GLASSY MOUNTAIN FIRE SERVICE AREA

AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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AUDITED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Glassy Mountain Fire Service Area
Landrum, South Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Glassy Mountain Fire Service Area, and the related notes to the financial statements, which collectively comprise the Glassy Mountain Fire Service Area's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Glassy Mountain Fire Service Area as of December 31, 2023, and the respective changes in financial position and, where applicable, for the year ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Glassy Mountain Fire Service Area and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing our audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis and pension liability and contributions information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information 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.

Phillips CPAs and Advisors

Greenville, South Carolina
August 9, 2024

Management's Discussion and Analysis

As management of the Glassy Mountain Fire Service Area (the "Service Area"), we offer readers of the Service Area's financial statements this narrative overview and analysis of the financial activities of the Service Area for the year ended December 31, 2023.

Financial Highlights

- The assets of the Service Area exceeded its liabilities at the close of the most recent fiscal year by $256,537 (*net position*). Of this amount in the current year, the Service Area has $71,061 (*unrestricted net position*).
- As of the close of the current fiscal year, the Service Area's governmental funds reported combined ending fund balances of $1,496,849.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $1,113,093, or 55 percent of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Service Area's basic financial statements. The Service Area's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements - The *government-wide financial statements* are designed to provide readers with a broad overview of the Service Area's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Service Area's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Service Area is improving or deteriorating.

The *statement of activities* presents information showing how the government'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, revenues and expenses are reported in this statement for some items 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 include not only the Service Area itself, but also a legally separate foundation for which the Service Area is financially accountable.

Fund financial statements - A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Service Area, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Service Area are governmental funds.

Governmental funds - *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 *inflows and outflows 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 financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Service Area adopts an annual appropriated budget for its governmental fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

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.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Service Area, assets exceeded liabilities by $256,537 at the close of the most recent fiscal year. The government's net position decreased by $62,028 during the current fiscal year.

Of the Service Area's net position, ($198,280) reflects its net investment of capital assets. The Service Area uses capital assets to provide services to the surrounding community; consequently, these assets are *not* available for future spending. An additional portion $383,756 represents resources that are subject to external restrictions on how they may be used.

The table below compares the Service Area's net position at December 31, 2023 and 2022:

Glassy Mountain Fire Service Area's Net Position

	2023	2022
Current and other assets	$ 1,523,010	$ 1,259,551
Capital assets	821,639	967,012
Total assets	2,344,649	2,226,563
Deferred outflows of resources	1,086,589	364,767
Long-term debt	2,328,900	2,186,313
Other liabilities	26,161	26,534
Total liabilities	2,355,061	2,212,847
Deferred inflows of resources	819,640	59,948
Investment in capital assets, net of related debt	(198,280)	114,961
Restricted	383,756	63,292
Unrestricted	71,061	140,312
Total net position	$ 256,537	$ 318,565

The table below compares the Service Area's changes in net position for 2023 and 2022:

Changes in Glassy Mountain Fire Service Area's Net Position

		2023		2022	Percentage Change 2023-2022
Revenues					
Program revenues					
Grants and contributions	$	96,990	$	97,814	-0.84%
General revenues					
Property taxes		1,393,681		1,388,080	0.40%
Other		407,585		279,336	45.91%
Total revenues		1,898,256		1,765,230	7.54%
Expenses					
General government		1,960,284		1,745,179	12.33%
Total expenses		1,960,284		1,745,179	12.33%
Increase (decrease) in net position	$	(62,028)	$	20,051	

Financial Analysis of the Government's Funds

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

Governmental funds - The focus of the Service Area's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Service Area's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Service Area. At the end of the current fiscal year, the combined fund balances totaled $1,496,849. Approximately 26 percent, $383,756, is not available for new spending because it has already been restricted to pay debt service. The remainder, $1,113,093, is unassigned.

The fund balance of the Service Area's general fund increased by $258,237 during the current fiscal year.

General Fund Budgetary Highlights

The original budget was not amended during the year.

Capital Asset and Debt Administration

Capital assets - The Service Area's net investment in capital assets for its governmental activities as of December 31, 2023, amounts to ($198,280) (net of accumulated depreciation and related debt). This investment in capital assets includes buildings, machinery, and equipment. The total decrease of $313,241 in net investment in capital assets is the net of depreciation expense of $171,276, asset additions of $25,903, debt issuance of $400,000 and payments on related debt of $232,132.

Additional information on the Service Area's capital assets can be found in the notes of this report.

<u>Long-term debt</u> - The long-term debt of the Service Area consists of general obligation bonds. The details of long-term debt can be found in Note 5.

Economic Factors and Next Year's Budgets and Rates

Inflationary trends in the region compare favorably to national indices. This factor, among others, was considered in preparing the Service Area's budget for the 2024 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Service Area's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Glassy Mountain Fire Service Area, 2015 Highway 11, Landrum, South Carolina 29356.

GLASSY MOUNTAIN FIRE SERVICE AREA

STATEMENT OF NET POSITION
DECEMBER 31, 2023

		Primary Government
		Governmental Activities
ASSETS		
Cash and cash equivalents	$	592,587
Accounts receivable		546,667
Restricted assets		
Cash and cash equivalents		383,756
Capital assets, net of accumulated depreciation		
Buildings		660,925
Building improvements		6,049
Vehicles		116,763
Equipment		37,902
Total assets		2,344,649
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension charges		1,086,589
Total deferred outflows of resources		1,086,589
LIABILITIES		
Accrued expenses		26,161
Long-term liabilities		
Due within one year		
Bonds and related premium		279,132
Accrued interest		10,692
Due in more than one year		
Bonds and related premium		740,787
Net pension liability		1,298,289
Total liabilities		2,355,061
DEFERRED INFLOWS OF RESOURCES		
Deferred pension credits		819,640
Total deferred inflows of resources		819,640
NET POSITION		
Net investment in capital assets		(198,280)
Restricted for		
Debt service		383,756
Unrestricted		71,061
Total net position	$	256,537

The accompanying notes are an integral part of this financial statement.
See Independent Auditor's Report

GLASSY MOUNTAIN FIRE SERVICE AREA

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
				Primary Government
Function/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Governmental Activities**
Primary Government				
Governmental activities				
General Government	$ 1,960,284	$ 3,429	$ 93,561	$ (1,863,294)
Total primary government	$ 1,960,284	$ 3,429	$ 93,561	(1,863,294)
	General revenues			
	Property tax revenue			1,393,681
	Interest income			42,049
	Merchants inventory			7,155
	Other revenue			358,381
	Total general revenues			1,801,266
	Change in net position			(62,028)
	Net position, beginning			318,565
	Net position, ending			$ 256,537

The accompanying notes are an integral part of this financial statement.
See Independent Auditor's Report

GLASSY MOUNTAIN FIRE SERVICE AREA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

		General
ASSETS		
Cash and cash equivalents	$	592,587
Accounts receivable		546,667
Cash and cash equivalents, restricted		383,756
Total assets	$	1,523,010
LIABILITIES AND FUND BALANCE		
Liabilities		
Accrued expenditures	$	26,161
Total liabilities		26,161
Fund Balance		
Restricted		383,756
Unassigned		1,113,093
Total fund balance		1,496,849
Total liabilities and fund balance	$	1,523,010
Total fund balance	$	1,496,849
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		821,639
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.		(1,005,000)
Bond premiums incurred in governmental activities are recognized as other financing sources in the year they occur.		(14,919)
Accrued interest on bonds in governmental accounting was not a payable in the current period and, therefore, has not been reported as a liability in the funds.		(10,692)
The Service Area's proportionate share of the net pension liability related to its participation in the State retirement plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.		(1,298,289)
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources		1,086,589
Deferred inflows of resources		(819,640)
Net position of governmental activities	$	256,537

The accompanying notes are an integral part of this financial statement.
See Independent Auditor's Report

GLASSY MOUNTAIN FIRE SERVICE AREA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

		General
REVENUES		
Bond millage revenue	$	239,695
Property tax revenue		1,153,986
Interest income		42,049
Charges for services		3,429
Merchants inventory		7,155
Foundation		93,561
Other revenue		358,381
Total revenues		1,898,256
EXPENDITURES		
Current		
Wages		820,356
Benefits		349,831
Volunteer programs		35,469
Employee expenditures		60,487
Business insurance		28,573
Equipment expenditures		114,457
Utilities		52,822
Office		69,188
Building and grounds		117,942
Foundation		115,491
Debt service		249,500
Capital outlay		25,903
Total expenditures		2,040,019
Excess of revenues (under) expenditures		(141,763)
Other Financing Sources (Uses)		
Proceeds from Debt Issuance		400,000
Total Other Financing Sources (Uses)		400,000
Net Change in Fund Balances		258,237
FUND BALANCE, beginning of year		1,238,612
FUND BALANCE, end of year	$	1,496,849

The accompanying notes are an integral part of this financial statement.
See Independent Auditor's Report

GLASSY MOUNTAIN FIRE SERVICE AREA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2023

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	258,237
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.		(145,373)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(167,868)
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 this 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.		(5,097)
Changes in the Service Area's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year for its participation in the State retirement plans are not reported in the governmental funds but are reported in the Statement of Activities.		(1,927)
Change in net position of governmental activities	$	(62,028)

The accompanying notes are an integral part of this financial statement.
See Independent Auditor's Report

GLASSY MOUNTAIN FIRE SERVICE AREA

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Bond millage revenue	$ -	$ -	$ 239,695	$ 239,695
Property tax revenue	1,189,600	1,189,600	1,153,986	(35,614)
Interest income	5,550	5,550	42,049	36,499
Charges for services	217,740	217,740	3,429	(214,311)
Merchants inventory	5,800	5,800	7,155	1,355
Foundation	48,500	48,500	93,561	45,061
Other income	5,510	5,510	358,381	352,871
Total revenues	1,472,700	1,472,700	1,898,256	425,556
EXPENDITURES				
Current				
Wages	759,200	759,200	820,356	(61,156)
Benefits	321,500	321,500	349,831	(28,331)
Volunteer programs	-	-	35,469	(35,469)
Employee expense	22,000	22,000	60,487	(38,487)
Business insurance	59,000	59,000	28,573	30,427
Equipment expenditures	131,500	131,500	114,457	17,043
Utilities	54,700	54,700	52,822	1,878
Office expense	45,800	45,800	69,188	(23,388)
Building and grounds	30,500	30,500	117,942	(87,442)
Foundation	48,500	48,500	115,491	(66,991)
Debt service	-	-	249,500	(249,500)
Capital outlay	-	-	25,903	(25,903)
Total expenditures	1,472,700	1,472,700	2,040,019	(567,319)
Excess of revenues over (under) expenditures	-	-	(141,763)	(141,763)
Other Financing Sources (Uses)				
Proceeds from Debt Issuance	-	-	400,000	400,000
Total Other Financing Sources (Uses)	-	-	400,000	400,000
Net change in fund balances	-	-	258,237	258,237
FUND BALANCE, beginning of year	1,238,612	1,238,612	1,238,612	-
FUND BALANCE, end of year	$ 1,238,612	$ 1,238,612	$ 1,496,849	$ 258,237

The accompanying notes are an integral part of this financial statement.
See Independent Auditor's Report

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Glassy Mountain Fire Service Area (the "Service Area") was established in January 1988. The Service Area is a governmental entity committed to providing excellence in the delivery of emergent and non-emergent assistance to the citizens residing in the Service Area's district. The accompanying financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

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. Other items not properly included among program revenues are reported instead as *general revenues*.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The government reports the following major governmental fund:

> The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

Use of 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 that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Assets, Liabilities, and Net Position

Cash and Cash Equivalents

The Service Area's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year end and not yet received. Management does not establish an allowance for uncollectible taxes receivable based upon historical trends of collectability.

Capital Assets

Capital assets, which include buildings, building improvements, vehicles, and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The Service Area maintains a capitalization policy of $5,000 for its capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	25
Building improvements	15
Vehicles	5 - 15
Equipment	5

Government-wide Statements

Equity is classified as net position and displayed in three components:

> *Invested in capital assets, net of related debt* – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, capital leases or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
>
> *Restricted net position* – consists of net position balances with constraints placed on the use by either external groups such as creditors, grantors, contributors, or laws or regulations of other governments or law through constitutional provisions or enabling legislation.
>
> *Unrestricted net position* – All other net position balances that do not meet the definition of "restricted" or "invested in capital assets, net of related debt" are classified as unrestricted.

Fund Equity

The Service Area classifies fund balance of its governmental funds in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"). GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds.

The Service Area classifies governmental fund balances as follows:

> *Nonspendable* – includes amounts that inherently cannot be spent either because it is not in spendable form or because of legal or contractual requirements.
>
> *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 Commission, which is the highest level of decision-making authority, before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
>
> *Assigned* – includes amounts that are intended to be used for specific purposes that are neither considered restricted nor committed; in addition, such assignments are made by the Commission.
>
> *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 assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Unless specifically designated otherwise, fund expenditures and encumbrances are from restricted fund balance to the extent of restricted fund balance revenue, followed by committed fund balance, assigned fund balance, and unassigned fund balance, respectively.

Below are the fund balance classifications for the governmental fund at December 31, 2023:

	General Fund
Fund Balances	
Restricted	
Debt service	$ 383,756
Unassigned	1,113,093
Total	$ 1,496,849

<u>NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS</u>

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. The total adjustments consist of the following:

One element of that reconciliation states that “Capital assets used in governmental activities are not financial resources and are, therefore, not reported in the funds (total capital assets in governmental activities column).” The details of this $821,639 difference are as follows:

	$	4,293,917
Less: accumulated depreciation		(3,472,278)
Net capital assets		821,639

Another element of that reconciliation states that "Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds."

Net pension liability	(1,298,289)

Another element of that reconciliation states that "Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds." The details of this $266,949 are as follows:

Deferred outflows of resources related to pensions	1,086,589
Deferred inflows of resources related to pensions	(819,640)
	266,949

Another element of that reconciliation states that "Liabilities, because they are not due and payable in the current period, do not require current resources to pay and are, therefore, not recorded in the fund statements." The details of this ($1,030,611) difference are as follows:

Bonds and notes payable and related premium		(1,019,919)
Accrued Interest		(10,692)
		(1,030,611)
Total adjustments	$	(1,240,312)

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital outlay	$	25,903
Depreciation expense		(171,275)
	$	(145,372)

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Neither transaction, however, has any effect on net position.” The details of this difference are as follows:

Principal repayments including premium	$	167,868
	$	167,868

Another element of that reconciliation states that "some revenues and expenses reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements." The details of these differences are as follows:

Accrued interest	$	5,097

Changes in the Service Area's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year for its participation in the State retirement plans are not reported in the governmental funds but are reported in the Statement of Activities.	$	1,927

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A single annual appropriated budget is adopted for the general fund. All annual appropriations lapse at fiscal yearend. The budget was not amended during the year.

NOTE 4 – DETAILED NOTES ON ALL FUNDS

Deposits

The State of South Carolina General Statutes permit the Service Area to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Cash is maintained in demand deposits or savings accounts. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Service Area.

As of December 31, 2023, the Service Area had deposits as follows:

Bank of Travelers Rest	$	109,325
Greenville County		527,168
	$	636,493

Interest rate risk - The Service Area manages its exposure to declines in fair values by limiting its investments to deposits with short-term maturity dates.

Concentration of credit risk - The Service Area's investment policy currently does not involve investment in any individual issuers.

Custodial credit risk – deposits - In the case of deposits, this is the risk that in the event of a bank failure, the Service Area's deposits may not be returned. The Service Area's policy is that all deposits in excess of federal insurance amounts be collateralized with securities held by the pledging financial institution's trust department or agent in the Service Area's name. As of December 31, 2023 all deposits are either insured or fully collateralized.

Capital Assets

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, being depreciated				
Buildings	$ 2,165,634	$ -	$ -	$ 2,165,634
Building improvements	89,869		-	89,869
Vehicles	1,667,568	-	(77,380)	1,590,188
Equipment	422,323	25,903	-	448,226
Total capital assets, being depreciated	4,345,394	25,903	(77,380)	4,293,917
Less accumulated depreciation for				
Buildings	(1,418,083)	(86,626)	-	(1,504,709)
Building improvements	(82,087)	(1,733)	-	(83,820)
Vehicles	(1,487,080)	(63,725)	77,380	(1,473,425)
Equipment	(391,132)	(19,192)	-	(410,324)
Total accumulated depreciation	(3,378,382)	(171,276)	77,380	(3,472,278)
Total capital assets, being depreciated, net	967,012	(145,373)	-	821,639
Governmental activities, capital assets, net	$ 967,012	$ (145,373)	$ -	$ 821,639

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General government	$ 171,276

NOTE 5 – LONG-TERM DEBT

General Obligation Bonds

On September 1, 2015, the Service Area entered into a Series 2015 A General Obligation Refunding and Improvement Bond Payable Agreement for purchase of a new fire truck, and to provide resources to refund the outstanding General Obligation Bonds Series 2005 and General Obligation Bond Series 2009, with interest rates ranging between 2.00% and 3.00%. The bond balance as of December 31, 2023 is $605,000, with $240,000 due within the year.

On July 3, 2023, the Service Area entered into a Series 2023 General Obligation Project Fund Bond Payable Agreement with $23,000 designated to issuance cost and the remainder used for capital improvement projects with an interest rate of 4.390%. The bond balance as of December 31, 2023 is $400,000, with $37,000 due within the year.

Annual debt service requirements to maturity for this General Obligation Refunding and Improvement Bond are as follows:

Year ending December 31,	Governmental Activities Principal	Governmental Activities Interest
2024	$ 277,000	$ 34,666
2025	99,000	25,002
2026	95,000	21,775
2027	97,000	18,394
2028	98,000	14,948
2029-2033	339,000	27,570
Total	$ 1,005,000	$ 142,355

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable					
General obligation bonds	$ 835,000	$ 400,000	$ (230,000)	$ 1,005,000	$ 277,000
Bond premiums	17,051	-	(2,132)	14,919	2,132
Governmental activity Long-term liabilities	$ 852,051	$ 400,000	$ (232,132)	$ 1,019,919	$ 279,132

NOTE 6 – EMPLOYEE RETIREMENT SYSTEMS – PENSION FUNDS

The Service Area participates in the State of South Carolina's retirement plans ("Systems"), which are administered by the South Carolina Public Employee Benefit Authority ("PEBA").

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the retirement systems and benefit programs of the State of South Carolina, including the State Optional Retirement Program and the S. C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, and eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

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

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

Plan Descriptions

- 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 teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts and participating charter schools, public higher education institutions, other participating local subdivisions of government and first-term individuals elected to the South Carolina General Assembly.

- The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to newly hired state, public higher education institution and public school district employees, as well as first-term individuals elected to the South Carolina General Assembly. State ORP participants direct the investment of their funds into an account administered by one of four third party service providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party service providers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.

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

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

Membership

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

- 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 first-term individuals elected to the South Carolina General Assembly. 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.

- State ORP – As an alternative to membership in SCRS, newly hired state, public higher education institution and public school district employees, as well as first-term individuals elected to the South Carolina General Assembly have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employer to the member's account with the ORP service provider for the employee contribution and a portion of the employer contribution (5 percent) a direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

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

Benefits

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

- 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 requirements, 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 July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

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

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

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. The Retirement Funding and Administrative Act of 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. The General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by 1 percentage point each year until reaching 18.56 percent for SCRS and 21.24 percent for PORS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The board shall increase the employer contribution rates as necessary to meet the amortization period set in statute.

Pension reform legislation modified statute such that the employer contribution rates for SCRS and PORS to be further increased, not to exceed one-half of one percent in any one year if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS and PORS to the maximum amortization period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuation of the plan. Finally, under the revised statute, the contribution rates for SCRS and POST may not be decreased until the plans are at least 85 percent funded.

Required employee contribution rates[1] are as follows:

	Fisal Year 2024[1]	Fisal Year 2023[1]
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
State ORP		
Employee	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

Required employer contribution rates[1] are as follows:

Employer Class Two	18.41%	17.41%
Employer Class Three	18.41%	17.41%
Employer Incidental Death Benefit	0.15%	0.15%
State ORP		
Employer Contrubution[2]	18.41%	17.41%
Employer Incidental Death Benefit	0.15%	0.15%

PORS		
Employer Class Two	20.84%	19.84%
Employer Class Three	20.84%	19.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

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

[2] Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP service provider to be allocated to the member's account with the remainder of the employer contribution remitted to SCRS.

Actuarial Assumptions and Methods

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

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

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

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment rate of return[1]	7.00%	7.00%
Projected salary increases	3.0% to 11% (varies by service)[1]	3.5% to 10.5% (varies by service)[1]
Benefit adjustments	Lesser of 1% or $500 annually	Lesser of 1% or $500 annually
[1]*Includes inflation at 2.25%*		

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

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

Former Job Class	Males	Females
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

Net Pension Liability

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

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Position Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	$ 58,464,402,454	$ 34,286,961,942	$ 24,177,440,512	58.6%
PORS	9,450,021,576	6,405,925,370	3,044,096,206	67.8%

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

Long-term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2023 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Public Equity	**46.0%**	6.62%	3.04%
Bonds	26.0%	0.31%	0.08%
Private Equity[1]	9.0%	10.91%	0.98%
Private Debt[1]	7.0%	6.16%	0.43%
Real Assets	**12.0%**		
Real Estate[1]	9.0%	6.41%	0.58%
Infrastructure[1]	3.0%	6.62%	0.20%
Total Expected Real Return[2]	100.0%		5.31%
Inflation for Actuarial Purposes			2.25%
			7.56%

[1] RSIC staffa nd consultant will notify the Commission if the collective exposure to Private Equity, Private Debt and Private Real Estate exceeds 30 percent of total plan assets.

[2] Portable Alpha Strategies, which are not included in the Policy Target, will be capped at 15% of total assets; hedge funds (including all hedge funds used in portable alpha implementation) are capped at 15% of total assets.

Discount Rate

The discount rate used to measure the TPL was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

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

At December 31, 2023, the Service Area reported a liability of $1,298,289, $220,971 SCRS and $1,077,318 PORS for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Service Area's proportion of the net pension liability was based on a projection of the Service Area's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

For the year ended December 31, 2023, the Service Area recognized pension expense totaling $308,411 which consisted of contributions to the Systems of $153,242 and an increase of $155,169 as a result of the change in the net pension asset and liability accounts related to GASB 68 requirements. At December 31, 2023, the Service Area reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences between expected and actual experience	$ 3,836	$ 613
Assumption changes	3,386	-
Net difference between projected and actual investment earnings	-	303
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	104,001	779,444
Service Area contributions subsequent to the measurement date	20,724	-
Total SCRS	131,947	780,360
PORS		
Differences between expected and actual experience	50,700	13,281
Assumption changes	23,447	-
Net difference between projected and actual investment earnings	-	1,849
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	747,977	24,150
Service Area contributions subsequent to the measurement date	132,518	-
Total PORS	954,642	39,280
Total SCRS and PORS	$ 1,086,589	$ 819,640

$20,724 and $132,518 that were reported as deferred outflows of resources related to the Service Area'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 December 31, 2023. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS and PORS will increase (decrease) pension expense as follows:

Year Ended December 31,	SCRS	PORS	Total
2024	$ (216,090)	$ 278,408	$ 62,318
2025	(262,076)	243,693	(18,383)
2026	(190,840)	261,869	71,029
2027	(131)	(1,126)	(1,257)
Total	$ (669,137)	$ 782,844	$ 113,707

Sensitivity Analysis

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6 percent) and 1.00 percent higher (8 percent) than the current rate.

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

System	1.00% Decrease (6%)	Current Discount Rate (7%)	1.00% Increase (8%)
SCRS	$ 285,515	$ 220,971	$ 167,324
PORS	$ 1,519,720	$ 1,077,318	$ 714,936

Additional Financial and Actuarial Information

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

NOTE 7 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued. Events after the date of the auditor's report have not been evaluated to determine whether a change in the financial statements would be required.

GLASSY MOUNTAIN FIRE SERVICE AREA

SCHEDULE OF THE SERVICE AREA'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM AND POLICE OFFICER RETIREMENT SYSTEM
LAST 9 FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
SCRS									
Service Area's proportion of the net pension liability	0.0009%	0.0055%	0.0048%	0.004%	0.004%	0.004%	0.004%	0.005%	0.005%
Service Area's proportionate share of the net pension liability	$ 220,971	$ 1,334,262	$ 1,039,817	$ 1,097,597	$ 1,016,505	$ 962,399	$ 924,327	$ 977,854	$ 854,014
Service Area's covered-employee payroll	$ 406,629	$ 565,000	$ 530,786	$ 467,461	$ 476,624	$ 407,188	$ 431,968	$ 430,607	$ 410,610
Service Area's proportionate share of the net pension liability as a percentage of its covered-employee payroll	54.3%	236.2%	195.9%	234.8%	213.3%	236.4%	213.9%	227.1%	207.9%
Plan fiduciary net position as a percentage of the total pension liability	58.6%	57.1%	60.7%	50.7%	54.4%	54.1%	52.9%	57.0%	59.9%

	2023	2022	2021	2020	2019	2018	2017	2016	2015
PORS									
Service Area's proportion of the net pension liability	0.035%	0.000%	0.000%	0.003%	0.003%	0.002%	0.003%	0.003%	0.003%
Service Area's proportionate share of the net pension liability	$ 1,077,318	$ -	$ -	$ 101,625	$ 85,712	$ 64,512	$ 83,200	$ 72,340	$ 61,636
Service Area's covered-employee payroll	$ 311,082	$ -	$ 21,134	$ 48,830	$ 29,852	$ 42,225	$ 38,748	$ 35,904	$ 19,262
Service Area's proportionate share of the net pension liability as a percentage of its covered-employee payroll	346.3%	0.0%	0.0%	208.1%	287.1%	152.8%	214.7%	201.5%	319.9%
Plan fiduciary net position as a percentage of the total pension liability	67.8%	66.4%	70.4%	58.8%	62.7%	61.7%	60.4%	64.6%	67.5%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the government will present information for those years for which information is available.

GLASSY MOUNTAIN FIRE SERVICE AREA

SCHEDULE OF PENSION PLAN CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM AND POLICE OFFICER RETIREMENT SYSTEM
LAST 9 FISCAL YEARS

SCRS	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 20,724	$ 67,299	$ 90,125	$ 81,794	$ 69,686	$ 66,266	$ 50,531	$ 48,163	$ 46,640
Contributions in relation to the contractually required contribution	(20,724)	(67,299)	(90,125)	(81,794)	(69,686)	(66,266)	(50,531)	(48,163)	(46,640)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Service Area's covered-employee payroll	$ 115,744	$ 406,629	$ 565,000	$ 530,786	$ 467,461	$ 476,624	$ 407,188	$ 431,968	$ 430,607
Contributions as a percentage of covered-employee payroll	17.91%	16.55%	15.95%	15.41%	14.91%	13.90%	12.41%	11.15%	10.83%

PORS	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 132,518	$ 61,718	$ -	$ 3,770	$ 8,475	$ 4,926	$ 6,271	$ 5,269	$ 4,729
Contributions in relation to the contractually required contribution	(132,518)	(61,718)	-	(3,770)	(8,475)	(4,926)	(6,271)	(5,269)	(4,729)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Service Area's covered-employee payroll	$ 651,006	$ 311,082	$ -	$ 21,134	$ 48,830	$ 29,852	$ 42,225	$ 38,748	$ 35,904
Contributions as a percentage of covered-employee payroll	20.36%	19.84%	17.84%	17.84%	17.36%	16.50%	14.85%	13.60%	13.17%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the government will present information for those years for which information is available.

See accompanying notes to required supplementary information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2023

Method and Assumptions Used in Calculations of Actuarially Determined Contributions: The actuarially determined contribution rates in the schedule of contributions are calculated as of December 31, 2022, one year prior to the end of the fiscal year in which contributions are reported. The actuarial methods and assumptions used to determine the contractually required contributions for the year ended December 31, 2023 reported in that schedule can be found in Note 6 of the basic financial statements.