

HOLLY SPRINGS FIRE AND RESCUE DISTRICT

INMAN, SOUTH CAROLINA

FINANCIAL STATEMENTS

JUNE 30, 2024

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
INMAN, SOUTH CAROLINA
FINANCIAL STATEMENTS
JUNE 30, 2024**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Holly Springs Fire and Rescue District
Inman, South Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Holly Springs Fire and Rescue District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Holly Springs Fire and Rescue District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Holly Springs Fire and Rescue District, as of June 30, 2024, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Holly Springs Fire and Rescue District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Holly Springs Fire and Rescue District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government*

Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Holly Springs Fire and Rescue District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Holly Springs Fire and Rescue District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work

performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2025, on our consideration of Holly Springs Fire and Rescue District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Holly Springs Fire and Rescue District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Holly Springs Fire and Rescue District's internal control over financial reporting and compliance.

Love Bailey & Associates, LLC

Love Bailey & Associates, LLC
Laurens, South Carolina
March 13, 2025

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

This management’s discussion and analysis (“MD&A”) of Holly Springs Fire and Rescue District (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended June 30, 2024 (“fiscal 2024”) compared to fiscal year ended June 30, 2023 (“fiscal 2023”). 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, and the required supplementary information to enhance their understanding of the District’s financial performance.

Financial Highlights

Key financial highlights for fiscal 2024 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, 2024 by approximately \$634,000. Of this amount, approximately \$(40,500) is unrestricted and may be used to meet the District’s ongoing obligations to citizens and creditors.
- The District’s total net position increased by approximately \$79,000 as revenues of approximately \$1,397,000 exceeded expenses of approximately \$1,318,000.
- As of the close of the current fiscal year, the District’s General Fund reported ending fund balance of approximately \$376,000, a decrease of approximately \$60,000 from the prior year ending fund balance as expenditures of approximately \$1,465,000 exceeded revenues and other financing sources of approximately \$1,405,000. Approximately \$362,500 of the fund balance is unassigned and thus is available for spending at the District’s discretion. Approximately \$14,000 is non-spendable (prepaid insurance).
- The District’s long-term debt decreased by approximately \$145,000 due to debt payments during the year.
- The District’s total net capital assets decreased by approximately \$30,000, during the current fiscal year, due to additions of approximately \$108,000, partially offset by depreciation expense of approximately \$138,000.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

The Statement of Net Position presents information on all of the District’s assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between 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.

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

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).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include public safety 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 the District's 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 fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Change in Fund Balance provide a reconciliation to facilitate the comparison between the governmental fund and governmental activities.

The District maintains only one individual governmental fund. Information is presented in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Change in Fund Balance for the General Fund, which is always considered to be a major fund. The governmental fund financial statements can be found as listed in the table of contents.

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

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 have been provided which enhance the financial statements. This other information can be found as listed in the table of contents of this report.

Major Features of the District’s Government-Wide and Fund Financial Statements

Scope	Entire District	The activities of the District that are governmental in nature
Required financial statements	Statement of net position	Balance Sheet
	Statement of activities	Statement of revenues, expenditures, and change in fund balance
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 and liabilities and deferred inflows of resources (if any) that come due during the year or soon thereafter; no capital assets or long-term obligations are included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

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 (net position) by approximately \$634,000 and \$582,000 at the close of the most recent two fiscal years, respectively. Below is a summary of the District’s net position at June 30, 2024 and 2023:

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Net Position

	Governmental Activities	
	June 30, 2024	June 30, 2023
Assets		
Current and Other Assets	\$ 470,058	\$ 561,440
Capital Assets, Net	1,709,449	1,766,739
Total Assets	<u>2,179,507</u>	<u>2,328,179</u>
Deferred Outflows of Resources		
Deferred Pension Charges	<u>232,020</u>	<u>295,830</u>
Liabilities		
Current Liabilities	89,824	124,061
Net Pension Liability	476,564	656,996
Long-Term Obligations	1,067,017	1,211,492
Total Liabilities	<u>1,633,405</u>	<u>1,992,549</u>
Deferred Inflows of Resources		
Deferred Pension Credits	<u>144,273</u>	<u>49,182</u>
Net Position		
Net Investment in Capital Assets	642,432	555,247
Restricted One Percent Fund	32,163	36,450
Unrestricted	(40,746)	(9,419)
Total Net Position	<u><u>\$ 633,849</u></u>	<u><u>\$ 582,278</u></u>

The decrease in current and other assets in fiscal 2024 compared to the fiscal 2023 was due primarily to a decrease in cash as well as net capital assets. The decrease in capital assets was due to additions of approximately \$108,000, partially offset by depreciation expense of approximately \$138,000. The decrease in total liabilities in fiscal 2024 compared to fiscal 2023 was primarily due to a decrease in the District's share of the net pension liability of approximately \$180,500. The changes in deferred outflows of resources were primarily due to differences between expected and actual liability/investment experience and changes in the percentage of the District's share of the net pension liability in the State retirement plan.

Governmental accounting principles require the District to classify its net position in up to three categories (net investment in capital assets, restricted, and unrestricted). The District uses the following categories to classify its net position:

- Net investment in capital assets – Represents its net investment in capital assets (i.e. the net book value of land, buildings and improvements, equipment, furniture and fixtures, vehicles, etc.) less any related outstanding debt (including lease purchase obligations) used to acquire those assets. At June 30, 2024 and 2023, the net investment in capital assets was approximately \$642,000 (100%) and \$582,000 (97%), respectively.
- Restricted – This represents firefighter's one percent funds. At June 30, 2024 the restricted firefighter's one percent funds was \$32,163.

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

- 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, 2024 and 2023 was approximately \$(40,500) (-6%) and \$(9,500) (-3%), respectively.

Below are the changes in net position for fiscal years 2024 and 2023:

Changes in Net Position

	Governmental Activities	
	2024	2023
Revenues		
Program Revenue:		
Operating Grants and Contributions	\$ 29,221	\$ 8,972
General Revenue:		
Property Taxes	1,347,606	1,112,913
Other	49,578	33,399
Total Revenues	1,426,405	1,155,284
Program Expenses		
Public Safety	1,286,709	1,151,190
Interest and Other Charges	60,546	51,068
Total Program Expenses	1,347,255	1,202,258
Change in Net Position	79,150	(46,974)
Net Position, Beginning of Year	582,278	629,252
Prior Period Adjustment (Note 8)	(27,579)	(27,579)
Net Position, Beginning of Year (as restated)	554,699	601,673
Net Position, End of Year	\$ 633,849	\$ 554,699

The District's net position increased in fiscal 2024 by approximately \$79,000 or 14%. Key elements of this increase were as follows:

- Revenue from property taxes increased approximately \$234,500.
- Fema grant income increased approximately \$20,000.

Financial Analysis of the District's Fund

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has only one governmental fund, the General Fund. The analysis of the governmental fund 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, and what is available for spending at the end of the year.

For the year ended June 30, 2024, the District's General Fund reported fund balance of approximately \$376,332 compared to approximately \$436,000 for the prior year. The decrease of approximately \$60,000 was a primarily a result of expenses of approximately \$1,465,000 exceeding revenues and other financing resources of approximately \$1,405,000. Revenues and other financing sources increased approximately

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

\$270,000 from the prior year primarily due to the District receiving an increase in property tax revenue. Expenditures increased approximately \$311,000 which was primarily due to an increase payroll expenses and principal and interest payment increasing.

The fund balance of the General Fund included approximately \$14,000 in non-spendable fund balance (prepaid insurance). At June 30, 2024, the District’s remaining unassigned fund balance for the General Fund was approximately \$362,500. 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.

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. Actual revenues were higher than budgeted revenues by approximately \$150,000 due to higher than budgeted other revenues of approximately \$58,500 and higher property taxes than budgeted of approximately \$91,000. Actual expenditures were higher than budgeted expenditures by approximately \$209,500 due to higher than budgeted capital expenditures of approximately \$103,000, repairs and maintenance expenditures of approximately \$69,000, and other various increases.

Capital Assets and Debt Administration

Capital Assets

The District had approximately \$1,709,000 and \$1,739,000 in capital assets at the close of fiscal 2024 and 2023, respectively. Below are the capital asset balances by category at June 30, 2024 and 2023:

Capital Assets

	Governmental Activities	
	June 30, 2024	June 30, 2023
Land	\$ 63,941	\$ 63,941
Buildings and Improvements	1,870,690	1,870,690
Equipment	414,673	346,670
Furniture and Fixtures	5,377	5,377
Vehicles	1,365,754	1,325,754
Less: Accumulated Depreciation	(2,010,986)	(1,873,272)
Totals	\$ 1,709,449	\$ 1,739,160

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

The total decrease in the District’s capital assets in fiscal 2024 was approximately \$30,000, which was due to additions of approximately \$108,000, partially offset by depreciation expense of approximately \$138,000. The District’s fiscal 2024 additions were primarily related to the fire engine purchase and other equipment.

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

Debt Administration

At June 30, 2024 and 2023, the District had approximately \$1,067,000 and \$1,211,500 of long-term debt, respectively. The decrease of approximately \$144,000 was due to regularly scheduled principal payments. Below are the District’s long-term debt obligations at June 30, 2024 and 2023.

Long-Term Debt Obligations

	Governmental Activities	
	June 30, 2024	June 30, 2023
Lease Purchase Obligation – 2016	\$ 185,475	\$ 245,033
Lease Purchase Obligation – 2018	726,849	785,649
Lease Purchase Obligation – 2020	72,503	89,589
Lease Purchase Obligation – 2022	82,190	91,221
Totals	\$ 1,067,017	\$ 1,211,492

The State limits the amount of general obligation debt that the District can issue to 8% of the assessed value of all taxable property within the District’s corporate limits. The District is significantly under the legal debt limit of approximately \$2,058,000 at June 30, 2024.

The District had other long-term liabilities outstanding at year end which consisted primarily of 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 Holly Springs Fire and Rescue District is located geographically in mid-western Spartanburg County, between Inman, Campobello, Greer, and Lyman, and contains five different zip codes within the 30 square miles covered by the fire district. The area has changed drastically in the last 20 years growing from an estimated population of 6,000 in 2000 to an estimated population of 16,400 in 2020. Through this period, the community grew, by population, 300% between 2000 and 2020. Single family homes (including manufactured homes) and multi-family housing & new residential development permits issued in 2020 continued to rise, increasing approximately 20% from 2015. Today, the District is continuing to experiencing positive growth, primarily residential with some commercial, within the community at an

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

estimated rate of 5% a year, and expects this trend to continue over the next decade. By 2030, the population within the community is expected to reach approximately 24,000.

Fiscal Year 2024 Budget

Many factors were considered by the District's administration during the process of developing the fiscal 2023-2024 budget. The District's budget was prepared to continue the vision and mission of the District. The District has budgeted expenditures for fiscal 2024 of approximately \$1,255,843.

Contacting the District's Financial Management

This financial report is designed to provide those interested with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Fire Chief at 3301 Highway 357, Inman, SC 29349, by telephone at (864) 848-4107, or visit the District's website at www.hsvfd.com.

HOLLY SPRINGS FIRE AND RESCUE DISTRICT
INMAN, SOUTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS

Cash and cash equivalents	\$ 360,959
Cash and cash equivalents - restricted	32,163
Due from county treasurer	23,491
Property taxes receivable, net	39,576
Prepaid insurance	13,869
Capital assets	
Non-depreciable capital assets	63,941
Depreciable capital assets, net	1,645,508
Total assets	2,179,507

DEFERRED OUTFLOWS OF RESOURCES

Deferred pension charges	232,020
Total deferred outflows of resources	232,020

LIABILITIES

Accounts payable	11,295
Accrued expenses	37,999
Accrued interest payable	29,665
Compensated absences	10,865
Long-term liabilities	
Net pension liability	476,564
Long-Term obligations - due within one year	148,506
Long-Term obligations - due in more than one year	918,511
Total liabilities	1,633,405

DEFERRED INFLOWS OF RESOURCES

Deferred pension credits	144,273
Total deferred inflows of resources	144,273

NET POSITION

Net investment in capital assets	642,432
Restricted:	
Firefighters' one percent	32,163
Unrestricted	(40,746)
Total net position	\$ 633,849

The accompanying notes are an integral part of these financial statements.

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
INMAN, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Total
PRIMARY GOVERNMENT						
Governmental activities						
Public safety	\$ 1,286,709	\$ -	\$ 29,221	\$ -	\$ (1,257,488)	\$ (1,257,488)
Firefighters' one percent	24,545	-	-	-	(24,545)	(24,545)
Interest	36,001	-	-	-	(36,001)	(36,001)
Total governmental activities	<u>\$ 1,347,255</u>	<u>\$ -</u>	<u>\$ 29,221</u>	<u>\$ -</u>	<u>(1,318,034)</u>	<u>(1,318,034)</u>

GENERAL REVENUES

Property taxes levied for general purposes	1,347,606	1,347,606
Firefighters' one percent	20,258	20,258
Miscellaneous Revenue	29,320	29,320
Total general revenues	<u>1,397,184</u>	<u>1,397,184</u>
Change in net position	<u>79,150</u>	<u>79,150</u>
Net position, beginning of year (as restated)	<u>554,699</u>	<u>554,699</u>
Net position, end of year	<u>\$ 633,849</u>	<u>\$ 633,849</u>

The accompanying notes are an integral part of these financial statements.

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
INMAN, SOUTH CAROLINA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024**

	<u>General Fund</u>	<u>Firefighters' One Percent Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 360,959	\$ -	\$ 360,959
Cash and cash equivalents - restricted	-	32,163	32,163
Due from county treasurer	23,491	-	23,491
Property taxes receivable, net	39,576	-	39,576
Prepaid insurance	13,869	-	13,869
Total assets	<u>\$ 437,895</u>	<u>\$ 32,163</u>	<u>\$ 470,058</u>
LIABILITIES			
Accounts payable	\$ 11,295	\$ -	\$ 11,295
Accrued expenses	37,999	-	37,999
Total liabilities	<u>49,294</u>	<u>-</u>	<u>49,294</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	12,269	-	12,269
Total liabilities and deferred inflows of resources	<u>61,563</u>	<u>-</u>	<u>61,563</u>
FUND BALANCES			
Nonspendable:			
Prepaid expenses	13,869	-	13,869
Restricted for:			
Firefighters' one percent	-	32,163	32,163
Unassigned	362,463	-	362,463
Total fund balances	<u>376,332</u>	<u>32,163</u>	<u>408,495</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 437,895</u>	<u>\$ 32,163</u>	<u>\$ 470,058</u>

The accompanying notes are an integral part of these financial statements.

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
INMAN, SOUTH CAROLINA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2024**

Total fund balances - governmental funds	\$ 408,495
 Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental fund.	1,709,449
The District's proportionate shares of the net pension liability and deferred outflows of resources, related to its participation in the State retirement plan are not recorded in the governmental fund but are recorded in the Statement of Net Position.	(388,817)
Accrued interest on the bonds in governmental accounting is not due and payable in the current period and therefore is not reported as a liability in the governmental fund.	(29,665)
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 fund	12,269
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	(10,865)
Lease purchase obligations	(1,067,017)
	(1,077,882)
Net position - governmental funds	\$ 633,849

The accompanying notes are an integral part of these financial statements.

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
INMAN, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024**

	<u>General Fund</u>	<u>Firefighters' One Percent Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 1,346,739	\$ -	\$ 1,346,739
Grants	29,221	-	29,221
Miscellaneous	29,320	-	29,320
Firefighters' one percent	-	20,258	20,258
Total revenues	<u>1,405,280</u>	<u>20,258</u>	<u>1,425,538</u>
EXPENDITURES			
Current:			
Public safety	1,173,447	24,545	1,197,992
Capital outlay	108,003	-	108,003
Debt service:			
Principal	144,476	-	144,476
Interest	39,358	-	39,358
Total expenditures	<u>1,465,284</u>	<u>24,545</u>	<u>1,489,829</u>
Net change in fund balances	(60,004)	(4,287)	(64,291)
Fund balances, beginning of year	<u>436,336</u>	<u>36,450</u>	<u>472,786</u>
Fund balances, end of year	<u>\$ 376,332</u>	<u>\$ 32,163</u>	<u>\$ 408,495</u>

The accompanying notes are an integral part of these financial statements.

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT INMAN, SOUTH CAROLINA
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

Net change in fund balances - governmental funds	\$	(64,291)
 Amounts reported for governmental activities in the statement of activities are different because:		
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental fund, but are considered revenues in the Statement of Activities. This amount represents the change in unavailable revenue for the year.		867
Repayment of principal for debt (including lease purchase obligations) is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the Statement of Net Position.		144,476
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the fund 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.		3,357
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 fund. This amount represents the change in compensated absences.		2,788
Changes in the District's proportionate shares of the net pension liability and deferred outflows of resources for the current year related to its participation in the State retirement plan is not reported in the governmental fund but is reported in the Statement of Activities.		21,664
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.		
Expenditures for capital assets	\$ 108,003	
Less, current year depreciation	<u>(137,714)</u>	<u>(29,711)</u>
 Change in net position - governmental funds	 \$	 <u>79,150</u>

The accompanying notes are an integral part of these financial statements.

HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Holly Springs Fire and Rescue District (the “District”) is a special purpose District created in 1972 by the South Carolina legislature to provide fire and emergency response services (public safety) to residents of a specified geographical area within the boundaries of Spartanburg County, South Carolina. The District operates under a commission form of government. The board of commissioners (“Commission”) consists of five members who establish policy for the District. The more significant of the District’s accounting policies are described below.

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

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

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

(Continued)

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Measurement Focus, Basis of Accounting, and Basis of Presentation

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

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

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

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as would proprietary 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 financial statements and the financial statements for the governmental fund.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Property taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

(Continued)

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

For this purpose, the government generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period with the exception of certain reimbursement expenditure grants for which a twelve month availability period is generally used.

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

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

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column (if applicable).

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 type is used by the District.

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

The **General Fund, a major fund**, is the general operating fund of the District and accounts for all revenues and expenditures of the District. All general tax revenues and other receipts are accounted for in the General Fund. This is a budgeted fund, and any fund balance that does not have constraints is considered a resource available for use.

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

Cash, Cash Equivalents, and Investments

(Continued)

HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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:

1. Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States;
2. 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 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;
3. (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 or rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations;
4. Savings and Loan Associations to the extent that the same are insured by an agency of the federal government;
5. Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, or a market value not less than the amount of the certificates or 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;
6. Repurchase agreements when collateralized by securities as set forth in this section; and

(Continued)

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

7. 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 (1), (2), (3), and (6) 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 uses the following investments during the past year:

- South Carolina Local Government Investment pool ("LGIP") investments are invested with the South Carolina State Treasurer's Office, which established the LGIP pursuant to Section 6-6-10 of the South Carolina Code. The LGIP is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 72, *Fair Value Measurement and Application*, investments are carried at fair value determined annually based upon (a) quoted market prices for identical or similar investments or (b) observable inputs other than quoted market prices. The total fair value of the LGIP is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Funds may be deposited by LGIP participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the LGIP may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.

Receivables and Payables

All trade and property taxes receivable are shown net of an allowance for uncollectibles (if material).

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.

(Continued)

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Capital Assets

Capital assets generally result from expenditures in the governmental fund. These assets are reported in the governmental activities column of the government-wide Statement of Net Position, but are not reported in the governmental fund 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.

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:

<u>Description</u>	<u>Estimated Life</u>
Building and improvements	5 – 40 years
Equipment	5 – 20 years
Furniture and fixtures	5 – 20 years
Vehicles	5 – 20 years

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Sick pay benefits will not be compensated for any reason except for valid illness. Upon termination the District, an employee will be compensated for any unused vacation time accrued since his/her date with the District.

The entire compensated absence liability and expense is reported in the government-wide financial statements. The governmental funds will only recognize a compensated absence liability for disability notifications and retirements that occurred prior to year-end (matured liabilities) if they are material.

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 fund are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources.

(Continued)

HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

However, long-term obligations that will be paid from the governmental fund 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. Debt premiums and discounts (if any) are deferred and amortized over the life of the debt using the straight-line method that approximates the effective interest method. Debt obligations are reported net of the applicable debt premiums or discounts.

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.

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 Police Officers Retirement System. These deferred pension charges are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of 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 inflow of resources: (1) The District reports unavailable revenue – property taxes only in the governmental fund Balance Sheet; it is deferred and recognized as an inflow of resources (property tax revenues) in the period in 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.

Fund Balance

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

(Continued)

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 Commissioners must commit fund balance by formal resolution before the end of the reporting period for fund balance to qualify in this category. Those committed amounts cannot be used for any other purpose unless the Commission removes or changes the specified use of the committed fund balance by the same action (resolution).

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

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 borrowings which have not been spent are included in the same net position component as the unspent proceeds.

(Continued)

HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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.

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.

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.

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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 Commissioners adopts an annual budget ordinance for the General Fund. The presented budgetary information is as originally adopted, as the District did not make any amendments to the original budget. The Schedule of Revenues, Expenditures, and Change in Fund Balance – Budgets and Actual – contains the original budget and the revised budget.

NOTE 3 – 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, 2024, the District’s bank balances of \$397,503 (which had a carrying value of \$393,121). No amounts were exposed to custodial credit risk. The bank balance was higher than the book/carrying value due to outstanding checks.

Investments

As of June 30, 2024, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value Level</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>WAM (In Years)</u>
State Local Government Investment Pool	N/A	UR	\$261,542	<1 yr.

*Credit ratings noted above are by Standard & Poors, Moody’s Services, and Fitch Ratings, respectively.

WAM – Weighted Average Maturity

N/A – Not Applicable

UR – Unrated

The District’s only investments are in the LGIP and thus they have not developed a policy for interest rate risk, credit risk, custodial credit risk, or concentration of credit risk for these types of investments.

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 4 – RECEIVABLES AND UNAVAILABLE REVENUES

Property Taxes

Spartanburg County, South Carolina 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 commissioners and does not necessarily represent actual taxes levied or collected. Such property taxes are considered both measurable and available for purposes of recognizing revenue, and are recognized as a receivable from Spartanburg County at the time they are collected by it. Property taxes are levied and billed by Spartanburg County on real and personal properties based on an assessed value of approximately \$25.7 million and a millage rate of 29.2 mills (which includes 1 mill to maintain a reserve fund). These taxes are due without penalty through January 15. Penalties are added to taxes depending on the date paid as follows:

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

Current year real and personal taxes become delinquent on March 16. The levy date for motor vehicles is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the same month. The District has recorded uncollected, delinquent property taxes at June 30, 2024 of approximately \$39,500, which is net of an allowance for uncollectible portion of approximately \$12,300. Delinquent property taxes receivable of approximately \$870 has been recognized as revenue at June 30, 2024 because it was collected within 60 days of year end and had been received by the District or its fiscal agent (the County). The remaining delinquent property taxes receivable of approximately \$1,900 has been recorded by the District as unavailable revenue (deferred inflow of resources) at June 30, 2024 on the governmental fund financial statements because it was not collected within 60 days after year end and are thus not considered available.

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 5 – CAPITAL ASSETS

Capital Assets

Capital asset activity for the District for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Non-Depreciable:				
Land	\$ 63,941	\$ -	\$ -	\$ 63,941
Total Capital Assets, Non-Depreciable	63,941	-	-	63,941
Capital Assets, Depreciable :				
Buildings and Improvements	1,870,690	-	-	1,870,690
Equipment	346,670	68,003	-	414,673
Furniture and Fixtures	5,377	-	-	5,377
Vehicles	1,325,754	40,000	-	1,365,754
Total Capital Assets, Depreciable	3,548,491	108,003	-	3,656,494
Less : Accumulated Depreciation for :				
Buildings and Improvements	417,792	49,661	-	467,453
Equipment	330,871	8,991	-	339,862
Furniture and Fixtures	5,378	-	-	5,378
Vehicles	1,119,231	79,062	-	1,198,293
Total Accumulated Depreciation	1,873,272	137,714	-	2,010,986
Total Capital Assets, Depreciable, Net	1,675,219	(29,711)	-	1,645,508
Governmental Activities Capital Assets, Net	\$ 1,739,160	\$ (29,711)	\$ -	\$ 1,709,449

The District's only function is Public Safety, all \$137,714 of depreciation expense is charged to that function.

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 – LONG-TERM OBLIGATIONS

As of June 30, 2024, the District had the following long-term obligations, all of which are direct placement / direct obligations:

	June 30, 2024
<p>Lease purchase agreement to a financial institution for \$580,000 for a new pumper fire truck, two rescue boats, a trailer, and a portable water pump in August 2016 with annual payments of \$64,165, which includes interest at 1.88%. Payments began August 2017 and will continue through August 2026.</p>	\$ 185,475
<p>Lease purchase agreement to a financial institution for \$1,000,000, for construction of the Holston Creek Substation in August 2018 with annual payments of \$88,813, which includes interest at 3.82%. Payments began August 2019 and will continue through August 2033.</p>	726,849
<p>Lease purchase agreement to a financial institution for \$138,500 for the purchase of a pickup truck and a sport utility vehicle in March 2020 with annual payments of \$19,218 which includes interest at 2.38%. Payments began in March 2021 and will continue through March 2028.</p>	72,503
<p>Lease purchase agreement to a financial institution for \$100,000, for roof repairs at the main station in June 2022 with annual payments of \$11,639, which includes interest at 2.83%. Payments began August 2022 and will continue through August 2031.</p>	82,190
	\$ 1,067,017

(Continued)

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 – LONG-TERM OBLIGATIONS, Continued

Following is a summary of the changes in the District’s long-term obligations for the year ended June 30, 2024:

<u>Long-Term Obligations</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Direct Borrowings/Placements					
Lease Purchase Obligation-2016	\$ 245,033	\$ -	\$ 59,558	\$ 185,475	\$ 60,678
Lease Purchase Obligation-2018	785,650	-	58,801	726,848	61,047
Lease Purchase Obligation-2020	89,589	-	17,086	72,503	17,492
Lease Purchase Obligation-2022	91,221	-	9,031	82,190	9,289
Total Debt and Lease Obligations	1,211,493	-	144,476	1,067,017	148,506
Compensated Absences	13,653	-	2,788	10,865	-
Total Governmental Activities	<u>\$1,225,146</u>	<u>\$ -</u>	<u>\$ 147,264</u>	<u>\$1,077,882</u>	<u>\$ 148,506</u>

General Fund resources have been used to liquidate all long-term obligations of the District.

As of June 30, 2024, the future annual requirements for debt (including lease purchase obligations) outstanding are as follows:

<u>Year Ending June 30</u>	<u>Debt</u>		<u>Totals</u>
<u>Governmental Activities</u>	<u>Principal</u>	<u>Interest</u>	
2025	\$ 148,506	\$ 35,329	\$ 183,835
2026	152,661	31,174	183,835
2027	156,945	26,890	183,835
2028	97,194	22,476	119,670
2029	81,322	19,130	100,452
2030-2033	430,389	56,212	486,601
Totals	<u>\$ 1,067,017</u>	<u>\$ 191,211</u>	<u>\$ 1,258,228</u>

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 – PENSION PLANS

State Retirement Plan

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans.

PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets.

The Commission, an eight-member board, serves a co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

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

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

(Continued)

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 – PENSION PLANS, Continued

Plan Descriptions

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

In addition to the plans described above, PEBA also administers three single employer defined benefit pension plans, which are not covered in this report. They are the Retirement System for Members of the General Assembly of the State of South Carolina (GARS), the Retirement System for Judges and Solicitors of the State of South Carolina (JSRS), and the South Carolina National Guard Supplemental Retirement Plan (SCNG).

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.

- PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits

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

(Continued)

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 – PENSION PLANS, Continued

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

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

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

(Continued)

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 – PENSION PLANS, Continued

Additionally, the Board is prohibited from decreasing the PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July 1, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

Required employee contribution rates ¹ are as follows:

	<u>Fiscal Year 2024</u>	<u>Fiscal Year 2023</u>
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

Required employer contribution rates ² are as follows:

	<u>Fiscal Year 2024</u>	<u>Fiscal Year 2023</u>
PORS		
Employer Class Two	20.84%	19.84%
Employer Class Three	20.84%	19.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

(Continued)

¹ Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

² Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 – PENSION PLANS, Continued

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

Year Ended	PORS Contributions	
June 30,	Required	% Contributed
2024	\$ 99,329	100%
2023	72,858	100%
2022	65,172	100%

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

Year Ended	PORS Payroll
June 30,	
2024	\$ 472,098
2023	363,561
2022	338,730

Actuarial Assumptions and Methods

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

The June 30, 2023, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel Roeder Smith & Company (GRS) and are based on an actuarial valuation performed as of July 1, 2022. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2023, using generally accepted actuarial principles. There was no legislation enacted during the 2023 legislative session that had a material change in the benefit provisions for any of the systems.

(Continued)

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 – PENSION PLANS, Continued

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2023.

	PORS
Actuarial cost method:	Entry age normal
Investment rate of return ³	7.00%
Projected salary increases	3.0% to 10.5% (varies by service) ¹
Benefit adjustments	lesser of 1% or \$500 annually

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

Assumptions used in the determination of the June 30, 2023, TPL are as follows.

Former Job Class	Males	Females
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system’s TPL determined in accordance with GASB 67 less that system’s fiduciary net position. NPL totals, as of June 30, 2023, for SCRS and PORS are presented below.

(Continued)

³ Includes inflation at 2.25%

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 – PENSION PLANS, Continued

System	Employer’s Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	District’s Proportionate Share of the Collective Net Pension Liability
PORS	\$ 476,564	67.8%	0.015655%

The TPL is calculated by the Systems’ actuary, and each plan’s fiduciary net position is reported in the Systems’ financial statements. The NPL is disclosed in accordance with the requirements of GASB 67 in the Systems’ notes to the financial statements and required supplementary information. Liability calculations performed by the Systems’ actuary for the purpose of satisfying the requirements of GASB 67 and 68 are not applicable for other purposes, such as determining the plans’ funding requirements.

Long-term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2022 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

(Continued)

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 – PENSION PLANS, Continued

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Public Equity ⁴	46.0%	6.62%	3.04%
Bonds	26.0%	0.31%	0.08%
Private Equity ^{1 5}	9.0%	10.91%	0.98%
Private Debt ²	7.0%	6.16%	0.43%
Real Assets	12.0%		
Real Estate ²	9.0%	6.41%	0.58%
Infrastructure ²	3.0%	6.62%	0.20%
Total Expected Real Return ⁶	100.0%		5.31%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.56%

Discount Rate

The discount rate used to measure the TPL was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7.00 percent, as well as what the employers’ NPL would be if it were calculated using a discount rate that is 1 percent lower (6.00 percent) or 1.00 percent higher (8.00 percent) than the current rate.

System	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
PORS	\$ 672,265	\$ 476,564	\$ 316,260

(Continued)

⁴ The target weight to Private Equity will be equal to its actual weight, reported by the custodial bank, as of prior month end. When flows have occurred, flow adjusted weights are used to more accurately reflect the impact of the asset class weight. Private Equity and Public Equity combine for 55% of the entire portfolio.

⁵ Staff and Consultant will notify the Commission if Private Markets assets exceed 25% of total assets.

⁶ Portable Alpha Strategies, which are not included in the Policy Target, will be capped at 12% of total assets; hedge funds (including all hedge funds used in portable alpha implementation) are capped at 20% of total assets.

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 – PENSION PLANS, Continued

Pensions

At June 30, 2024, the District reported a liability of \$476,564 for its proportionate share of the PORS NPL. The NPL was measured as of June 30, 2023, and the TPL used to calculate the NPL was determined by an actuarial valuation as of that date. The District’s proportion of the NPL was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2023, the District’s proportionate shares of the PORS plan was 0.015655%.

For the year ended June 30, 2023, the District recognized pension expense for the PORS plan of \$60,332. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred outflow of resources</u>	<u>Deferred inflow of resources</u>
PORS		
Differences between expected and actual experience	\$ 32,800	\$ 5,875
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	-	812
Net difference between projected and actual earnings on pension plan investments	99,890	137,586
District’s contributions subsequent to the measurement date	99,330	-
Total PORS	<u>\$ 232,020</u>	<u>\$ 144,273</u>

(Continued)

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 – PENSION PLANS, Continued

An amount of \$99,329 reported as deferred outflows of resources related to pensions resulting from District’s contributions subsequent to the measurement date will be recognized as a reduction of the NPL in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the PORS will be recognized as pension expense as follows:

Year Ended June 30,	PORS
2023	\$ 29,451
2024	(26,594)
2025	(13,948)
2026	(498)
	\$ 11,589

Additional Financial and Actuarial Information

Information contained in these Notes to the Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems’ audited financial statements for the fiscal year ended June 30, 2024, and the accounting valuation report as of June 30, 2023. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems’ Comprehensive Annual Financial Report.

NOTE 8 – PRIOR PERIOD ADJUSTMENT

	Governmental Funds
Beginning fund balance, as previously reported at June 30, 2023	\$ 582,278
Prior period adjustment – Accumulated depreciation	(27,579)
Fund balance, as restated at July 1, 2023	\$ 554,699

NOTE 9 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 13, 2025, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

HOLLY SPRINGS FIRE AND RESCUE DISTRICT
INMAN, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2024

Exhibit 1

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 1,255,843	\$ 1,255,843	\$ 1,346,739	\$ 90,896
Grant income	-	-	29,221	29,221
Miscellaneous income	-	-	29,320	29,320
Total revenues	<u>1,255,843</u>	<u>1,255,843</u>	<u>1,405,280</u>	<u>149,437</u>
EXPENDITURES				
Current:				
Salaries	607,900	607,900	654,675	(46,775)
Payroll taxes	20,000	20,000	42,796	(22,796)
Retirement	62,000	62,000	105,363	(43,363)
Insurance	57,000	57,000	73,130	(16,130)
General operating	53,323	53,323	60,628	(7,305)
Equipment	28,500	28,500	28,526	(26)
Fuel	22,000	22,000	27,569	(5,569)
Utilities	25,620	25,620	36,954	(11,334)
Repair and maintenance	20,000	20,000	88,944	(68,944)
Legal and accounting	24,500	24,500	27,512	(3,012)
Supplies	1,000	1,000	18,685	(17,685)
Other	1,000	1,000	8,665	(7,665)
Capital outlay	5,000	5,000	108,003	(103,003)
Debt Service:				
Principal	285,000	285,000	144,476	140,524
Interest	43,000	43,000	39,358	3,642
Total expenditures	<u>1,255,843</u>	<u>1,255,843</u>	<u>1,465,284</u>	<u>(209,441)</u>
Changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (60,004)</u>	<u>\$ 358,878</u>

HOLLY SPRINGS FIRE AND RESCUE DISTRICT
INMAN, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
POLICE OFFICERS RETIREMENT SYSTEM

Exhibit 2

	Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.01566%	0.02191%	0.01781%	0.01233%	0.01713%	0.00651%	0.00324%	0.00250%	0.00084%	0.00056%
District's proportionate share of the net pension liability	\$ 476,564	\$ 656,996	\$ 458,126	\$ 408,970	\$ 490,969	\$ 184,381	\$ 88,817	\$ 63,361	\$ 18,417	\$ 10,797
District's covered payroll	\$ 472,098	\$ 363,561	\$ 338,730	\$ 288,571	\$ 252,609	\$ 211,109	\$ 117,145	\$ 49,707	\$ 42,886	\$ 10,601
District's proportionate share of the net pension liability as a percentage of its covered payroll	100.9%	180.7%	135.2%	141.7%	194.4%	87.3%	75.8%	127.5%	42.9%	101.8%
Plan fiduciary net pension as a percentage of the total pension liability	67.8%	66.4%	70.4%	58.8%	62.7%	61.7%	60.9%	60.4%	64.6%	67.5%

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% for the year ended June 30, 2018.

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
INMAN, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PENSION PLAN CONTRIBUTIONS
POLICE OFFICERS RETIREMENT SYSTEM**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	99,329	72,858	\$ 65,172	\$ 52,635	\$ 46,076	\$ 36,395	\$ 19,024	\$ 7,078	\$ 5,892	\$ 1,422
Contributions in relation to the contractually required contribution	<u>99,329</u>	<u>72,858</u>	<u>65,172</u>	<u>46,076</u>	<u>46,076</u>	<u>36,395</u>	<u>7,078</u>	<u>5,892</u>	<u>1,422</u>	<u>870</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,559</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,946</u>	<u>\$ 1,186</u>	<u>\$ 4,470</u>	<u>\$ 552</u>
District's covered payroll	\$ 472,098	\$ 363,561	\$ 338,730	\$ 288,571	\$ 252,609	\$ 211,109	\$ 117,145	\$ 49,707	\$ 42,886	\$ 10,601
Contributions as a percentage of covered payroll	21.04%	20.04%	19.24%	18.24%	18.24%	17.24%	16.24%	14.24%	13.74%	13.41%



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners
Holly Springs Fire and Rescue District
Inman, 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, each major fund, and the aggregate remaining fund information of Holly Springs Fire and Rescue District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Holly Springs Fire and Rescue District's basic financial statements, and have issued our report thereon dated March 13, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Holly Springs Fire and Rescue District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed

no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Love Bailey & Associates, LLC

Love Bailey & Associates, LLC
Laurens, South Carolina
March 13, 2025