ 1,987,673</b>

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

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

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

**JUNE 30, 2019**

**TOTAL FUND BALANCE - GOVERNMENTAL FUNDS** **\$ 1,851,140**

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.	22,958
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 \$7,762,977 and the accumulated depreciation was \$2,120,283.	5,642,694
The District's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State retirement plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.	(1,000,889)
Accrued interest on the District's debt is not due and payable in the current period and therefore is not reported as a liability in the governmental funds but is on the Statement of Net Position	(22,227)
Long-term obligations, including debt premiums are not due or payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term obligations at year-end are reported in the Statement of Net Position and consisted of the following:	
Long-Term Debt	(3,545,000)
Long-Term Debt Premium	(50,665)
Compensated Absences (Vacation Leave)	(6,068)

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES** **\$ 2,891,943**

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

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

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

**YEAR ENDED JUNE 30, 2019**

	<b>GENERAL FUND</b>	<b>DEBT SERVICE FUND</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>REVENUES</b>			
Property Taxes	\$ 2,038,110	170,460	\$ 2,208,570
Interest	6,439	1,559	7,998
Contributions	1,985	-	1,985
Miscellaneous	43,151	-	43,151
<b>TOTAL REVENUES</b>	<b>2,089,685</b>	<b>172,019</b>	<b>2,261,704</b>
<b>EXPENDITURES</b>			
Current:			
Fire Safety and Emergency Response	1,824,117	-	1,824,117
Capital Outlay	1,519,518	-	1,519,518
Debt Service:			
Principal	-	160,000	160,000
Interest and Fiscal Charges	-	93,708	93,708
<b>TOTAL EXPENDITURES</b>	<b>3,343,635</b>	<b>253,708</b>	<b>3,597,343</b>
<b>CHANGES IN FUND BALANCES</b>	<b>(1,253,950)</b>	<b>(81,689)</b>	<b>(1,335,639)</b>
FUND BALANCES, Beginning of Year	3,109,472	77,307	3,186,779
<b>FUND BALANCES, End of Year</b>	<b>\$ 1,855,522</b>	<b>(4,382)</b>	<b>\$ 1,851,140</b>

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

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

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

**YEAR ENDED JUNE 30, 2019**

**TOTAL CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS** **\$ (1,335,639)**

Amounts reported for the governmental activities in the Statement of Activities are different because of the following:

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental fund. They are considered revenues in the Statement of Activities.	3,902
Repayment of principal for debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	160,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	1,200
Bond premiums are revenues the year they are received in governmental funds, but are amortized over the lives of the bonds in the Statement of Activities. This is the change in bond premiums in the current year.	2,856
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.	11,233
Changes in the District's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year related to its participation in the State retirement plans are not reported in the governmental funds but are reported in the Statement of Activities.	36,581
Governmental funds report only proceeds received from the sale or involuntary conversion of capital assets, without any consideration for the net book value of the asset(s) that were sold/disposed. The Statement of Activities reports gains or losses based on the proceeds received less the net book value of the asset(s) sold/disposed.	(210,488)
The governmental funds report capital outlays as expenditures. However, in the Statement of Activities capital outlay expenditures that qualify as capital assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions of \$1,472,536 exceeded depreciation expense of \$305,022 in the current period.	1,167,514

**TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ (162,841)**

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

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

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*Clear Spring Fire and Rescue District* (“District”) is a fire protection area created by an ordinance of Greenville, South Carolina County Council (“Council”) in 1981. Prior to its legal name change on July 1, 2004, the District was known as East Simpsonville Fire District. The District provides fire protection and emergency response services within its boundaries. The governing body is the Board of Fire Control (“Board”) which consists of seven members who are appointed by Council who establish policy for the District. The District is a component unit of Greenville County (“County”) as it is fiscally dependent on the County.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. The Reporting Entity**

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

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

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

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

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District (the primary government).

*Governmental activities*, which normally are supported by taxes and miscellaneous revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The governmental activities of the District include fire safety and emergency response services. The District does not have any business-type activities.

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



CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

**Governmental funds financial statements** are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*.

Revenues are recognized as soon as they are both measurable and available. Property taxes, intergovernmental revenues, and interest associated with the current period are all considered to be measurable and susceptible to accrual and so have been recognized as revenues of the current period. For this purpose, the government generally considers its revenues to be available if they are collected within 60 days of the end of the current period with the exception of certain reimbursement expenditure grants for which a twelve month availability period is generally used.

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

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The District does not have any nonmajor funds.

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

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

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

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

The *Debt Service Fund, a major fund*, is used to account for the accumulation of resources for, and the payment of, all principal and interest, related to the District's general obligation debt. The Greenville County Treasurer calculates and collects the property taxes levied for this purpose and remits them directly to the bond paying agent. This is an unbudgeted fund.

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

**1. Cash, Cash Equivalents, and Investments**

***Cash and Cash Equivalents***

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

***Investments***

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

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States;
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations;
- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations;
- (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

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

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**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)***

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

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

- Cash and Investments held by the County Treasurer - which are either (a) property taxes collected by the District's fiscal agent that are held for the District's general obligation debt service payments or (b) unspent bond proceeds that will be used for capital improvements. The County Treasurer invests these funds in investments authorized by state statute as outlined above. All interest and other earnings gained are added back to the fund.

**2. Receivables and Payables**

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

**3. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method (if material). A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which 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 governmental funds financial statements.

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

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

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**4. Capital Assets (Continued)**

Description	Estimated Lives
Buildings and Improvements	15 - 39
Emergency Vehicles	5 - 10
Support Vehicles	5 -10
Equipment	5 - 15

**5. Compensated Absences**

The District employees are granted annual leave in varying amounts based upon length of service. Upon termination of employment, an employee is reimbursed for accumulated annual leave (as defined). Unused sick leave is granted to employees but can only be used for a valid illness.

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

**6. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from the governmental funds are reported on the governmental 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 for the District, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts 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 discounts (if any).

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 Net Position and the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net 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.

CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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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)*

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net 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 funds balance sheet; it is deferred and recognized as an inflow of resources (property tax revenues) in the period the amounts become available. (2) the District also reports *deferred pension credits* in its Statement of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System. These *deferred pension credits* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

8. *Fund Balance*

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

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

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

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

**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.

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**8. Fund Balance (Continued)**

The District's Board has formally adopted a minimum fund balance policy that requires 50% of the current year's General Fund Fire Safety and Emergency Response expenditures, 15% of the current year's General Fund revenues to be available as unassigned fund balance, and an additional 15% of the current year's General Fund revenues to be available for the District Vehicle Replacement Fund.

**9. Net Position**

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

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**11. Fair Value (Continued)**

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

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

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

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

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

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

**12. Accounting Estimates**

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

**13. Comparative Data**

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

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

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

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**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 \$1,932,000 (with a carrying value of approximately \$1,931,000) were exposed to custodial credit risk.

*Investments*

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

Investment Type	Fair Value Level	Credit Rating	Fair Value	Weighted Average Maturity
Cash and Investments Held by County Treasurer	N/A	Unrated	\$ 142	1-3 Years

N/A - Not Applicable

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

The District does not typically buy 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.

The District had a negative balance in Cash and Investments held by the County Treasurer in its Debt Service Fund at June 30, 2019 of approximately \$6,000. This amount has been shown as Payable to County Treasurer in the financial statements.

**B. Receivables and Unavailable Revenue**

*Property Taxes*

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 \$79.4 million at rates of 23.9 mills and 2.0 mills (no changes from the prior year) for the General Fund and Debt Service Fund, respectively. 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



**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

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

**B. Receivables and Unavailable Revenue (Continued)**

*Property Taxes (Continued)*

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.

The District has recorded uncollected property taxes at June 30, 2019 of approximately \$47,000 (net of allowance for estimated uncollectible portion of approximately \$18,000). Property taxes of approximately \$24,000 have been recognized as revenue at June 30, 2019 because they are expected to be collected within 60 days of year end. The remaining amount of approximately \$23,000 has been recorded as unavailable revenue (component of deferred inflows of resources) on the governmental funds financial statements because it is not expected to be collected within 60 days of year end and thus is not considered available.

**C. Capital Assets**

Capital asset activity for the District for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Capital Assets, Non-Depreciable:					
Land	\$ 210,635	-	-	-	\$ 210,635
Construction in Progress	2,558,679	1,231,043	-	(3,631,196)	158,526
<b>Total Capital Assets, Non-Depreciable</b>	<b>2,769,314</b>	<b>1,231,043</b>	<b>-</b>	<b>-</b>	<b>369,161</b>
Capital Assets, Depreciable:					
Buildings and Improvements	1,062,738	49,867	367,295	3,631,196	4,376,506
Emergency Vehicles	2,449,578	-	-	-	2,449,578
Support Vehicles	174,613	-	10,800	-	163,813
Furniture and Equipment	212,293	191,626	-	-	403,919
<b>Total Capital Assets, Depreciable</b>	<b>3,899,222</b>	<b>241,493</b>	<b>378,095</b>	<b>-</b>	<b>7,393,816</b>
Less: Accumulated Depreciation for:					
Buildings and Improvements	423,125	84,776	156,807	-	351,094
Emergency Vehicles	1,340,810	153,133	-	-	1,493,943
Support Vehicles	35,840	32,762	10,800	-	57,802
Furniture and Equipment	183,093	34,351	-	-	217,444
<b>Total Accumulated Depreciation</b>	<b>1,982,868</b>	<b>305,022</b>	<b>167,607</b>	<b>-</b>	<b>2,120,283</b>
<b>Total Capital Assets, Depreciable, Net</b>	<b>1,916,354</b>	<b>(63,529)</b>	<b>210,488</b>	<b>-</b>	<b>5,273,533</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 4,685,668</b>	<b>1,167,514</b>	<b>210,488</b>	<b>-</b>	<b>\$ 5,642,694</b>

The District's only function is fire safety and emergency response, thus all depreciation expense is charged to that function.

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

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

**D. Long-Term Obligations**

Greenville County may issue bonds on behalf of the District to provide funds primarily for the acquisition and construction of major capital facilities. General Obligation Bonds (“GOB”) are direct obligations and pledge the full faith and credit of Greenville County.

Details on the District’s long-term obligations outstanding at June 30, 2019 are as follows:

- In June 2017, Greenville County Council issued \$3,875,000 of general obligation refunding and improvement bonds (“2017 GORIB”) on behalf of the District (publicly traded debt). The 2017 GORIB principal is due in annual installments of \$160,000 to \$245,000 beginning on April 1, 2018 through April 1, 2037, plus interest from 2.0% to 3.0% due semi-annually on April 1<sup>st</sup> and October 1<sup>st</sup>. This bond issue was used to (a) current refund the 2003 GOB and (b) to provide funding for the acquisition, construction, installation, renovation, equipping, and furnishing of a new fire station for the District.

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

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Debt:					
2017 GORIB	\$ 3,705,000	-	160,000	3,545,000	\$ 160,000
Premium on 2017 GORIB	53,521	-	2,856	50,665	-
Total Debt	<u>3,758,521</u>	<u>-</u>	<u>162,856</u>	<u>3,595,665</u>	<u>160,000</u>
Compensated Absences	17,301	(7,986)	3,247	6,068	3,247
Total Governmental Activities	<u>\$ 3,775,822</u>	<u>(7,986)</u>	<u>166,103</u>	<u>3,601,733</u>	<u>\$ 163,247</u>

The Debt Service Fund has been used to pay all debt service requirements for the District’s general obligation bonds. All other long-term obligations have been liquidated in the past with resources from the District’s General Fund.

Debt service requirements on outstanding debt are as follows:

Year Ended June 30,	Debt		
	Principal	Interest	Total
2020	\$ 160,000	88,908	\$ 248,908
2021	165,000	85,708	250,708
2022	170,000	82,408	252,408
2023	170,000	79,008	249,008
2024	175,000	75,608	250,608
2025-2029	935,000	321,038	1,256,038
2030-2034	1,060,000	196,275	1,256,275
2035-2037	710,000	42,820	752,820
	<u>\$ 3,545,000</u>	<u>971,773</u>	<u>\$ 4,516,773</u>

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

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**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](http://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.

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

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

*Plan Benefits*

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

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

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

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

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

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

*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 District are required to contribute to the Plans at rates established and as amended by the PEBA. The District's contributions are actuarially determined but are communicated to and paid by the District as a percentage of the employees' annual eligible compensation. Required employer and employee contribution rates for the past three years are as follows:

	SCRS Rates			PORS Rates		
	2017	2018	2019	2017	2018	2019
Employer Contribution Rate: <sup>^</sup>						
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%
	<u>11.56%</u>	<u>13.56%</u>	<u>14.56%</u>	<u>14.24%</u>	<u>16.24%</u>	<u>17.24%</u>
Employee Contribution Rate	<u>8.66%</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.24%</u>	<u>9.75%</u>	<u>9.75%</u>

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

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

Year Ended June 30,	SCRS Contributions		PORS Contributions	
	Required	% Contributed	Required	% Contributed
2019	\$ 15,658	100%	\$ 133,793	100%
2018	10,407	100%	105,089	100%
2017	\$ 7,573	100%	\$ 82,380	100%

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

*Plan Contributions (Continued)*

In an effort to help offset a portion of the burden of the increased contribution requirement for employers, the State General Assembly (“State”) funded 1 percent of the SCRS and PORS contribution increases for the year ended June 30, 2018. The State’s budget appropriated these funds directly to the PEBA for the South Carolina Retirement System Trust Fund and the Police Officers Retirement System Trust Fund. The amount of funds appropriated by the State (nonemployer contributing entity) for the year ended June 30, 2018 (measurement date) to the District were approximately \$1,000 and \$4,000 for the SCRS and PORS, respectively.

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

Year Ended June 30,	SCRS Payroll	PORS Payroll	Total Payroll
2019	\$ 107,544	776,062	\$ 883,606
2018	76,747	647,099	723,846
2017	\$ 65,510	578,512	\$ 644,022

*Actuarial Assumptions and Methods*

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2015.

The June 30, 2018 total pension liability (“TPL”), net pension liability (“NPL”), and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (“GRS”), and are based on an actuarial valuation performed as of July 1, 2017. The TPL was rolled-forward from the valuation date to the Plans' fiscal year end, June 30, 2018, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2018 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%.

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

*Actuarial Assumptions and Methods (Continued)*

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 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.

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.

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

*Long-Term Expected Rate of Return (Continued)*

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
<b>Global Equity</b>	<b>47.0%</b>		
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%
<b>Real Assets</b>	<b>10.0%</b>		
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%
<b>Opportunistic</b>	<b>13.0%</b>		
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%
<b>Diversified Credit</b>	<b>18.0%</b>		
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%
<b>Conservative Fixed Income</b>	<b>12.0%</b>		
Core Fixed Income	10.0%	0.94%	0.09%
Cash and Short Duration (Net)	2.0%	0.34%	0.01%
Total Expected Real Return	<u>100.0%</u>		<u>5.03%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
Total Expected Nominal Return			<u>7.28%</u>

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

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

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 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%

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.



**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

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

At June 30, 2019, the District reported liabilities of approximately \$107,000 and \$961,000 for its proportionate share of the NPL for the SCRS and PORS, respectively. The NPL were measured as of June 30, 2018, and the TPL 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 NPL were based on a projection of the District's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2018 measurement date, the District's SCRS proportion was 0.000479 percent, which was a decrease of 0.000181 from its proportion measured as of June 30, 2017. At the June 30, 2018 measurement date, the District's PORS proportion was 0.033913 percent, which was a decrease of 0.021187 from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of approximately (\$11,000) and \$91,000 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
<b>SCRS</b>		
Differences Between Expected and Actual Experience	\$ 194	\$ 632
Changes in Assumptions	4,259	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,705	-
Changes in Proportionate Share and Differences Between Employer Contributions and Proportionate Share of Total Plan Employer Contributions	1,296	64,216
The District's Contributions Subsequent to the Measurement Date	15,658	-
Total SCRS	23,112	64,848
<b>PORS</b>		
Differences Between Expected and Actual Experience	29,608	-
Changes in Assumptions	63,360	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	19,217	-
Changes in Proportionate Share and Differences Between Employer Contributions and Proportionate Share of Total Plan Employer Contributions	331,701	468,540
The District's Contributions Subsequent to the Measurement Date	133,793	-
Total PORS	577,679	468,540
Total SCRS and PORS	\$ 600,791	\$ 533,388

Approximately \$16,000 and \$134,000 that were reported as deferred outflows of resources related to the District's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the NPL in the year ended June 30, 2020. 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:

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

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

Year Ended June 30,	SCRS	PORS	Total
2020	\$ (23,845)	24,783	\$ 938
2021	(21,419)	23,562	2,143
2022	(11,233)	(34,263)	(45,496)
2023	(897)	(38,736)	(39,633)
Total	<u>\$ (57,394)</u>	<u>(24,654)</u>	<u>\$ 51,992</u>

*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	\$ 137,166	107,344	\$ 86,024
The District's proportionate share of the net pension liability of the PORS	1,295,478	960,948	686,940
Total	<u>\$ 1,432,644</u>	<u>1,068,292</u>	<u>\$ 772,964</u>

*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 information for the SCRS and PORS. The CAFR is publicly available through the Retirement Benefits’ link on the PEBA’s website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

*Payable to Plans*

The District reported a payable of approximately \$1,000 and \$17,000 to the PEBA as of June 30, 2019 (“2019”), representing required employer and employee contributions for the month of June 2019 for the SCRS and PORS, respectively. These amounts are included in Accounts Payable on the financial statements and were paid in July 2019.

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

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**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

*District's Net Pension Balances for 2019*

The District's total net pension balances (net pension liabilities, deferred pension charges, deferred pension credits) as of June 30, 2019 (based on a measurement date of June 30, 2018) for the government-wide financial statements are lower than they should be. This is due to the PEBA not receiving from the District all of the contributions and contributions support information for the fourth quarter in time to include in the allocation of net pension balances. The PEBA allocates most of the net pension balances based on the District's share of contributions to each Plan relative to the actual contributions of all participating South Carolina state and local governmental employers to each Plan. Even though the net pension liabilities for the Plans are understated, the net pension balances in total were not significantly off and thus no adjustment or correction was deemed necessary.

**B. Risk Management**

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

**C. Health Insurance**

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

**D. Misappropriated Funds**

In November 2016, one of the District's former fire chiefs was charged with embezzling less than \$10,000 from the District from March 2016 to September 2016. During FY 2019, the District received and recognized approximately \$2,000 in restitution from this case (as the case was resolved in the current year) and no additional amounts of restitution are expected to be received in future years.

**E. Expenditures over Appropriations**

The Board approved the expenditures in excess of the revised budget but chose not to amend the budget.

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## Required Supplementary Information

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE**

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

**YEAR ENDED JUNE 30, 2019**

	<b>BUDGET AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE</b>
	<b>ORIGINAL</b>	<b>REVISED</b>		
<b>REVENUES</b>				
Property Taxes	\$ 1,901,438	1,901,438	2,038,110	\$ 136,672
Interest Income	-	-	6,439	6,439
Contributions	-	-	1,985	1,985
Miscellaneous Income	-	-	43,151	43,151
<b>TOTAL REVENUES</b>	<b>1,901,438</b>	<b>1,901,438</b>	<b>2,089,685</b>	<b>188,247</b>
<b>EXPENDITURES</b>				
Current:				
Fire Safety and Emergency Response	1,748,367	1,748,367	1,824,117	(75,750)
Capital Outlay	35,696	35,696	1,519,518	(1,483,822)
<b>TOTAL EXPENDITURES</b>	<b>1,784,063</b>	<b>1,784,063</b>	<b>3,343,635</b>	<b>(1,559,572)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>117,375</b>	<b>117,375</b>	<b>(1,253,950)</b>	<b>(1,371,325)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer Out	(100,000)	(100,000)	-	100,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(100,000)</b>	<b>(100,000)</b>	<b>-</b>	<b>100,000</b>
<b>CHANGES IN FUND BALANCES</b>	<b>17,375</b>	<b>17,375</b>	<b>(1,253,950)</b>	<b>(1,271,325)</b>
FUND BALANCES, Beginning of Year	3,109,472	3,109,472	3,109,472	-
<b>FUND BALANCES, End of Year</b>	<b>\$ 3,126,847</b>	<b>3,126,847</b>	<b>1,855,522</b>	<b>\$ (1,271,325)</b>

Note: The District's original and revised budget reflected an expected surplus of approximately \$17,000.

Note: The Board had approximately \$925,000 of unspent bond proceeds from the prior year that was used to help complete the fire station. The Board approved the expenditures in excess of the revised budget but chose not to amend the budget.

Note: The General Fund budgetary comparison schedule has been prepared on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES**

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

**LAST SIX FISCAL YEARS**

	Year Ended June 30,				
	2019 (2)	2018 (1)	2017 (1)	2016	2015
District's Proportion of the Net Pension Liability (Asset)	0.00048%	0.00066%	0.00096%	0.00109%	0.00091%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 107,344	148,126	205,482	207,293	157,016
District's Covered Payroll	\$ 76,747	65,510	142,324	102,520	83,237
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	139.87%	226.11%	144.38%	202.20%	188.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.10%	53.34%	52.91%	56.99%	59.92%
					\$ 163,580
					\$ 83,665
					0.00091%

**Notes to Schedule:**

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

The District implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

The discount rate was lowered from 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

(1) The 2017 net pension liability is lower than it should be due to the South Carolina Public Employee Benefit Authority not receiving all of the contributions and contributions support from the District in time to include in the allocation of net pension balances. This also resulted in the 2018 net pension liability being higher than it should be as it picked up these missed contributions. Since the net pension balances in total were not significantly off, no adjustments or corrections were deemed necessary.

(2) The 2019 net pension liability is lower than it should be due to the South Carolina Public Employee Benefit Authority not receiving all of the contributions and contributions support from the District in time to include in the allocation of net pension balances. Since the net pension balances in total were not significantly off, no adjustments or corrections were deemed necessary.

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES**

**SCHEDULE OF CONTRIBUTIONS  
SOUTH CAROLINA RETIREMENT SYSTEM**

**LAST SIX FISCAL YEARS**

	Year Ended June 30,					
	2019	2018 (1)	2017	2016	2015	2014
Contractually Required Contribution	\$ 15,658	10,407	7,573	15,741	11,175	\$ 8,823
Contributions in Relation to the Contractually Required Contribution	15,658	10,407	7,573	15,741	11,175	8,823
Contribution Deficiency (Excess)	\$ -	-	-	-	-	\$ -
District's Covered Payroll	\$ 107,544	76,747	65,510	142,324	102,520	\$ 83,237
Contributions as a Percentage of Covered Payroll	14.56%	13.56%	11.56%	11.06%	10.90%	10.60%

**Notes to Schedule:**

The District implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

(1) The District received contributions from the State of approximately \$1,000 which is included in the contribution amounts for 2018.



**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES**

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

**LAST SIX FISCAL YEARS**

	Year Ended June 30,					
	2019 (2)	2018 (1)	2017 (1)	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.03391%	0.05510%	0.02845%	0.03958%	0.03919%	0.03919%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 960,948	1,509,416	721,551	862,688	750,226	\$ 812,356
District's Covered Payroll	\$ 647,099	578,512	486,385	490,366	471,073	\$ 486,837
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	148.50%	260.91%	148.35%	175.93%	159.26%	166.86%
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.

The District implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

The discount rate was lowered from 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

(1) The 2017 net pension liability is lower than it should be due to the South Carolina Public Employee Benefit Authority not receiving all of the contributions and contributions support from the District in time to include in the allocation of net pension balances. This also resulted in the 2018 net pension liability being higher than it should be as it picked up these missed contributions. Since the net pension balances in total were not significantly off, no adjustments or corrections were deemed necessary.

(2) The 2019 net pension liability is lower than it should be due to the South Carolina Public Employee Benefit Authority not receiving all of the contributions and contributions support from the District in time to include in the allocation of net pension balances. Since the net pension balances in total were not significantly off, no adjustments or corrections were deemed necessary.

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES**

**SCHEDULE OF CONTRIBUTIONS  
POLICE OFFICERS RETIREMENT SYSTEM**

**LAST SIX FISCAL YEARS**

	Year Ended June 30,				
	2019	2018 (1)	2017	2016	2015
Contractually Required Contribution	\$ 133,793	105,089	82,380	66,829	65,758
Contributions in Relation to the Contractually Required Contribution	133,793	105,089	82,380	66,829	65,758
Contribution Deficiency (Excess)	\$ -	-	-	-	-
District's Covered Payroll	\$ 776,062	647,099	578,512	486,385	490,366
Contributions as a Percentage of Covered Payroll:	17.24%	16.24%	14.24%	13.74%	13.41%
					12.84%

**Notes to Schedule:**

The District implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.  
(1) The District received contributions from the State of approximately \$4,000 which is included in the contribution amounts for 2018.

## Supplementary Information

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**SUPPLEMENTARY INFORMATION**

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

**YEAR ENDED JUNE 30, 2019**

	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
<b>REVENUES:</b>			
Property Taxes	\$ 1,901,438	2,038,110	\$ 136,672
Interest Income	-	6,439	6,439
Contributions	-	1,985	1,985
Miscellaneous Income	-	43,151	43,151
<b>TOTAL REVENUES</b>	<b>1,901,438</b>	<b>2,089,685</b>	<b>188,247</b>
<b>EXPENDITURES:</b>			
Current:			
Personnel Services:			
Salaries/Wages	871,439	920,761	(49,322)
Health Insurance	305,000	301,368	3,632
Retirement	130,763	142,624	(11,861)
Social Security Tax	-	70,776	(70,776)
Convention	1,000	-	1,000
Computer Expense	7,500	3,078	4,422
Vending	-	(560)	560
Clear Spring Explorer Program	-	613	(613)
Gasoline/Diesel Fuel	30,000	24,469	5,531
Utilities	42,500	44,151	(1,651)
Telephone	-	4,354	(4,354)
Radios and Pagers	12,500	10,538	1,962
Repairs and Maintenance	51,500	44,865	6,635
Small Equipment	70,000	54,672	15,328
Training	10,000	8,645	1,355
Uniforms	18,000	15,497	2,503
Membership Dues	3,300	4,294	(994)
Medical Supplies	6,050	5,497	553
Insurance - Liability	49,215	52,251	(3,036)
Insurance - Workers Comp	50,000	39,339	10,661
Professional Services	51,000	43,442	7,558
Miscellaneous	26,600	21,321	5,279
Physicals	12,000	12,122	(122)
Total Current	1,748,367	1,824,117	(75,750)
Capital Outlay	35,696	1,519,518	(1,483,822)
<b>TOTAL EXPENDITURES</b>	<b>1,784,063</b>	<b>3,343,635</b>	<b>(1,559,572)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 117,375</b>	<b>(1,253,950)</b>	<b>\$ (1,371,325)</b>

(Continued)

**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**SUPPLEMENTARY INFORMATION**

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

**YEAR ENDED JUNE 30, 2019**

	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer Out	\$ (100,000)	-	\$ 100,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>
<b>CHANGES IN FUND BALANCES</b>	<b>17,375</b>	<b>(1,253,950)</b>	<b>(1,271,325)</b>
FUND BALANCES, Beginning of Year	<u>3,109,472</u>	<u>3,109,472</u>	<u>-</u>
<b>FUND BALANCES, End of Year</b>	<b><u>\$ 3,126,847</u></b>	<b><u>1,855,522</u></b>	<b><u>\$ (1,271,325)</u></b>

Note: The District's revised budget reflected an expected surplus of approximately \$17,000.

Note: The Board had approximately \$925,000 of unspent bond proceeds from the prior year that was used to help complete the fire station. The Board approved the expenditures in excess of the revised budget but chose not to amend the budget.

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# Greene Finney, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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

### INDEPENDENT AUDITOR'S REPORT

Board of Fire Control  
Clear Spring Fire and Rescue District  
Simpsonville, 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 Clear Spring Fire and Rescue District ("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, and have issued our report thereon dated August 22, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2019-001 that we consider to be a material weakness.

#### 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*.

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### **District's Response to the Finding**

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*Greene Finney, LLP*

Greene Finney, LLP  
Mauldin, South Carolina  
August 22, 2019



**CLEAR SPRING FIRE AND RESCUE DISTRICT  
SIMPSONVILLE, SOUTH CAROLINA**

**SCHEDULE OF FINDINGS AND RESPONSES**

**YEAR ENDED JUNE 30, 2019**

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**2019-001: ACCOUNTING AND BALANCE SHEET ACCOUNTS**

**Condition and Context:** Various receivables, prepaids, liability, and payable balances were off primarily due to these balances not being updated/adjusted from the prior year and thus were not reflective of the correct balance at June 30, 2019. The District's debt service, capital projects (unspent bond proceeds), and Explorer fund activity were not recorded in the District's books until year-end (the annual audit).

**Criteria:** The District must ensure that transactions are recorded timely, accurately, and in accordance with generally accepted accounting principles.

**Cause:** The District has experienced significant turnover and has a small staff with limited experience with governmental accounting requirements.

**Effect:** The preliminary financial statements were not correct.

**Recommendation:** The District needs to ensure that all activity of the District is properly recorded and that balance sheet/income statement accounts are adjusted to their proper balance at year-end. We would encourage the District to consider one or more of the following (a) provide significant accounting/financial training to the new administrative assistant, (b) hire a part-time accountant to come in and assist you with accounting and periodic/annual financial reporting requirements, and/or (c) outsource a portion of the needed accounting and periodic/annual financial reporting requirements to an outside firm.

**Response:** In 2020, the District will evaluate the best option for bringing someone in with governmental accounting expertise to ensure all activities are properly recorded throughout the fiscal year.