



Fire District Millage Request Application

Contact Information

District Name: Clear Spring Fire - Rescue State FDID Number 23233
Fire Chief's Name: Michael Huppmann Email:
Mailing Address: 3008 Woodcuff Rd City, State, Zip: Simpsonville, SC, 29681
Contact Person's Name: Angela Cantone Email: CSFrccommissioner@gmail.com
Address: 2435 East Georgia Rd City, State, Zip: Simpsonville SC 29681
Phone: 864-293-5296 Fax:

Financial Operations

Please Check One of the Following Options:

- Our district is seeking to maintain our current millage rate
Our district is seeking a millage rate increase
Our district is seeking bond, lease purchase transaction approval

FD Annual Budget \$1,846,056.00 Value of One Mill \$77,530
FD Current Millage Rate 23.9 + 2.0 DIS Value of Total Millage \$1,852,967.00
Taxes collected last fiscal year (July 1-June 30) \$1,794,366.12 (excluding DIS)
Supplemental non-tax income last fiscal year (grants, fundraisers, etc.) \$3734.00

Staffing

Deployable:
Number of Paid Firefighters 28 Number of Volunteer Fire Fighters 20
Non-Deployable:
Number of Administrative Staff 5 Communications 0

For the following financial measurements, please provide a dollar amount.
(Any additional pertinent information can be detailed in an attached sheet.)

Debt Service \$253,707.50 (\$155,060 DIS)
(include annual amount of any/all payments on stations, apparatus, and equipment)

Operating Expenses \$1,846,056.00
(include all normal operating expenses, including operational overhead and salary expenses)

Reserve/Savings \$1 million Assigned Fund Policy \$1 million for emergency in reserve
(include any/all reserve and/or savings currently on hand for breakdowns, purchases or replacements)

When did your district last request a millage increase? never
Was your request granted? n/a

If so, please detail your accomplishments with the additional revenue? (You may attach a separate sheet if necessary.)

n/a

Performance Data

ISO Rating 03/34
 Population Served (daytime) 16,050
 Number of Households 5162

Year Rating Received 2015
 Population Served (nighttime) 19,322
 Number of Businesses 58

Total Number of Calls Last Year (fiscal year?) 784
 Number of Structure Fires 26
 Number of Medical Calls 363
 Number of Vehicle Fires 9
 Number Mutual Aid Calls Sent 91
 Number of Hazmat Calls 32

Number of MVA's 80
 Number of Brush Fires 36
 Number of Public Service Calls 212
 Number Mutual Aid Calls Rec'd 48
 Number of Rescue Calls 26

*For the following questions, please circle or highlight "Y" for Yes or "N" for No.
 (Any additional pertinent information may be provided in a separate sheet.)*

- Is your district registered with the State Firefighter Mobilization? (Y) / N
- Does your district participate in the South Carolina Fire Incident Reporting System? (Y) / N
- Is your district in compliance with the SC Firefighter Registration Act? (Y) / N
- Does your district meet requirements of OSHA Standard 1910.30 for Infectious Disease Control? (Y) / N
- Does your district perform annual SCBA fit testing on all active personnel? (Y) / N
- Do your district's firefighters meet minimum OSHA training requirements? (Y) / N
- Does your district perform annual testing on all ground and aerial ladders to meet NFPA standard? (Y) / N
- Does your district meet all NIMS requirements? (Y) / N
- Does your district have a fire prevention program? (Y) / N
- Does your district have a Fire Safety inspection program? (Y) / N
- Does your district have a pre-fire plan program? (Y) / N
- Does your district meet minimum hose testing requirements? (Y) / N
- Does your district meet minimum pump testing requirements? (Y) / N
- Does your department meet minimum apparatus requirements? (Y) / N
- Does your district meet minimum equipment on apparatus requirements? (Y) / N
- Does your district have a preventive maintenance program for your apparatus? (Y) / N
- Does your district provide physicals to all members? (Y) / N
- Do all of your members meet the minimum training requirements for their specific job titles? (Y) / N
- Does your district meet minimum communication requirements? (Y) / N
- Does your district meet Narrow Band Requirements? (Y) / N
- Does your district house an EMS vehicle? (Y) / (N)

For the following questions, please provide the more detailed information necessary to understand the complexities for your district. You may attach separate sheets as necessary to fully answer the questions.

1. Please describe any businesses or structures which require special equipment or represent potentially dangerous calls.

Rewa

Multi Family 3 story Residential apartment complex
Several multi unit business complexes

2. Please list any mutual aid agreements or operational or resource sharing agreements your district participates in with other fire districts.

County wide mutual aid agreement
Ricdville FD mutual aid agreement

3. Please describe how, if at all, the requested millage increase will impact your district's ISO ratings.

A requested increase would allow us to increase staffing and repair or purchase aging apparatus which would help maintain and lower ISO ratings

4. Please describe the tax-exempt properties in your district and the services you provide to these entities.

We have 6 places of worship

2 county facilities

1 county elementary school

We provide Fire + Ems services as well as fire prevention and community awareness and education programs.

Please assign a priority rating to your millage increase request from the following options: Priority 2

Priority 1: Without the increase, we cannot continue to provide the level of service that we are giving currently. Our ISO ratings could be affected negatively. The need is dire.

Priority 2: Without the increase, we cannot purchase needed equipment to improve the level of service we are currently giving. ISO ratings may or may not be improved. This priority level also allows for needed specialty equipment to be acquired.

Priority 3: Without the increase, we can continue to provide excellent service to our district, but the increase will allow us to improve our operation in an exemplary way. ISO ratings may potentially be improved.

Opportunity for Council person(s) statement:

I, _____, County Council representative to this fire district, **Support / Do Not Support** this request.

I, _____, County Council representative to this fire district, **Support / Do Not Support** this request.

I, _____, County Council representative to this fire district, **Support / Do Not Support** this request.

Please include with your application the following documents:

- A formal letter from the Commission stating the intentions to either maintain or increase millage;
- Last year's financial audit;
- A five-year plan (spreadsheet) showing projected revenues as well as operating and capital expenditures;
- Any background information necessary to justify the need of a millage increase; and
- A signed resolution from the governing body approving the operating/capital plan and millage increase.

All applications should be mailed or emailed to:

Greenville County Finance Committee
Attn: John Hansley, Deputy County Administrator
301 University Ridge, Suite 2400
Greenville, SC 29601

or

jhansley@greenvillecounty.org

Clear Spring Fire Service Area, South Carolina

A RESOLUTION

A RESOLUTION TO APPROVE AND ADOPT A FIVE YEAR REVENUE AND EXPENDITURE PLAN FOR THE CLEAR SPRING FIRE SERVICE AREA, LOCATED IN GREENVILLE COUNTY, SOUTH CAROLINA.

WHEREAS, the CSFSA of Clear Spring (the "CSFSA") has a contract with Greenville County (the "County") to provide fire suppression and other fire protection related services to county residents residing in the CSFSA; and

WHEREAS, in order to provide the required services to meet the requirements of the contract and to meet the fire protection needs to the residents of the CSFSA, certain capital improvements (the "Capital Improvement Program") must be undertaken; and

WHEREAS, proper planning and management for the provision of fire services in the CSFSA requires a Five-Year Revenue and Expenditure Plan (the "Plan") to keep up with and adequately respond to the growth and demand for service in the CSFSA; and

WHEREAS, it is the finding of the CSFSA Commissioners that the Plan necessary to adequately serve the needs of the residents of the CSFSA; and

WHEREAS, the CSFSA provides a professionally trained staff of part-time, full-time and volunteer firefighters who continue to undergo rigorous additional training to be ready and skilled in fighting fires, saving lives and protecting property; and

WHEREAS, it is the further finding of the CSFSA that the implementation of the Plan will result in:

- Reduced response times for calls for service;
- Strong ISO ratings;
- Enhanced fire protection services being provided throughout the CSFSA; and
- The potential for saving lives and increasing safety for firefighters.

NOW, THEREFORE, BE IT RESOLVED that CSFSA Commissioners hereby approves the Plan for the CSFSA that is attached hereto and made a part hereof by reference.

Clear Spring Fire and Rescue
Preliminary Projected Revenues and Expenditures
\$3.3 Million Station, 20 Year Amortization, 2003 Refunding

	Projection					
	2017	2018	2019	2020	2021	2022
Revenues						
Greenville County						
Assessed Value (Adj Collectable Levy)	\$71,129,707	\$73,263,598	\$75,461,506	\$77,725,351	\$80,057,111	\$82,458,825
Operating Millage Levy	23.90	23.90	23.90	23.90	23.90	23.90
Value of Total Mills/Projected Operating Revenue	\$1,700,000	\$1,751,000	\$1,803,530	\$1,857,638	\$1,913,365	\$1,970,768
Grant Revenue						
Total Revenues	\$1,700,000	\$1,751,000	\$1,803,530	\$1,857,638	\$1,913,365	\$1,970,768
Expenses						
Personnel Expenses						
Salaries	\$491,208	\$543,658	\$549,094	\$554,584	\$560,129	\$565,730
Volunteers	\$120,450	\$200,000	\$200,000	\$210,000	\$215,000	\$220,222
Overtime		\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
New Hires		\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
FICA	\$46,792	\$56,890	\$57,306	\$58,491	\$59,297	\$60,108
Retirement (Percentage of Salaries)	\$85,632	\$111,549	\$112,364	\$122,333	\$131,772	\$133,612
Run Money	\$17,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Sub-total Personnel Expense	\$761,082	\$927,097	\$933,764	\$960,408	\$981,198	\$994,672
Operating Expense						
Accounting	\$9,000	\$9,000	\$9,180	\$9,364	\$9,551	\$9,741
Computer	\$2,500	\$4,500	\$4,545	\$4,590	\$4,636	\$4,683
Convention	\$6,500	\$12,000	\$12,120	\$12,241	\$12,364	\$12,487
Employee Recognition	\$13,000	\$13,000	\$13,130	\$13,261	\$13,386	\$13,520
Fire Fighting Equipment	\$7,500	\$12,000	\$12,240	\$12,485	\$12,734	\$12,989
Fire Fighting Equipment Maintenance	\$4,200	\$5,000	\$5,100	\$5,202	\$5,308	\$5,412
Fire Prevention	\$4,500	\$3,000	\$3,500	\$3,500	\$4,000	\$4,000
Insurance - Health	\$153,000	\$182,000	\$182,000	\$170,100	\$178,605	\$187,535
Insurance - Bldg & Trucks	\$35,000	\$35,000	\$35,700	\$37,485	\$39,359	\$41,327
Medical Supplies	\$4,000	\$5,500	\$5,610	\$5,722	\$5,837	\$5,953
Membership Dues	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Misc. Expenses	\$5,500	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500
Legal	\$25,000	\$15,000	\$15,000	\$15,000	\$15,750	\$16,538
Hep B	\$900	\$900	\$900	\$900	\$900	\$900
Physicals	\$9,000	\$7,600	\$8,000	\$8,080	\$8,161	\$8,242
Radio Equipment	\$8,000	\$8,000	\$8,160	\$8,323	\$8,490	\$8,659
Refuse	\$2,800	\$2,800	\$2,856	\$2,913	\$2,971	\$3,031
Service/Bank Charges	\$2,000	\$2,000	\$2,040	\$2,081	\$2,122	\$2,165
Station Expenses - Repair	\$10,000	\$10,000	\$10,500	\$11,025	\$11,576	\$12,155
Station Expenses - Equipment	\$10,000	\$10,000	\$10,500	\$11,025	\$11,576	\$12,155
Station Expenses - Office & Supplies	\$15,000	\$20,000	\$21,000	\$22,050	\$23,153	\$24,310
Training	\$10,000	\$10,000	\$10,500	\$11,025	\$11,576	\$12,155
Trucks - Fuel	\$30,000	\$30,000	\$31,500	\$33,075	\$34,729	\$36,465
Trucks - Repair	\$30,000	\$35,000	\$36,750	\$38,588	\$40,517	\$42,543
Trucks - Preventative	\$20,000	\$20,000	\$48,000	\$50,400	\$52,920	\$55,568
Turnout Gear	\$5,000	\$7,000	\$7,700	\$7,700	\$8,085	\$8,489
Accident Policy	\$3,215	\$3,215	\$3,500	\$3,500	\$3,500	\$3,750
Workers Comp	\$37,000	\$42,000	\$48,200	\$48,510	\$50,936	\$53,482
Uniforms	\$13,000	\$5,000	\$6,000	\$6,600	\$7,260	\$7,986
Utilities	\$39,650	\$40,000	\$44,000	\$44,880	\$45,778	\$46,693
Sub-total Operating Expense	\$516,765	\$537,515	\$584,231	\$607,625	\$633,778	\$660,933
Total Operating Expenses	\$1,277,847	\$1,464,612	\$1,517,995	\$1,568,033	\$1,614,976	\$1,655,605
Net Operating Revenues	\$422,153	\$286,388	\$285,535	\$289,602	\$298,389	\$315,161
Debt Millage	1.50	1.50	1.50	1.50	1.50	1.50
Value of Total Mills	\$106,695	\$109,895	\$113,192	\$116,588	\$120,086	\$123,688
Revenues Available for Debt Service	\$528,848	\$396,283	\$398,727	\$406,190	\$418,475	\$438,849
General Obligation Bonds						
2011C General Obligation Bonds	\$33,328					
2017 General Obligation Bonds		\$92,292	\$98,890	\$300,250	\$300,900	\$301,400
20 Year Amortization						
Total GO Payments	\$33,328	\$92,292	\$98,890	\$300,250	\$300,900	\$301,400
Surplus/Deficit	\$495,519	\$303,992	\$299,837	\$105,940	\$117,575	\$137,449

Greenville County, South Carolina
 General Obligation Refunding & Improvement Bonds, Series 2017
 Clear Spring Fire & Rescue District Project
 Final First Tennessee
 Aggregate Debt Service Schedule & Balance Report

Date	Principal	Coupon	Interest	Period Total	Fiscal Total	Debt Service Fund	Adj	Fiscal Total	Balance
6/8/2017									\$ 3,875,000.00
10/1/2017	\$ -	-	\$ 31,014.58	\$ 31,014.58					\$ 3,875,000.00
4/1/2018	\$ 170,000.00	3.0000	\$ 49,403.75	\$ 219,403.75	\$ 250,418.33	\$ (22,230.77)	\$	228,187.56	\$ 3,705,000.00
10/1/2018	\$ -	-	\$ 46,853.75	\$ 46,853.75					\$ 3,705,000.00
4/1/2019	\$ 160,000.00	3.0000	\$ 46,853.75	\$ 206,853.75	\$ 253,707.50		\$	253,707.50	\$ 3,545,000.00
10/1/2019	\$ -	-	\$ 44,453.75	\$ 44,453.75					\$ 3,545,000.00
4/1/2020	\$ 160,000.00	2.0000	\$ 44,453.75	\$ 204,453.75	\$ 248,907.50		\$	248,907.50	\$ 3,385,000.00
10/1/2020	\$ -	-	\$ 42,853.75	\$ 42,853.75					\$ 3,385,000.00
4/1/2021	\$ 165,000.00	2.0000	\$ 42,853.75	\$ 207,853.75	\$ 250,707.50		\$	250,707.50	\$ 3,220,000.00
10/1/2021	\$ -	-	\$ 41,203.75	\$ 41,203.75					\$ 3,220,000.00
4/1/2022	\$ 170,000.00	2.0000	\$ 41,203.75	\$ 211,203.75	\$ 252,407.50		\$	252,407.50	\$ 3,050,000.00
10/1/2022	\$ -	-	\$ 39,503.75	\$ 39,503.75					\$ 3,050,000.00
4/1/2023	\$ 170,000.00	2.0000	\$ 39,503.75	\$ 209,503.75	\$ 249,007.50		\$	249,007.50	\$ 2,880,000.00
10/1/2023	\$ -	-	\$ 37,803.75	\$ 37,803.75					\$ 2,880,000.00
4/1/2024	\$ 175,000.00	2.0000	\$ 37,803.75	\$ 212,803.75	\$ 250,607.50		\$	250,607.50	\$ 2,705,000.00
10/1/2024	\$ -	-	\$ 36,053.75	\$ 36,053.75					\$ 2,705,000.00
4/1/2025	\$ 180,000.00	2.0000	\$ 36,053.75	\$ 216,053.75	\$ 252,107.50		\$	252,107.50	\$ 2,525,000.00
10/1/2025	\$ -	-	\$ 34,253.75	\$ 34,253.75					\$ 2,525,000.00
4/1/2026	\$ 185,000.00	2.0000	\$ 34,253.75	\$ 219,253.75	\$ 253,507.50		\$	253,507.50	\$ 2,340,000.00
10/1/2026	\$ -	-	\$ 32,403.75	\$ 32,403.75					\$ 2,340,000.00
4/1/2027	\$ 185,000.00	2.5000	\$ 32,403.75	\$ 217,403.75	\$ 249,807.50		\$	249,807.50	\$ 2,155,000.00
10/1/2027	\$ -	-	\$ 30,091.25	\$ 30,091.25					\$ 2,155,000.00
4/1/2028	\$ 190,000.00	2.5000	\$ 30,091.25	\$ 220,091.25	\$ 250,182.50		\$	250,182.50	\$ 1,965,000.00
10/1/2028	\$ -	-	\$ 27,716.25	\$ 27,716.25					\$ 1,965,000.00
4/1/2029	\$ 195,000.00	2.5000	\$ 27,716.25	\$ 222,716.25	\$ 250,432.50		\$	250,432.50	\$ 1,770,000.00
10/1/2029	\$ -	-	\$ 25,278.75	\$ 25,278.75					\$ 1,770,000.00
4/1/2030	\$ 200,000.00	2.7500	\$ 25,278.75	\$ 225,278.75	\$ 250,557.50		\$	250,557.50	\$ 1,570,000.00
10/1/2030	\$ -	-	\$ 22,528.75	\$ 22,528.75					\$ 1,570,000.00
4/1/2031	\$ 205,000.00	2.7500	\$ 22,528.75	\$ 227,528.75	\$ 250,057.50		\$	250,057.50	\$ 1,365,000.00
10/1/2031	\$ -	-	\$ 19,710.00	\$ 19,710.00					\$ 1,365,000.00
4/1/2032	\$ 210,000.00	2.7500	\$ 19,710.00	\$ 229,710.00	\$ 249,420.00		\$	249,420.00	\$ 1,155,000.00
10/1/2032	\$ -	-	\$ 16,822.50	\$ 16,822.50					\$ 1,155,000.00
4/1/2033	\$ 220,000.00	2.7500	\$ 16,822.50	\$ 236,822.50	\$ 253,645.00		\$	253,645.00	\$ 935,000.00
10/1/2033	\$ -	-	\$ 13,797.50	\$ 13,797.50					\$ 935,000.00
4/1/2034	\$ 225,000.00	2.9000	\$ 13,797.50	\$ 238,797.50	\$ 252,595.00		\$	252,595.00	\$ 710,000.00
10/1/2034	\$ -	-	\$ 10,535.00	\$ 10,535.00					\$ 710,000.00
4/1/2035	\$ 230,000.00	2.9000	\$ 10,535.00	\$ 240,535.00	\$ 251,070.00		\$	251,070.00	\$ 480,000.00
10/1/2035	\$ -	-	\$ 7,200.00	\$ 7,200.00					\$ 480,000.00
4/1/2036	\$ 235,000.00	3.0000	\$ 7,200.00	\$ 242,200.00	\$ 249,400.00		\$	249,400.00	\$ 245,000.00
10/1/2036	\$ -	-	\$ 3,675.00	\$ 3,675.00					\$ 245,000.00
4/1/2037	\$ 245,000.00	3.0000	\$ 3,675.00	\$ 248,675.00	\$ 252,350.00		\$	252,350.00	\$ -
	\$3,875,000.00		\$1,145,895.83	\$5,020,895.83	\$5,020,895.83			\$4,998,665.06	

Dated Date	6/8/17	
Delivery Date	6/8/17	
Bond Years	42,858.8194	
Average Coupon %	2.6737	
Average Life	11.0603	
NIC %	2.6101	Using 100.00
Weighted Bond Years	43,291.1761	
Weighted Average Life	11.0110	
Weighted NIC %	2.5840	Using 100.00
TIC %	2.5956	From Dated Date
Arbitrage Yield %	2.5064	

Call Option(s)	
4/1/2027	\$ 100

Clear Spring Fire and Rescue

2435 East Georgia Rd
Simpsonville, SC 29681
(864) 228-6090

To Whom It May Concern,



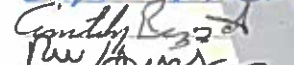
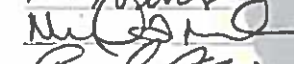



The Board of Fire Commissioners for Clear Spring Fire and Rescue would like Greenville County Council to consider our request for a millage increase. We are requesting the statutory limit with a 3 year look back for consumer price index and population growth.

The purpose of this millage increase request is to improve many areas of our District's ISO rating by increasing personnel to align more appropriately with the NFPA Standards, purchase life saving equipment and increase the frequency and caliber of training that our staff will receive.

Clear Spring Fire and Rescue to our knowledge has not requested a millage increase in over 10 years. It is our belief that if approved this millage increase will aid the District in completing all tasks laid out as well as help implement a long range plan to keep the district at an above industry standards.

Thank You for taking the time to consider our application and we look forward to hearing from you and showing you just how great Clear Spring Fire and Rescue can be.

Respectfully Yours,
Clear Spring Fire and Rescue Board of Commissioners

	Chairman	6/13/2018
	Vice Chairman	6/13/2018
	Commissioner	6/13/18
	Commissioner	6/13/18
	Commissioner	6-13, 8
	Commissioner	6/13/2018
	Commissioner	6/13/2018

Clear Spring Fire Service Area, South Carolina

A RESOLUTION

A RESOLUTION FOR PURPOSES OF APPROVING AN INCREASE TO THE MILLAGE LIMITATION ESTABLISHED FOR THE CLEAR SPRING FIRE AND RESCUE SERVICE AREA AND TO REQUEST GREENVILLE COUNTY COUNCIL'S APPROVAL OF THE INCREASE OF THE MILLAGE LIMITATION

WHEREAS, the CSFSA of Clear Spring (the "CSFSA") is a special tax district formed by Greenville County (the "County") to provide fire suppression and other fire protection related services to county residents residing in the CSFSA; and

WHEREAS, in order to provide the required services and to meet the fire protection needs to the residents of the CSFSA, additional full time firefighters and updates to life saving equipment would potentially lower the District ISO rating giving the homeowners and business owners the advantage of lower rates and provide a closer alignment with the NFPA staffing standards; and

WHEREAS, proper planning and management for the provision of fire services in the CSFSA requires a Five-Year Revenue and Expenditure Plan (the "Plan") to keep up with and adequately respond to the growth and demand for service in the CSFSA; such plan was adopted by the CSFSA Commissioners in March of 2017 and

WHEREAS, it is the finding of the CSFSA Commissioners that the requested millage increase of the minimum Consumer Price Index and Population growth plus a 3 year look back is necessary to adequately follow through with the long range planning and growth to serve the needs of the residents of the CSFSA; and

WHEREAS, the CSFSA provides a professionally trained staff of part-time, full-time and volunteer firefighters who continue to undergo rigorous additional training to be ready and skilled in fighting fires, saving lives and protecting property; and

WHEREAS, it is the further finding of the CSFSA Commissioners that the approval of the Millage increase will result in:

- Reduced response times for calls for service;
 - Strong ISO ratings;
 - Enhanced fire protection services being provided throughout the CSFSA; and
 - The potential for saving lives and increasing safety for firefighters.
-

NOW, THEREFORE, BE IT RESOLVED that CSFSA Commissioners hereby approve the request for the millage increase of the minimum consumer price index and population growth plus a 3 year look back as provided by the statute for the CSFSA

IT IS FURTHER RESOLVED that the CSFSA Commissioners request approval from Greenville County Council and its affiliated committees for the millage increase

DONE IN REGULAR MEETING THIS 13th **DAY OF** JUNE, 2018.


Clear Spring Fire Service Area, South Carolina
Commissioner

ATTEST:


Clear Spring Fire Service Area, South Carolina
Commissioner

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

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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

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

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CLEAR SPRING FIRE AND RESCUE

Simpsonville, South Carolina

A Special Purpose District

created by

Greenville County Council

1981

BOARD OF FIRE CONTROL

Toya Lyles, Chairman

Scott Mosher, Vice Chairman

Angela Mistrulli Cantone, Secretary

James Allison, At large

Robert Huslinger, Liasion



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Clear Spring Fire and Rescue, South Carolina ("CSFAR"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise CSFAR's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Clear Spring Fire and Rescue, South Carolina, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2017 on our consideration of CSFAR's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CSFAR's internal control over financial reporting and compliance.



Greene, Finney & Horton, LLP
Mauldin, South Carolina
September 25, 2017

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

This management's discussion and analysis ("MD&A") of Clear Spring Fire and Rescue's ("CSFAR") financial performance provides an overview of CSFAR's financial activities for the fiscal year ended June 30, 2017 ("FY 2017" or "2017") compared to fiscal year ended June 30, 2016 ("FY 2016" or "2016"). The intent of this MD&A is to present CSFAR's financial performance as a whole; readers should also review the financial statements, the notes to the financial statements, the required supplementary information, and the supplementary information to enhance their understanding of CSFAR's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2017 are as follows:

- On the government-wide financial statements, the assets and deferred outflows of resources of CSFAR exceeded its liabilities and deferred inflows of resources at June 30, 2017 by approximately \$2,946,000. Of this amount, approximately \$1,194,000 is unrestricted and may be used to meet CSFAR's ongoing obligations to citizens and creditors.
- CSFAR's total net position increased by approximately \$535,000 in 2017. The primary reason for the increase in total net position is due to revenues exceeding expenses of CSFAR.
- CSFAR had approximately \$1,593,000 in expenses related to governmental activities. General revenues (primarily taxes) of approximately \$2,128,000 provided funding for CSFAR's programs.
- As of the close of the current fiscal year, CSFAR's governmental funds reported ending fund balances of approximately \$5,356,000, an increase of approximately \$2,924,000 from the prior year ending fund balances primarily due to unspent bond proceeds. The increase in 2017 was primarily the result of the increase in the General Fund of approximately \$2,912,000 and an increase in the Debt Service Fund of approximately \$12,000. Approximately \$50,000 of the fund balance is nonspendable relating to CSFAR's prepaid insurance, approximately \$50,000 is restricted for general obligation bond debt service, approximately \$3,216,000 is restricted for capital improvements and approximately \$2,040,000 is unassigned.
- During 2017, CSFAR's General Fund revenues increased approximately \$76,000 to approximately \$1,794,000. The increase was primarily due to an increase in property tax revenue of approximately \$81,000, partially offset by a decrease in miscellaneous revenue of approximately \$5,000. CSFAR's General Fund expenditures were approximately \$2,747,000 compared to approximately \$1,500,000 in the prior year. The increase was primarily due to an increase in capital outlay of approximately \$1,090,000.
- CSFAR's total net capital assets increased by approximately \$764,000 (46%) during the current fiscal year. The primary reasons for the increase was the purchase of new fire trucks and support vehicles for approximately \$1,131,000 and an increase in construction in progress on the new fire station of approximately \$90,000, partially offset by depreciation expense of approximately \$104,000, the sale of land of approximately \$314,000, and the sale of fire trucks and support vehicles of approximately \$39,000.
- CSFAR's total debt obligations increased by approximately \$3,182,000 due to the issuance of the 2017 refunding and improvement general obligation bonds ("2017 GORIB"), partially offset by regularly scheduled payments, current refunding payments on the 2003 general obligation bonds ("GOB"), and early retirement payments on the 2011 GOB.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The *Statement of Net Position* presents information on all of CSFAR'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 CSFAR is improving or deteriorating.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

The government-wide financial statements may distinguish functions of CSFAR 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 CSFAR include fire safety and emergency response services. CSFAR 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 CSFAR, reporting operations in more detail than the government-wide financial statements.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. CSFAR, 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. CSFAR utilizes only governmental funds in reporting its operations.

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

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

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

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

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

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Figure A-1 Major Features of CSFAR’s Government-Wide and Fund Financial Statements		
	Government-Wide Financial Statements	Governmental Fund Financial Statements
Scope	Entire CSFAR	The activities of CSFAR that are governmental in nature
Required financial statements	<ul style="list-style-type: none"> ▪ Statement of Net Position ▪ Statement of Activities 	<ul style="list-style-type: none"> ▪ Balance Sheet ▪ Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of balance sheet information	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets and deferred outflows of resources (if any) expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term obligations are included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of CSFAR, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources (net position) by approximately \$2,946,000 and \$2,411,000 at the close of the most recent two fiscal years, respectively. Table 1 provides a summary of CSFAR's net position at June 30, 2017 and 2016:

Table 1 - Net Position

	Governmental Activities	
	June 30, 2017	June 30, 2016
Assets		
Current and Other Assets	\$ 5,454,347	\$ 2,539,407
Capital Assets, Net	2,421,997	1,658,226
Total Assets	<u>7,876,344</u>	<u>4,197,633</u>
Deferred Outflows of Resources		
Deferred Pension Charges	<u>223,708</u>	<u>145,582</u>
Liabilities		
Other Liabilities	85,198	103,332
Net Pension Liability	927,033	1,069,981
Long-Term Liabilities	3,938,314	758,034
Total Liabilities	<u>4,950,545</u>	<u>1,931,347</u>
Deferred Inflows of Resources		
Deferred Pension Credits	<u>203,426</u>	<u>371</u>
Net Position		
Net Investment in Capital Assets	1,706,897	909,226
Restricted	44,703	31,344
Unrestricted	1,194,481	1,470,927
Total Net Position	<u>\$ 2,946,081</u>	<u>\$ 2,411,497</u>

The increase in total assets for 2017 compared to 2016 was primarily due to an increase in capital assets and in current and other assets. The increase in capital assets was primarily due to the purchase of new fire trucks and support vehicles during the year (partially offset by depreciation expense and the sale of capital assets). The increase in total liabilities for 2017 compared to 2016 was primarily due to an increase in long-term liabilities due to the issuance of the 2017 GORIB. The changes in the net pension liability and deferred outflows and inflows of resources was primarily due to differences between expected and actual liability/investment experience and changes in the percentage of the CSFAR's share of the net pension liability in the State retirement plans.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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

- ◆ Net investment in capital assets – This represents amounts invested in capital assets, less accumulated depreciation and amortization on those assets. At June 30, 2017 and 2016, the amount invested in capital assets was approximately \$1,707,000 (58%) and \$909,000 (38%), respectively.
- ◆ Restricted – This represents the portion of net position that is restricted by outside parties for a specific purpose. The balance of restricted net position as of June 30, 2017 and 2016 was approximately \$45,000 (1%) and \$31,000 (1%), respectively, and was restricted for debt service.
- ◆ Unrestricted – This represents the portion of net position that can be used to finance the daily operations of the CSFAR for which no restrictions are imposed. The balance of unrestricted net position as of June 30, 2017 and 2016 was approximately \$1,194,000 (41%) and \$1,471,000 (61%), respectively.

Table 2 shows the changes in net position for 2017 and 2016:

Table 2 - Changes in Net Position

Revenues	Governmental Activities	
	2017	2016
General Revenue:		
Property Taxes	\$ 1,910,967	\$ 1,820,828
Contributions - Unrestricted	1,157	2,477
Miscellaneous Revenue	6,568	11,176
Unrestricted Investment Earnings	4,224	3,122
Gain from Sale and Disposal of Assets	204,756	-
Total Revenues	2,127,672	1,837,603
Program Expenses		
Fire Safety and Emergency Response	1,448,892	1,325,640
Interest and Other Charges	144,196	42,054
Total Program Expenses	1,593,088	1,367,694
Change in Net Position	534,584	469,909
Net Position, Beginning of Year	2,411,497	1,941,588
Net Position, End of Year	\$ 2,946,081	\$ 2,411,497

CSFAR's net position increased in 2017 by approximately \$535,000 or 22%. Key elements of this increase are as follows:

- Total revenues increased approximately \$290,000 from the prior year primarily due to an increase in the disposal of assets of approximately \$205,000, greater property tax collections (approximately \$90,000), partially offset by lower miscellaneous revenue of approximately \$5,000.
- Program expenses increased approximately \$225,000 from the prior year primarily due to an increase in health insurance, vehicle maintenance costs, and bond issuance costs.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

FINANCIAL ANALYSIS OF CSFAR'S FUNDS

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

Governmental Funds

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

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

For the year ended June 30, 2017, CSFAR's General Fund, a major fund, reported fund balance of approximately \$5,306,000 compared to approximately \$2,395,000 for the prior year. The increase is primarily attributable to unspent bond proceeds remaining for the construction of the new fire station. Revenues were higher in 2017 by approximately \$76,000 primarily due to higher property taxes of approximately \$81,000, partially offset by lower miscellaneous revenue of approximately \$5,000. Expenditures were higher in 2017 by approximately \$1,247,000, primarily due to an increase in capital outlay of approximately \$1,090,000 (new fire trucks, support vehicles and construction of the new fire station), higher debt service of approximately \$74,000 to early retire the 2011 GOB, and higher health insurance and vehicle maintenance costs.

In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At June 30, 2017, CSFAR's unassigned fund balance for the General Fund was approximately \$2,040,000. Restricted fund balance was approximately \$3,216,000 and is restricted for capital improvements (unspent bond proceeds). The remaining balance of approximately \$50,000 is nonspendable and relates to CSFAR's prepaid insurance.

For the year ended June 30, 2017, CSFAR's Debt Service Fund, a major fund, reported fund balance of approximately \$50,000 compared to approximately \$38,000 for the prior year. The slight increase is primarily attributable to revenues and other financing sources exceeding expenditures and other financing uses. Revenues were higher in 2017 primarily due to a growing property base. Expenditures were higher in 2017, primarily due to the costs for the issuance of the 2017 GORIB.

General Fund Budgetary Highlights

CSFAR's budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The only budgeted fund of CSFAR is the General Fund. During the course of 2017, amendments were made to the CSFAR's revenue and expenditure budgets. Actual revenues were higher than budgeted revenues by approximately \$16,000 primarily due to higher than expected miscellaneous income. Actual expenditures were higher than budgeted expenditures by approximately \$260,000, primarily due to higher capital outlay and higher principal payments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

CSFAR had approximately \$2,422,000 and \$1,658,000 in capital assets at the close of 2017 and 2016, respectively. Table 3 shows capital asset balances by category at June, 2017 and 2016:

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

Table 3 - Capital Assets

	Governmental Activities	
	June 30, 2017	June 30, 2016
Land	\$ 571,701	\$ 885,488
Construction in Progress	90,075	-
Buildings and Improvements	1,062,738	1,062,738
Emergency Vehicles	2,194,370	1,768,126
Support Vehicles	150,075	110,333
Equipment	212,293	212,293
Less: Accumulated Depreciation	(1,859,255)	(2,380,752)
Totals	<u>\$ 2,421,997</u>	<u>\$ 1,658,226</u>

The total increase in CSFAR's capital assets for 2017 was approximately \$764,000. The primary reasons for the increase was the purchase of new fire trucks and support vehicles for approximately \$1,131,000 and an increase in construction in progress on the new fire station of approximately \$90,000, partially offset by depreciation expense of approximately \$104,000, the sale of land of approximately \$314,000, and the sale of fire trucks and support vehicles of approximately \$39,000.

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

Debt Administration

At June 30, 2017 and 2016, CSFAR had outstanding debt of approximately \$3,932,000 and \$749,000, respectively. Table 4 shows long-term debt at June 30, 2017 and 2016:

Table 4 - Long-Term Debt

	Governmental Activities	
	June 30, 2017	June 30, 2016
2003 GOB	\$ -	\$ 560,000
2011 GOB	-	189,000
2017 GORIB	3,875,000	-
Premium on 2017 GORIB	56,381	-
Total	<u>\$ 3,931,381</u>	<u>\$ 749,000</u>

The net increase in CSFAR's long-term debt was approximately \$3,182,000 (425%). Major long-term debt events during the current year included:

- Issuance of the 2017 GORIB for approximately \$3,875,000 and premium of approximately \$56,000 which were used to current refund the 2003 GOB and to provid funds for the construction of a new fire station.
- Regularly scheduled principal payments of approximately \$99,000 and approximately \$650,000 in amounts that were either refunded or retired early.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration (Continued)

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

ECONOMIC FACTORS

CSFAR is a fire protection area created by an ordinance of Greenville, South Carolina County Council in 1981. Prior to its legal name change on July 1, 2004, CSFAR was known as East Simpsonville Fire District. CSFAR provides fire protection and emergency response services within its boundaries. The governing body is the Board of Fire Control ("Board") which consists of five members who establish policy for CSFAR.

FISCAL YEAR 2018 BUDGET

Many factors were considered by CSFAR's administration during the process of developing the 2018 budget. CSFAR's budget was prepared to continue the vision and mission of the CSFAR. CSFAR has budgeted expenditures for 2018 of approximately \$1,552,000.

CONTACTING CSFAR'S FINANCIAL MANAGEMENT

This financial report is designed to provide those interested with a general overview of CSFAR's finances and to show CSFAR's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Fire Chief Gabe Mull at 2435 E Georgia Rd, Simpsonville, SC 29681, by telephone at 864-228-6090.

Financial Statements

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

STATEMENT OF NET POSITION

JUNE 30, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 2,065,393
Restricted Cash and Investments Held by County Treasurer	3,292,037
Property Taxes Receivable, Net	46,613
Other Receivables	69
Prepays	50,235
Capital Assets:	
Non-Depreciable	661,776
Depreciable, Net	1,760,221
TOTAL ASSETS	<u>7,876,344</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Charges	<u>223,708</u>
LIABILITIES	
Accounts Payable	68,046
Accrued Payroll and Payroll Taxes	10,949
Accrued Interest	6,203
Non-Current Liabilities:	
Net Pension Liability	927,033
Long-Term Obligations - Due Within One Year	173,476
Long-Term Obligations - Due in More Than One Year	3,764,838
TOTAL LIABILITIES	<u>4,950,545</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Credits	<u>203,426</u>
NET POSITION	
Net Investment in Capital Assets	1,706,897
Restricted for Debt Service	44,703
Unrestricted	1,194,481
TOTAL NET POSITION	<u><u>\$ 2,946,081</u></u>

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

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

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

<u>FUNCTIONS/PROGRAMS</u>	<u>PROGRAM REVENUES</u>			NET (EXPENSE)	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>REVENUE AND CHANGE IN NET POSITION</u>
PRIMARY GOVERNMENT:					<u>Primary Government Totals</u>
Governmental Activities:					
Fire Safety and Emergency Response	\$ 1,448,892	-	-	-	\$ (1,448,892)
Interest and Other Charges	144,196	-	-	-	(144,196)
TOTAL PRIMARY GOVERNMENT	<u>\$ 1,593,088</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,593,088)</u>
General Revenues:					
Property Taxes Levied for General Purposes					1,790,570
Property Taxes Levied for Debt Service					120,397
Unrestricted Investment Earnings					4,224
Unrestricted Contributions					1,157
Miscellaneous Revenue					6,568
Gain from Sale and Disposal of Assets					204,756
Total General Revenues					<u>2,127,672</u>
CHANGE IN NET POSITION					534,584
NET POSITION, Beginning of Year					<u>2,411,497</u>
NET POSITION, End of Year					<u>\$ 2,946,081</u>

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

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

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2017

	GENERAL FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	\$ 2,065,393	-	\$ 2,065,393
Restricted Cash and Investments Held by County Treasurer	3,243,966	48,071	3,292,037
Property Taxes Receivable, Net	43,778	2,835	46,613
Other Receivables	69	-	69
Prepaid Insurance	50,235	-	50,235
TOTAL ASSETS	\$ 5,403,441	50,906	\$ 5,454,347
LIABILITIES			
Accounts Payable	\$ 68,046	-	\$ 68,046
Accrued Payroll and Payroll Taxes	10,949	-	10,949
TOTAL LIABILITIES	78,995	-	78,995
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	18,112	1,138	19,250
TOTAL DEFERRED INFLOWS OF RESOURCES	18,112	1,138	19,250
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	97,107	1,138	98,245
FUND BALANCES:			
Nonspendable - Prepaid Insurance	50,235	-	50,235
Restricted for Debt Service	-	49,768	49,768
Restricted for Capital Improvements (Unspent Bond Proceeds)	3,216,281	-	3,216,281
Unassigned	2,039,818	-	2,039,818
TOTAL FUND BALANCES	5,306,334	49,768	5,356,102
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 5,403,441	50,906	\$ 5,454,347

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

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

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

JUNE 30, 2017

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS **\$ 5,356,102**

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

Outstanding property taxes which will be collected in the future, but are not available soon enough to pay for the current period's expenditures, are deferred in the governmental funds.	19,250
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets was \$4,281,252 and the accumulated depreciation was \$1,859,255.	2,421,997
CSFAR's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State retirement plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.	(906,751)
Accrued interest on CSFAR's debt is not due and payable in the current period and therefore is not reported as a liability in the governmental funds but is on the Statement of Net Position	(6,203)
Long-term obligations, including debt premiums are not due or payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term obligations at year-end are reported in the Statement of Net Position and consisted of the following:	
Long-Term Debt	(3,875,000)
Long-Term Debt Premium	(56,381)
Compensated Absences (Vacation Leave)	(6,933)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ 2,946,081**

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

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

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

YEAR ENDED JUNE 30, 2017

	GENERAL FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Property Taxes	\$ 1,782,463	119,888	\$ 1,902,351
Interest	3,895	329	4,224
Contributions	1,157	-	1,157
Miscellaneous	6,568	-	6,568
TOTAL REVENUES	1,794,083	120,217	1,914,300
EXPENDITURES			
Current:			
Fire Safety and Emergency Response	1,276,233	-	1,276,233
Capital Outlay	1,310,033	-	1,310,033
Debt Service:			
Principal	160,000	589,000	749,000
Interest and Fiscal Charges	804	31,265	32,069
Bond Issuance Costs	-	113,030	113,030
TOTAL EXPENDITURES	2,747,070	733,295	3,480,365
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(952,987)	(613,078)	(1,566,065)
OTHER FINANCING SOURCES (USES)			
Transfer In	3,306,356	-	3,306,356
Transfer Out	-	(3,306,356)	(3,306,356)
Refunding Bonds Issued	-	3,875,000	3,875,000
Premium on Refunding Bonds Issued	-	56,617	56,617
Sale of Capital Assets	558,239	-	558,239
TOTAL OTHER FINANCING SOURCES (USES)	3,864,595	625,261	4,489,856
CHANGES IN FUND BALANCES	2,911,608	12,183	2,923,791
FUND BALANCES, Beginning of Year	2,394,726	37,585	2,432,311
FUND BALANCES, End of Year	\$ 5,306,334	49,768	\$ 5,356,102

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

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

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

YEAR ENDED JUNE 30, 2017

TOTAL CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS	\$ 2,923,791
Amounts reported for the governmental activities in the Statement of Activities are different because of the following:	
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental fund. They are considered revenues in the Statement of Activities.	8,616
Repayment of principal for debt and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	749,000
Bond and capital lease proceeds provide current financial resources to governmental funds, but issuing debt or entering into capital leases also increases long term liabilities in the Statement of Net Position.	(3,875,000)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	667
Bond premiums are revenues the year they are received in governmental funds, but are amortized over the lives of the bonds in the Statement of Activities. This is the change in bond premiums in the current year.	(56,381)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	2,101
Changes in CSFAR's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year related to its participation in the State retirement plans are not reported in the governmental funds but are reported in the Statement of Activities.	18,019
Governmental funds report only proceeds received from the sale or involuntary conversion of capital assets, without any consideration for the net book value of the asset(s) that were sold/destroyed. The Statement of Activities reports gains or losses based on the proceeds received less the net book value of the asset(s) sold/destroyed.	(353,483)
The governmental funds report capital outlays as expenditures. However, in the Statement of Activities capital outlay expenditures that qualify as capital assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions of \$1,221,277 exceeded depreciation expense of \$104,023 in the current period.	1,117,254
TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 534,584

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The financial statements of CSFAR 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 CSFAR’s accounting policies are described below.

As required by GAAP, the financial statements present CSFAR’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 CSFAR both appoints a voting majority of the entity’s governing body, and either 1) CSFAR 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 CSFAR. 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 CSFAR and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on CSFAR.

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without CSFAR having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by CSFAR; and (c) issue bonded debt without approval by CSFAR. An entity has a financial benefit or burden relationship with CSFAR if, for example, any one of the following conditions exists: (a) CSFAR is legally entitled to or can otherwise access the entity’s resources, (b) CSFAR is legally obligated or has otherwise assumed the obligation to finance the deficits or, or provide financial support to, the entity, or (c) CSFAR is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above for being fiscally independent if excluding it would cause CSFAR’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 CSFAR. Based on the criteria above, CSFAR does not have any component units.

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

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

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

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

CLEAR SPRING FIRE AND RESCUE
SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

Fund financial statements report detailed information about CSFAR. 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. CSFAR does not have any nonmajor funds.

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

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

CLEAR SPRING FIRE AND RESCUE
SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

1. Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

CSFAR 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

CSFAR'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 CSFAR to invest in the following:

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Investments (Continued)

- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government;
- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government;
- (f) Repurchase agreements when collateralized by securities as set forth in this section; and
- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

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

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

2. Receivables and Payables

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

3. Prepaid Items

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Capital Assets

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

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

All reported capital assets, except land and construction in progress (if any), are depreciated. Construction projects begin being depreciated once they are complete, at which time the complete costs of the project are transferred to the appropriate capital asset category. Improvements are depreciated over the remaining useful lives of the related capital assets.

Governmental activities depreciation is computed using the straight-line method over the following useful lives:

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

5. Compensated Absences

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

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

6. Accrued Liabilities and Long-Term Obligations

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

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

CLEAR SPRING FIRE AND RESCUE
SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. *Accrued Liabilities and Long-Term Obligations (Continued)*

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

7. *Deferred Outflows/Inflows of Resources*

In addition to assets, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. CSFAR currently has one type of deferred outflows of resources. CSFAR reports *deferred pension charges* in its Statement of Net Position in connection with its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. These *deferred pension charges* are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of 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. CSFAR currently has two types of deferred inflows of resources: (1) CSFAR reports *unavailable revenue – property taxes* only in the governmental funds balance sheet; it is deferred and recognized as an inflow of resources (property tax revenues) in the period the amounts become available. (2) CSFAR also reports *deferred pension credits* in its Statement of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System. These *deferred pension credits* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

8. *Fund Balance*

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

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

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

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

CLEAR SPRING FIRE AND RESCUE
SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. *Fund Balance (Continued)*

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 CSFAR, the Board assigns fund balance by an approved motion by the Board before report issuance for fund balance to qualify in this category.

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

CSFAR 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, CSFAR generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

CSFAR's Board has formally adopted a minimum fund balance policy that requires 50% of the current year's General Fund Fire Safety and Emergency Response expenditures and 30% of the current year's General Fund revenues to be available as unassigned fund balance.

9. *Net Position*

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

10. *Pensions*

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.A and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. CSFAR 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 CSFAR's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of CSFAR'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.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Fair Value

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

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

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

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

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

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

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

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

12. Accounting Estimates

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

13. Comparative Data

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, CSFAR’s deposits might not be recovered. CSFAR 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, 2017, none of CSFAR’s bank balances of approximately \$2,133,000 (with a carrying value of approximately \$2,065,000) were exposed to custodial credit risk.

Investments

As of June 30, 2017, CSFAR had the following investments and maturities:

Investment Type	Fair Value Level	Credit Rating	Fair Value	Weighted Average Maturity
Cash and Investments Held by County Treasurer	N/A	Unrated	\$ 3,292,037	1-3 Years

N/A - Not Applicable

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

CSFAR does not typically buy security investments and thus has not developed a policy for credit risk, custodial credit risk, or concentration of credit risk for these types of investments.

B. Receivables and Unavailable Revenue

Property Taxes

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

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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

B. Receivables and Unavailable Revenue (Continued)

Property Taxes (Continued)

Property taxes are levied and billed by the County on real and business personal properties on October 1 based on an assessed value of approximately \$70.7 million at rates of 24.0 mills (23.9 mills in prior year) and 1.5 mills (no change from prior year) for the General Fund and Debt Service Fund, respectively. These taxes are due without penalty through January 15. Penalties are added to taxes depending on the date paid as follows:

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

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

CSFAR has recorded uncollected property taxes at June 30, 2017 of approximately \$47,000 (net of allowance for estimated uncollectible portion of approximately \$13,000). Property taxes of approximately \$28,000 have been recognized as revenue at June 30, 2017 because they are expected to be collected within 60 days of year end. The remaining amount of approximately \$19,000 has been recorded as unavailable revenue (component of deferred inflows of resources) on the governmental funds financial statements because it is not expected to be collected within 60 days of year end and thus is not considered available.

C. Interfund Transfers in and (out)

Debt Service Fund transfers into the General Fund of approximately \$3,306,000 were primarily to provide funds for construction of a new fire station.

**CLEAR SPRING FIRE AND RESCUE
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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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

D. Capital Assets

Capital asset activity for CSFAR for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Non-Depreciable:				
Land	\$ 885,488	-	313,787	\$ 571,701
Construction in Progress	-	90,075	-	90,075
Total Capital Assets, Non-Depreciable	<u>885,488</u>	<u>90,075</u>	<u>313,787</u>	<u>661,776</u>
Capital Assets, Depreciable:				
Buildings and Improvements	1,062,738	-	-	1,062,738
Emergency Vehicles	1,768,126	1,020,918	594,674	2,194,370
Support Vehicles	110,333	110,284	70,542	150,075
Furniture and Equipment	212,293	-	-	212,293
Total Capital Assets, Depreciable	<u>3,153,490</u>	<u>1,131,202</u>	<u>665,216</u>	<u>3,619,476</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	365,549	28,788	-	394,337
Emergency Vehicles	1,768,127	48,251	594,674	1,221,704
Support Vehicles	92,674	11,770	30,846	73,598
Furniture and Equipment	154,402	15,214	-	169,616
Total Accumulated Depreciation	<u>2,380,752</u>	<u>104,023</u>	<u>625,520</u>	<u>1,859,255</u>
Total Capital Assets, Depreciable, Net	<u>772,738</u>	<u>1,027,179</u>	<u>39,696</u>	<u>1,760,221</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,658,226</u>	<u>1,117,254</u>	<u>353,483</u>	<u>\$ 2,421,997</u>

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

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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

E. Long-Term Obligations

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

Details on CSFAR’s long-term obligations outstanding at June 30, 2017 are as follows:

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

Following is a summary of changes in CSFAR’s long-term obligations for the year ended June 30, 2017:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Debt:					
2003 GOB	\$ 560,000	-	560,000	-	\$ -
2011 GOB	189,000	-	189,000	-	-
2017 GORIB	-	3,875,000	-	3,875,000	170,000
Premium on 2017 GORIB	-	56,617	236	56,381	-
Total Debt	<u>749,000</u>	<u>3,931,617</u>	<u>749,236</u>	<u>3,931,381</u>	<u>170,000</u>
Compensated Absences	9,034	1,375	3,476	6,933	3,476
Total Governmental Activities	<u>\$ 758,034</u>	<u>3,932,992</u>	<u>752,712</u>	<u>3,938,314</u>	<u>\$ 173,476</u>

The Debt Service Fund has been used to pay all debt service requirements for CSFAR’s general obligation bonds, except General Fund resources were used in the current year to early retire the 2011 GOB. All other long-term obligations have been liquidated in the past with resources from CSFAR’s General Fund.

Current Refunding

In June 2017, Greenville County issued \$3,875,000 of GORIB to current refund the 2003 GOB for approximately \$490,000 with the remaining proceeds being used to construct a new fire station. The change in debt service payments and resulting economic gain (loss) resulting from this refunding was not significant.

**CLEAR SPRING FIRE AND RESCUE
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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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

E. Long-Term Obligations (Continued)

Debt service requirements on outstanding debt are as follows:

Year Ended June 30,	Debt	
	Principal	Interest
2018	\$ 170,000	\$ 80,418
2019	160,000	93,708
2020	160,000	88,908
2021	165,000	85,708
2022	170,000	82,408
2023-2027	895,000	360,038
2028-2032	1,000,000	250,650
2033-2037	1,155,000	104,060
	<u>\$ 3,875,000</u>	<u>\$ 1,145,898</u>

IV. OTHER INFORMATION

A. Retirement Plans

CSFAR participates in the State of South Carolina’s retirement plans, which are administered by the South Carolina Public Employee Benefit Authority (“PEBA”), which was created on July 1, 2012 and administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors (“PEBA Board”), appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the State Fiscal Accountability Authority (“SFAA”), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems (“Systems”) and serves as a co-trustee of the Systems in conducting that review.

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

Plan Description

The South Carolina Retirement System (“SCRS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

The South Carolina Police Officers Retirement System (“PORS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Membership

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

- SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012 is a Class Three member.
- PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Plan Benefits

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Benefits (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.

Plan Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the SFAA for approval an increase in the SCRS and PORS (“Plans”) employer and employee contribution rates, but any such increase may not result in a differential between the employee and total employer contribution rate that exceeds 2.9 percent of earnable compensation for the SCRS and 5 percent for the PORS. An increase in the contribution rates adopted by the PEBA Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the PEBA Board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the PEBA Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

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

	SCRS Rates			PORS Rates		
	2015	2016	2017	2015	2016	2017
Employer Contribution Rate: [^]						
Retirement*	10.75%	10.91%	11.41%	13.01%	13.34%	13.84%
Incidental Death Benefit	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
Accidental Death Contributions	0.00%	0.00%	0.00%	0.20%	0.20%	0.20%
	<u>10.90%</u>	<u>11.06%</u>	<u>11.56%</u>	<u>13.41%</u>	<u>13.74%</u>	<u>14.24%</u>
Employee Contribution Rate	<u>8.00%</u>	<u>8.16%</u>	<u>8.66%</u>	<u>8.41%</u>	<u>8.74%</u>	<u>9.24%</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Contributions (Continued)

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

Year Ended June 30,	SCRS Contributions		PORS Contributions	
	Required	% Contributed	Required	% Contributed
2017	\$ 7,573	100%	\$ 82,380	100%
2016	15,741	100%	66,829	100%
2015	\$ 11,175	100%	\$ 65,758	100%

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

Year Ended June 30,	SCRS Payroll	PORS Payroll	Total Payroll
2017	\$ 65,510	578,512	\$ 644,022
2016	142,324	486,385	628,709
2015	\$ 102,520	490,366	\$ 592,886

Actuarial Assumptions and Methods

Actuarial valuations 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. Actuarial assumptions and methods used during the annual valuation process are subject to periodic revision, typically with an experience study, as actual results over an extended period of time are compared with past expectations and new estimates are made about the future.

South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2015. As a result of the experience study, the actuary recommended adjustments to the actuarial assumptions, which included salary increase, payroll growth, mortality, retirement, terminations, refunds, disability, inflation, and asset valuation method. The experience study also recommended reducing the long-term investment rate of return assumption, which is a prescribed assumption that is set in state statute by the General Assembly, from 7.50 to 7.25 percent. With the exception of the rate of return, all recommended assumption and method changes were adopted by both the PEBA Board and SFAA, as co-fiduciaries. The General Assembly did not change the assumed annual rate of return during the 2016 legislative session so that assumption currently remains at 7.50 percent. The newly adopted assumptions and methods will be first used to perform the July 1, 2016 actuarial valuation, the results of which will be used in determining the total pension liability as of the June 30, 2017 measurement date.

The June 30, 2016 total pension liability, net pension liability, and sensitivity information were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (“GRS”) and are based on the July 1, 2015 actuarial valuations as adopted by the PEBA Board and the SFAA which utilized membership data as of July 1, 2015. The total pension liability was rolled-forward from the valuation date to the Plan’s fiscal year ended June 30, 2016 using generally accepted actuarial principles. Information included in these notes are based on the certification provided by GRS.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Actuarial Assumptions and Methods (Continued)

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2015, valuations for the SCRS and PORS.

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate of Return*	7.50%	7.50%
Projected Salary Increases*	3.5% to 12.5% (varies by service)	4.0% to 10.0% (varies by service)
Benefit Adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

* Includes inflation at 2.75%.

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000. Assumptions used in the July 1, 2015 valuations for the SCRS and PORS are as follows:

Former Job Class	Males	Females
Educators	RP-2000 Males (with White Collar adjustment) multiplied by 110%	RP-2000 Females (with White Collar adjustment) multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety and Firefighters	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments, as used in the July 1, 2015 actuarial valuations, was based upon the 30 year capital market outlook at the end of the third quarter 2015. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted beginning January 1, 2016. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Long-Term Expected Rate of Return (Continued)

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Global Equity	43.0%		
Global Public Equity	34.0%	6.52%	2.22%
Private Equity	9.0%	9.30%	0.84%
Real Assets	8.0%		
Real Estate	5.0%	4.32%	0.22%
Commodities	3.0%	4.53%	0.13%
Opportunistic	20.0%		
GTAA/Risk Parity	10.0%	3.90%	0.39%
HF (Low Beta)	10.0%	3.87%	0.39%
Diversified Credit	17.0%		
Mixed Credit	5.0%	3.52%	0.17%
Emerging Markets Debt	5.0%	4.91%	0.25%
Private Debt	7.0%	4.47%	0.31%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	1.72%	0.17%
Cash and Short Duration (Net)	2.0%	0.71%	0.01%
Total Expected Real Return	100.0%		5.10%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			7.85%

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

The net pension liability (“NPL”) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB No. 67 less that System’s fiduciary net position. NPL totals, as of June 30, 2016 measurement date, for the SCRS and PORS are presented in the following table:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 45,356,214,752	23,996,362,354	\$ 21,359,852,398	52.9%
PORS	\$ 6,412,510,458	3,876,035,732	\$ 2,536,474,726	60.4%

The total pension liability is calculated by the Systems’ actuary, and each plan’s fiduciary net position is reported in the Systems’ financial statements. The net pension liability is disclosed in accordance with the requirements of GASB No. 67 in the Systems’ notes to the financial statements and required supplementary information. Liability calculations performed by the Systems’ actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the Plans’ funding requirements.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

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

At June 30, 2017, CSFAR reported liabilities of approximately \$205,000 and \$722,000 for its proportionate share of the net pension liabilities for the SCRS and PORS, respectively. The net pension liabilities were measured as of June 30, 2016, and the total pension liabilities for the Plans used to calculate the net pension liabilities were determined based on the most recent actuarial valuation report as of July 1, 2015 that was projected forward to the measurement date. CSFAR's proportion of the net pension liabilities were based on a projection of CSFAR's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2016 measurement date, CSFAR's SCRS proportion was 0.00096 percent, which was a decrease of 0.00013 from its proportion measured as of June 30, 2015. At the June 30, 2016 measurement date, CSFAR's PORS proportion was 0.02845 percent, which was a decrease of 0.01113 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, CSFAR recognized pension expense of approximately \$20,000 and \$29,000 for the SCRS and PORS, respectively. At June 30, 2017, CSFAR reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	\$ 2,130	\$ 223
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	17,287	-
Changes in Proportionate Share and Differences Between Employer Contributions and Proportionate Share of Total Plan Employer Contributions	17,100	18,391
CSFAR's Contributions Subsequent to the Measurement Date	7,573	-
Total SCRS	<u>44,090</u>	<u>18,614</u>
PORS		
Differences Between Expected and Actual Experience	10,706	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	81,817	-
Changes in Proportionate Share and Differences Between Employer Contributions and Proportionate Share of Total Plan Employer Contributions	4,715	184,812
CSFAR's Contributions Subsequent to the Measurement Date	82,380	-
Total PORS	<u>179,618</u>	<u>184,812</u>
Total SCRS and PORS	<u>\$ 223,708</u>	<u>\$ 203,426</u>

Approximately \$8,000 and \$82,000 that were reported as deferred outflows of resources related to CSFAR's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS and PORS will increase (decrease) pension expense as follows:

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

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

Year Ended June 30,	SCRS	PORS	Total
2018	\$ 6,765	(27,908)	\$ (21,143)
2019	5,652	(28,451)	(22,799)
2020	2,284	(16,349)	(14,065)
2021	3,202	(14,866)	(11,664)
Total	<u>\$ 17,903</u>	<u>(87,574)</u>	<u>\$ (69,671)</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that the funding policy specified in the South Carolina State Code of Laws will remain unchanged in future years. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the sensitivity of CSFAR's proportionate share of the net pension liability of the Plans to changes in the discount rate, calculated using the discount rate of 7.50 percent, as well as what it would be if it were calculated using a discount rate that is 1.00 percent lower (6.50 percent) or 1.00 percent higher (8.50 percent) than the current rate:

System	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
CSFAR's proportionate share of the net pension liability of the SCRS	\$ 256,333	205,482	\$ 163,150
CSFAR's proportionate share of the net pension liability of the PORS	945,654	721,551	520,152
Total Pension Liability	<u>\$ 1,201,987</u>	<u>927,033</u>	<u>\$ 683,302</u>

Plans Fiduciary Net Position

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

Payable to Plans

CSFAR reported a payable of approximately \$1,000 and \$11,000 to the PEBA as of June 30, 2017, representing required employer and employee contributions for the month of June 2017 for the SCRS and PORS, respectively. These amounts are included in Accounts Payable on the financial statements and were paid in July 2017.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Developments

House Bill 3726 was signed by the Governor of the State on April 25, 2017 and is effective immediately. This new law increases the employer SCRS and PORS contribution rates to 13.56% and 16.24%, respectively, beginning July 1, 2017. Employer rates will continue to increase annually by 1% through July 1, 2022, which would result in the SCRS and PORS employer rate totaling 18.56% and 21.24%, respectively, for fiscal year 2023 and thereafter. The legislation (a) would also increase and cap the employee SCRS and PORS contribution rates to 9.00% and 9.75%, respectively, after June 30, 2027, (b) provide for a decrease in employer and employee contribution rates in equal amounts if the ratio between the actuarial value of assets and the actuarial value of liabilities is equal to or greater than 85%, (c) lower the assumed annual rate of return on pension investments from 7.50% to 7.25%, and (d) for some years reduce the funding period of unfunded liabilities from 30 years to 20 years.

CSFAR's Net Pension Balances for 2017

CSFAR's total net pension balances (net pension liabilities, deferred pension charges, deferred pension credits) for 2017 for the government-wide financial statements are lower than they should be due to the PEBA not receiving all of the contributions and contributions support from CSFAR in time to include in the allocation of net pension balances. The PEBA allocates most of the net pension balances based on CSFAR's share of contributions to each Plan relative to the actual contributions of all participating South Carolina state and local governmental employers to each Plan. Even though the net pension liabilities for the Plans are understated, the net pension balances in total were not significantly off and thus no adjustment or correction was deemed necessary.

B. Risk Management

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

C. Health Insurance

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

D. Commitments and Contingencies

In February 2017, CSFAR entered into a contract for architectural and design services for the new fire station in the amount of approximately \$233,000. CSFAR has incurred approximately \$83,000 in expenditures related to this contract leaving a balance of approximately \$150,000 at June 30, 2017.

In April 2017, CSFAR entered into a contract for preconstruction services for the new fire station in the amount of approximately \$22,000. There have been no expenditures related to this contract as of June 30, 2017.

In June 2017, CSFAR entered into a contract to purchase two 2017 Dodge Ram 5500 Sydney Series Crash Rescue Trucks for approximately \$255,000. CSFAR put a deposit on the two trucks in June 2017 for approximately \$46,000 with the balance to be paid once received in FY 2018.

E. Related Party Transactions

During 2016, an audit was performed by the South Carolina Firefighters Association of CSFAR 1% funds which revealed approximately \$24,000 in disallowed expenditures that CSFAR must pay back to the 1% fund. This liability of approximately \$24,000 is included in accounts payable at June 30, 2017 and was paid in August 2017.

F. Misappropriated Funds

In April 2016, one of CSFAR's former fire chiefs was charged with embezzling over \$20,000 from CSFAR from FY 2013 to FY 2015. In November 2016, CSFAR's last fire chief was charged with embezzling less than \$10,000 from CSFAR from March 2016 to September 2016. These cases are currently being scheduled for prosecution and the final determination of any restitution that will need to be repaid by the former fire chiefs is unknown at this time. CSFAR has not recorded a receivable for any expected restitution (gain contingency) as of June 30, 2017. Any potential restitution will be recognized by CSFAR once the cases have been adjudicated by the court subject to recovery considerations.

G. Expenditures over Appropriations

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

H. Subsequent Event

In September 2017, CSFAR increased the guaranteed maximum price in its contract for construction services for the new fire station to approximately \$121,000.

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Required Supplementary Information

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

**REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL
YEAR ENDED JUNE 30, 2017**

	BUDGET AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	REVISED		
REVENUES				
Property Taxes	\$ 1,666,289	1,778,056	1,782,463	\$ 4,407
Interest Income	-	-	3,895	3,895
Contributions	-	-	1,157	1,157
Miscellaneous Income	-	-	6,568	6,568
TOTAL REVENUES	1,666,289	1,778,056	1,794,083	16,027
EXPENDITURES				
Current:				
Fire Safety and Emergency Response	1,355,751	1,335,174	1,276,233	58,941
Capital Outlay	310,538	1,152,151	1,310,033	(157,882)
Debt Service:				
Principal	-	-	160,000	(160,000)
Interest	-	-	804	(804)
TOTAL EXPENDITURES	1,666,289	2,487,325	2,747,070	(259,745)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(709,269)	(952,987)	(243,718)
OTHER FINANCING SOURCES (USES)				
Transfer In	-	-	3,306,356	3,306,356
Sale of Capital Assets	-	-	558,239	558,239
TOTAL OTHER FINANCING SOURCES (USES)	-	-	3,864,595	3,864,595
CHANGES IN FUND BALANCES	-	(709,269)	2,911,608	3,620,877
FUND BALANCES, Beginning of Year	2,394,726	2,394,726	2,394,726	-
FUND BALANCES, End of Year	\$ 2,394,726	1,685,457	5,306,334	\$ 3,620,877

Note: CSFAR's revised budget reflected the expected use of fund balance of approximately \$709,000.

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

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

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULE

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

LAST FOUR FISCAL YEARS

	Year Ended June 30,			
	2017	2016	2015	2014
CSFAR's Proportion of the Net Pension Liability (Asset)	0.00096%	0.00109%	0.00091%	0.00091%
CSFAR's Proportionate Share of the Net Pension Liability (Asset)	\$ 205,482	207,293	157,016	\$ 163,580
CSFAR's Covered Payroll	\$ 142,324	102,520	83,237	\$ 83,665
CSFAR's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	144.38%	202.20%	188.64%	195.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.91%	56.99%	59.92%	56.39%

Notes to Schedule:

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

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

The 2017 net pension liability is lower than it should be due to the South Carolina Public Employee Benefit Authority not receiving all of the contributions and contributions support from CSFAR in time to include in the allocation of net pension balances. Since the net pension balances in total were not significantly off, no adjustment or correction was deemed necessary.

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

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULE

**SCHEDULE OF CSFAR'S CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM**

LAST FOUR FISCAL YEARS

	Year Ended June 30,			
	2017	2016	2015	2014
Contractually Required Contribution	\$ 7,573	15,741	11,175	\$ 8,823
Contributions in Relation to the Contractually Required Contribution	7,573	15,741	11,175	8,823
Contribution Deficiency (Excess)	\$ -	-	-	\$ -
CSFAR's Covered Payroll	\$ 65,510	142,324	102,520	\$ 83,237
Contributions as a Percentage of Covered Payroll	11.56%	11.06%	10.90%	10.60%

Notes to Schedule:

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

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

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULE

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

LAST FOUR FISCAL YEARS

	Year Ended June 30,			
	2017	2016	2015	2014
CSFAR's Proportion of the Net Pension Liability (Asset)	0.02845%	0.03958%	0.03919%	0.03919%
CSFAR's Proportionate Share of the Net Pension Liability (Asset)	\$ 721,551	862,688	750,226	\$ 812,356
CSFAR's Covered Payroll	\$ 486,385	490,366	471,073	\$ 486,837
CSFAR's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	148.35%	175.93%	159.26%	166.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	60.44%	64.57%	67.55%	62.98%

Notes to Schedule:

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

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

The 2017 net pension liability is lower than it should be due to the South Carolina Public Employee Benefit Authority not receiving all of the contributions and contributions support from CSFAR in time to include in the allocation of net pension balances. Since the net pension balances in total were not significantly off, no adjustment or correction was deemed necessary.

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

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULE

**SCHEDULE OF CSFAR'S CONTRIBUTIONS
POLICE OFFICERS RETIREMENT SYSTEM**

LAST FOUR FISCAL YEARS

	Year Ended June 30,			
	2017	2016	2015	2014
Contractually Required Contribution	\$ 82,380	66,829	65,758	\$ 60,486
Contributions in Relation to the Contractually Required Contribution	82,380	66,829	65,758	60,486
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
CSFAR's Covered Payroll	\$ 578,512	486,385	490,366	\$ 471,073
Contributions as a Percentage of Covered Payroll:	14.24%	13.74%	13.41%	12.84%

Notes to Schedule:

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

Supplementary Information

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

SUPPLEMENTARY INFORMATION - GENERAL FUND

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

YEAR ENDED JUNE 30, 2017

	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES:			
Property Taxes	\$ 1,778,056	1,782,463	\$ 4,407
Interest Income	-	3,895	3,895
Contributions	-	1,157	1,157
Miscellaneous Income	-	6,568	6,568
TOTAL REVENUES	1,778,056	1,794,083	16,027
EXPENDITURES:			
Current:			
Personnel Services:			
Salaries/Wages	805,500	664,929	140,571
Health Insurance	-	159,958	(159,958)
Retirement	-	85,508	(85,508)
Social Security Tax	-	57,256	(57,256)
Convention	6,500	5,300	1,200
Computer Expense	2,500	1,328	1,172
Gasoline/Diesel Fuel	-	17,209	(17,209)
Utilities	34,800	32,456	2,344
Telephone	4,850	2,394	2,456
Radios and Pagers	8,000	7,688	312
Repairs and Maintenance	35,000	79,360	(44,360)
Small Equipment	96,700	11,534	85,166
Training	10,000	6,997	3,003
Uniforms	13,000	5,851	7,149
Membership Dues	3,200	2,975	225
Insurance - Liability	198,188	39,154	159,034
Insurance - Workers Comp	39,136	39,136	-
Professional Services	34,000	25,639	8,361
Miscellaneous	30,800	22,407	8,393
Physicals	13,000	9,154	3,846
Total Current	1,335,174	1,276,233	58,941
Capital Outlay	1,152,151	1,310,033	(157,882)
Debt Service:			
Principal	-	160,000	(160,000)
Interest and Fiscal Charges	-	804	(804)
TOTAL EXPENDITURES	2,487,325	2,747,070	(259,745)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (709,269)	(952,987)	\$ (243,718)

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

SUPPLEMENTARY INFORMATION - GENERAL FUND

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

YEAR ENDED JUNE 30, 2017

	REVISED BUDGET	ACTUAL	VARIANCE
OTHER FINANCING SOURCES (USES)			
Transfer In	\$ -	3,306,356	\$ 3,306,356
Sale of Capital Assets	-	558,239	558,239
TOTAL OTHER FINANCING SOURCES (USES)	-	3,864,595	3,864,595
CHANGES IN FUND BALANCES	(709,269)	2,911,608	3,620,877
FUND BALANCES, Beginning of Year	2,394,726	2,394,726	-
FUND BALANCES, End of Year	\$ 1,685,457	5,306,334	\$ 3,620,877

Note: CSFAR's revised budget reflected the expected use of fund balance of approximately \$709,000.

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

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

INDEPENDENT AUDITOR’S REPORT

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Clear Spring Fire and Rescue (“CSFAR”) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise CSFAR’s basic financial statements, and have issued our report thereon dated September 25, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2017-001 and 2017-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CSFAR’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

CSFAR's Responses to the Findings

CSFAR's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. CSFAR's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



Greene, Finney & Horton, LLP
Mauldin, South Carolina
September 25, 2017

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

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2017

2017-001: BALANCE SHEET ACCOUNTS

Condition and Context: Various receivables, prepaids, and payable balances were off due to (a) the prior year audit entries not being booked and/or (b) because balances had not been adjusted from the prior year and thus were not reflective of the correct balance at June 30, 2017.

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

Cause: CSFAR has a very small staff that has limited experience with governmental accounting requirements.

Effect: The preliminary financial statements were not correct.

Recommendation: CSFAR needs to ensure that all audit entries are booked and that balance sheet accounts should be adjusted to their proper balance at year end.

Response: In September 2017, CSFAR hired a QuickBooks Pro Advisor from Phillips Staffing to help with its accounting and bookkeeping needs.

2017-002: 1% FUNDS

Condition and Context: CSFAR had to record a payable of \$24,376 for disallowed expenditures over the past three years that must be reimbursed to the 1% funds.

Criteria: After an audit that was performed by the South Carolina Firefighters Association, it was determined that CSFAR had spent 1% funds that were not properly approved.

Cause: CSFAR was not following the prescribed guidelines given by the South Carolina Firefighters Association for the use of 1% funds.

Effect: CSFAR is having to pay these funds back out of its operating funds.

Recommendation: CSFAR should ensure that only approved transactions are paid for out of the 1% funds.

Response: CSFAR will ensure that all purchases are approved and that the proper steps are followed prior to making purchases. CSFAR repaid the \$24,376 in disallowed expenditures to the 1% funds in August 2017.