BELMONT FIRE AND SANITATION DISTRICT

GREENVILLE, SOUTH CAROLINA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

BELMONT FIRE AND SANITATION DISTRICT

GREENVILLE, SOUTH CAROLINA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Belmont Fire and Sanitation District
Greenville, South Carolina

We have audited the accompanying financial statements of the governmental activities and each major fund of Belmont Fire and Sanitation District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

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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 the District as of June 30, 2018, 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

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund on pages 30 and 31, the Schedule of Belmont Fire and Sanitation District's Proportionate Share of the Net Pension Liability – South Carolina Retirement System on page 32, the Schedule of Belmont Fire and Sanitation District's Contributions – South Carolina Retirement System on page 33, the Schedule of Belmont Fire and Sanitation District's Proportionate Share of the Net Pension Liability – Police Officers Retirement System on page 34, the Schedule of Belmont Fire and Sanitation District's Contributions – Police Officers Retirement System on page 35, and the Notes to the Required Supplementary Information on pages 36 and 37 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.

Bradshaw, Gordon & Clinkscales, LLC

January 24, 2018

BELMONT FIRE AND SANITATION DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government Governmental Activities
ASSETS:	
Cash	$ 31,971
Cash and investments held by county treasurer	607,364
Prepaid items	7,397
Property taxes receivable, net	44,072
Capital assets:	
Non-depreciable	67,625
Depreciable, net	1,173,704
Total Assets	1,932,133
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred pension charges	216,809
Total Deferred Outflows of Resources	216,809
LIABILITIES:	
Accounts payable	17,623
Accrued salaries and fringe benefits	11,419
Accrued interest payable	6,635
Long-term liabilities:	
Due within one year:	
Capital leases	88,637
Government obligation contracts	15,203
Due in more than one year:	
Capital leases	187,904
Net pension liabilities	921,069
Government obligation contracts	32,081
Total Liabilities	1,280,571

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

BELMONT FIRE AND SANITATION DISTRICT

STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2018

	Primary Government Governmental Activities
DEFERRED INFLOWS OF RESOURCES:	
Deferred pension credits	20,880
Total Deferred Inflows of Resources	20,880
NET POSITION:	
Net investment in capital assets	910,869
Unrestricted	(63,378)
Total Net Position	$ 847,491

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

BELMONT FIRE AND SANITATION DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Primary Government Governmental Activities
PROGRAM EXPENSES:	
Fire service	$ 899,251
Interest expense	14,473
Pension expense	111,065
Total Program Expenses	1,024,789
GENERAL REVENUES:	
Property taxes	1,036,171
Interest income	7,713
Miscellaneous income	120
Total General Revenues	1,044,004
CHANGE IN NET POSITION	19,215
NET POSITION, Beginning of year	828,276
NET POSITION, End of year	$ 847,491

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

BELMONT FIRE AND SANITATION DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2018

ASSETS

	General Fund/ Total Governmental Funds
ASSETS:	
Cash	$ 31,971
Cash and investments held by county treasurer	607,364
Prepaid items	7,397
Property taxes receivable, net	44,072
TOTAL ASSETS	$ 690,804

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE

LIABILITIES:	
Accounts payable	$ 17,623
Accrued salaries and fringe benefits	11,419
TOTAL LIABILITIES	29,042
DEFERRED INFLOWS OF RESOURCES:	
Deferred property taxes	10,313
FUND BALANCE:	
Nonspendable	
Assigned for prepaid items	7,397
Unassigned	644,052
TOTAL FUND BALANCE	651,449
Amounts reported for governmental activities in the Statement of Net Position (pages 3-4) are different because:	
Property taxes in the general fund that will be collected in the future, but that are not available soon enough to pay for the current period's expenditures, are not considered to be available financial resources, and are therefore deferred in the funds.	10,313
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. The costs of these assets is $2,125,113 and accumulated depreciation is $883,784.	1,241,329
Proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State pension plans are not recorded in the govermental funds but are recorded in the Statement of Net Position.	(725,140)
Accrued interest on capital leases in the governmental funds is not due and payable in the current period, and therefore, is not reported as a liability.	(6,635)
Long-term liabilities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. These liabilities consist of:	
Capital leases payable	(276,541)
Government obligation contracts payable	(47,284)
Total Net Position of Governmental Activities	$ 847,491

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

BELMONT FIRE AND SANITATION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund/ Total Governmental Funds
REVENUES:	
Property taxes	$ 1,035,610
Interest income	7,713
Miscellaneous income	120
TOTAL REVENUES	1,043,443
EXPENDITURES:	
Current:	
Fire service	889,399
Capital Outlays	11,750
Debt service:	
Principal	99,943
Interest expense	16,525
TOTAL EXPENDITURES	1,017,617
EXCESS OF REVENUES OVER EXPENDITURES/ NET CHANGE IN FUND BALANCE	25,826
FUND BALANCE, Beginning of year	625,623
FUND BALANCE, End of year	$ 651,449

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

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund/ Total Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds to the Statement of Activities (page 5) for the year ended June 30, 2018:	
Net change in fund balance – total governmental funds	$ 25,826
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents the change in deferred revenues for the year.	561
Changes in the District's proportionate share of the net pension liability, deferred outlfows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities.	(39,742)
Interest on long-term liabilities in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and payable, and thus, requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due and payable.	2,052
Governmental funds report capital asset additions as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital asset additions in the current period.	(69,425)
Capital leases and government obligation contracts provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayments of principal on capital leases and government obligation contracts are expenditures in the governmental funds, but the principal repayments reduce the long-term liabilities in the Statement of Net Assets. This is the amount by which principal payments exceeded proceeds during the year ended June 30, 2018.	99,943
Total Change in Net Position of Governmental Activities	$ 19,215

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization: Belmont Fire and Sanitation District, (the District) is a special purpose district created in 1968 by the South Carolina legislature to provide fire services to residents of a specific geographical district within the boundaries of Greenville County in South Carolina. Per terms of its enabling legislation, the District was created to provide both fire protection and sanitation services to its residents. Subsequently, the District's commissioners transferred the responsibility for sanitation services to the Greater Greenville Sanitation District. The District operates under a commission form of government.

For the purpose of applying accounting principles generally accepted in the United States of America to its activities, the District's management has determined that it is a governmental entity. The Governmental Accounting Standards Board (GASB), which has jurisdiction over accounting and financial reporting standards applicable to governmental entities, and the Financial Accounting Standards Board (FASB), which has jurisdiction over such standards applicable to nongovernmental entities, have agreed on a definition of a governmental entity that is to be used when determining whether governmental accounting principles are applicable. Since (a) the District is a public benefit entity, (b) the members of the District's governing body are selected by the District's residents through popular election, and (c) upon dissolution of the District, its net position would revert to another governmental entity as pursuant to state law, the District meets the criteria set forth in the definition of a governmental entity. Accordingly, the accompanying financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units.

The accounting and reporting policies of the District related to the fund included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governmental entities. Generally accepted accounting principles for local governments include those principles prescribed by the GASB, the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governments* and by the FASB when applicable.

Reporting Entity: Pursuant to governmental accounting principles generally accepted in the United States of America, in evaluating the District as a reporting entity, management must consider all potential component units. The decision to include any potential component units in the District's reporting entity was based on the following criteria:

- The District's financial accountability for the potential component unit was considered. The District is financially accountable if it appoints a voting majority of the governing board of the potential component unit and (1) it is able to impose its will on the potential component unit or (2) a financial benefit/burden relationship exists between the District and the potential component unit.

- The potential component unit's fiscal dependence on the District was considered.

- The nature and significance of the relationship between the District and the potential component unit was considered to determine whether exclusion of the potential component unit from the reporting entity would render the District's financial statements misleading or incomplete.

Based on the above criteria, management has determined that there are no potential component units eligible for inclusion in the District's financial statements.

Basis of Presentation: The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the District (the "Primary Government"). Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Presently, the District has no business-type activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues consist of charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given program and operating grants and contributions that are restricted for use in a specific program. Property taxes from Greenville County, unrestricted grants and contributions and other items not classified as program revenues are reported as general revenues.

The fund financial statements report transactions related to certain functions or activities in separate funds in order to aid financial management and to comply with certain restriction of the funds. The District has presented the following major governmental fund:

- General Fund – This fund is used as an operating fund for all financial resources not required to be accounted for in another fund and accounts for all revenues and expenditures of the District. This is a budgeted fund, and any fund balance is considered a resource available for use.

Measurement Focus/Basis of Accounting: Measurement focus refers to what is being measured. Basis of accounting refers to when revenues and expenses/expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position and the operating statement presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred, regardless of the timing of related cash flows.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, or when they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers revenues as available if they are collected within 60 days of year-end. The revenues susceptible to accrual include funds received from property taxes, franchise taxes, licenses and interest. All other fund revenues are recognized when received. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, any claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt, notes payable and acquisitions under capital leases are reported as other financing sources.

<u>Cash</u>: The District maintains its cash balances in a national bank and with the County Treasurer.

<u>Investments</u>: The District's investment policy is designed to operate within existing state statutes. State laws authorize investments by political subdivisions in instruments including but not limited to (a) obligations of the United States of America or its related agencies, (b) obligations of the state of South Carolina, or (c) savings and loan association deposits to the extent insured by the Federal Deposit Insurance Corporation (FDIC).

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

- Cash and investments held by the County Treasurer which are property taxes collected by the District's fiscal agent that have not yet been remitted to the District. The County Treasurer invests these funds in investments authorized by state statute as outlined above. All interest and other earnings gained are added back to the fund and are paid out by the County Treasurer to the respective governments on a periodic basis.

<u>Fair Value of Financial Investments</u>: Provisions of various sections within GASB Statement No. 72 (GASB #72), *Fair Value Measurements and Application*, define fair value, establish a framework for measuring fair value in accounting principles generally accepted in the United States of America, and require certain disclosures about fair value measurements. Those provisions address acceptable valuation techniques and establish a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1), and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

- *Level 1 inputs* are unadjusted quoted prices for identical assets and liabilities in active markets to which the reporting entity has access.

- *Level 2 inputs* are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. They include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable (for example, interest rates); and inputs that are derived from or corroborated by observable market data.

- *Level 3 inputs* are unobservable and are significant to the fair value measurement.

Provisions of GASB #72 require disclosures about fair value measurements for certain financial assets and liabilities.

Property Taxes Receivable: Property taxes receivable consists of real and personal property taxes that are to be collected by Greenville County and remitted to the District. Management considers all receivables to be fully collectible and accordingly no allowance for doubtful accounts is required.

Prepaid Items: Prepaid items are recorded to reflect payment of certain costs applicable to future accounting periods and are amortized using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets: Capital assets generally result from expenditures in the governmental funds. These assets are reported in the government-wide financial statements, but are not reported in the fund financial statements.

All capital assets are capitalized at historical cost (or estimated historical cost). The District's capitalization threshold for buildings, building improvements, equipment and vehicles is $5,000. Interest is not capitalized during the construction of capital assets. Other than land and construction in progress, all capital assets are depreciated over their estimated useful lives using the straight-line method. Construction projects begin being depreciated once they are complete, at which time the complete costs of the project are transferred to the appropriate fixed asset category. Improvements are depreciated over the remaining useful lives of the related capital assets.

In the government-wide financial statements, maintenance and repairs are expensed when incurred. Betterments and renewals that meet the District's capitalization threshold are capitalized. When capital assets are sold or otherwise disposed of, the asset cost and related accumulated depreciation are removed from the respective accounts, and the resulting gains or losses are included in the Statement of Activities.

Estimated useful lives are as follows:

Description	Governmental Activities Estimated Lives
Buildings and improvements	25 – 40 years
Equipment	5 – 25 years
Vehicles	6 – 25 years

Payables, Accruals and Long-Term Liabilities: All payables, accrued liabilities and long-term liabilities are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, long-term obligations, claims and judgments, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability only when payment is due.

Pensions: In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note 8 and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The District recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the District's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the Plan'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.

Deferred Outflows and Inflows of Resources: As defined by GASB Concept Statement No. 4, *Elements of Financial Statements,* deferred outflows of resources and deferred inflows of resources represent the consumption of net position by the government or an acquisition of net position by the government, respectively, that is applicable to a future reporting period.

In addition to assets, the Statement of Net Position and the Balance Sheet will report a separate section whenever the element, *deferred outflows of resources*, is presented. This separate financial statement element represents a consumption of net position that applies to a future period(s) and that will be recognized as an outflow of resources (expense/expenditure) during that future period(s). The District currently has one type of deferred outflows of resources: (1) The District reports deferred pension charges in its Statements 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 (e.g., 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 report a separate section whenever the element, *deferred inflows of resources*, is presented. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and that will be recognized as an inflow of resources (revenue) during that future period(s). The District currently has two types of deferred inflows of resources: (1) The District reports deferred property taxes only in the governmental funds Balance Sheet; it is deferred and recognized as an inflow of resources (property tax revenues) in the period the amounts become available. (2) The District also reports deferred pension credits in its Statements 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 credits are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

Fund Balances: As prescribed by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balances for governmental funds can consist of the following:

- Nonspendable Fund Balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

- Restricted Fund Balance – includes amounts that are restricted for specific purposes stipulated by external resources providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

- Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the District’s highest level of decision-making authority, the Board of Commissioners. Commitments may be changed or lifted only by the District taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Assigned Fund Balance – includes amounts intended to be used by the District for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the District or (b) a body (the Board of Commissioners, fire chief, or Greenville County) to which the assigned amounts are to be used for specific purposes.
- Unassigned Fund Balance – includes all residual amounts in governmental funds that are not classified as nonspendable, restricted, committed or assigned. This residual classification is also used for all negative fund balances.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

In all cases, encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

Net Position: Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation and related debt. Net position is reported as restricted when there are limitations imposed on its use. Unrestricted net position is any amount not included in net investment in capital assets or in restricted net position.

Restricted Assets/Net Position: Restricted assets include any assets restricted as to their use in specific District programs either through enabling legislation or through external restrictions imposed by donor, grantors, creditors, or laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District first applies restricted position and then unrestricted position. At June 30, 2018, the District had no restricted net position.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS

Custodial Credit Risk Related to Deposits: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. South Carolina state law requires banks to collateralize deposits for governmental entities that exceed the amount of insurance coverage provided by the Federal Deposit Insurance Corporation (FDIC). Accounts held at each institution are insured by the FDIC up to $250,000. The District has no additional deposit policy for custodial credit risk. As of June 30, 2018, none of the District's cash balances were exposed to custodial credit risk.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk: The District does not have a formal policy limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of June 30, 2018, the District had the following investments:

Investment Type	Credit Rating	Fair Value	Weighted Average Maturity (Years)
Cash and investments held by County Treasurer	Unrated	$ 607,364	1.800

The District does not typically put its funds in security investments, and thus, has not developed a policy for credit risk, custodial credit risk or concentration of credit risk for these types of investments. All of the County's deposits are either insured by the FDIC or collateralized with securities held by the County's agents in the County's name.

NOTE 3 – FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the District's investments at fair value as of June 30, 2018:

		Assets	
Description	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Cash and investments held by County Treasurer	$ 607,364	$ -	$ 607,364
Total Investments at Fair Value	$ 607,364	$ -	$ 607,364

The District had no Level 3 assets or liabilities at June 30, 2018.

NOTE 4 – PROPERTY TAXES

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

NOTE 4 – PROPERTY TAXES (CONTINUED)

Property taxes other than those on motor vehicles are levied and billed by the County on real and business personal properties on October 1 based on the assessed valuation of the property located within the District as of the preceding December 31. For the year ended June 30, 2018, the assessed value was approximately $15.7 million at a rate of 63.3 mills. 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 16	10% of tax
After March 16	15% of tax plus $15 execution cost

Current year real and business personal taxes become delinquent on March 17. Unpaid property taxes become a lien against the property as of the date the tax liability is fixed (usually, December 31 of the year preceding the tax levy). The levy date for motor vehicles is the first day of the month in which the motor vehicle license is renewed. These taxes are due by the last day of the same month.

The District has recorded uncollected, delinquent property taxes at June 30, 2018 of $44,072. Delinquent property taxes of $33,759 have been recognized as revenue at June 30, 2018 because they were collected and had been received by the District within 60 days of year-end. The remaining delinquent property tax receivable of $10,313 has been recorded by the District as deferred inflows of resources at June 30, 2018 on the governmental fund basic financial statements because they were not collected within 60 days after year-end and are thus not considered available for accrual.

NOTE 5 – CAPITAL ASSETS

The following is a summary of capital asset activities for the year ended June 30, 2018:

	July 1, 2017	Additions	Transfers	Disposals	June 30, 2018
Governmental Activities:					
Capital Assets Not Being Depreciated:					
Land	$ 67,625	$ -	$ -	$ -	$ 67,625
Total Capital Assets Not Being Depreciated	67,625	-	-	-	67,625
Capital Assets Being Depreciated:					
Buildings and improvements	1,030,616	-	-	-	1,030,616
Equipment	381,171	11,750	-	-	392,921
Vehicles	633,951	-	-	-	633,951
Total Capital Assets Being Depreciated	2,045,738	11,750	-	-	2,057,488
Less Accumulated Depreciation:					
Buildings and improvements	259,163	26,651	-	-	285,814
Equipment	266,809	20,307	-	-	287,116
Vehicles	276,637	34,217	-	-	310,854
Total Accumulated Depreciation	802,609	81,175	-	-	883,784
Total Capital Assets Being Depreciated, Net	1,243,129	(69,425)	-	-	1,173,704
Governmental Activities Capital Assets, Net	$ 1,310,754	$ (69,425)	$ -	$ -	$ 1,241,329

NOTE 6 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2018 was as follows:

	July 1, 2017	Additions	Reductions	June 30, 2018	Due in one year
Governmental Activities:					
Capital leases:					
Capital lease – March 2006	$ 237,903	$ -	$ 55,932	$ 181,971	$ 58,231
Capital lease – September 2014	123,911	-	29,341	94,570	30,406
Total Capital Leases	361,814	-	85,273	276,541	88,637
Government Obligation Contracts:					
Government Obligation Contract – September 2014	61,954	-	14,670	47,284	15,203
Total Government Obligation Contracts	61,954	-	14,670	47,284	15,203
Other Long Term Liabilities					
Net Pension Liability	835,578	85,491	-	921,069	-
Governmental Activities Long-term Liabilities	$ 1,259,346	$ 85,491	$ 99,943	$ 1,244,894	$ 103,840

General Fund resources have been used in prior years to liquidate all long-term liabilities.

The District entered into a $725,000 capital lease in March 2006. These proceeds were used to fund the new fire station that was constructed in 2007. This lease is repayable in 15 annual payments of $65,710, including interest at 4.11%, beginning in March 2007 and ending in March 2021. The District also entered into a $180,000 capital lease in September 2014. These proceeds were used to purchase a vehicle and equipment. This lease is repayable is six annual payments of $33,840, including interest at 3.63%, beginning in August 2015 and ending in August 2020. This lease includes restrictive covenants. For the year ended June 30, 2018, one of these covenants had been violated and the District is in the process of obtaining a waiver.

The District entered into a $90,000 government obligation contract in September 2014. These proceeds were used to purchase a vehicle. This contract is repayable in six annual payments of $16,919, including interest at 3.63%, beginning in August 2015 and ending in August 2020.

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

Governmental activities assets acquired through capital leases are as follows at June 30, 2018:

Buildings	$ 971,605
Equipment	206,030
Vehicles	309,296
	1,486,931
Less: Accumulated depreciation	537,927
	$ 949,004

Future minimum lease payments for capital leases at June 30, 2018 are as follows:

Year Ending June 30:	Principal	Interest	Total
2019	$ 88,637	$ 10,913	$ 99,550
2020	92,134	7,416	99,550
2021	95,770	3,780	99,550
	$ 276,541	$ 22,109	$ 298,650

Future minimum lease payments for government obligation contracts at June 30, 2018 are as follows:

Year Ending June 30:	Principal	Interest	Total
2019	$ 15,203	$ 1,716	$ 16,919
2020	15,755	1,164	16,919
2021	16,326	593	16,919
	$ 47,284	$ 3,473	$ 50,757

NOTE 7 – RISK MANAGEMENT

The District is exposed to various types of risks including loss related to torts; theft of, damage to and destruction of real and personal property; injuries to employees and others; and damage to property of others. Therefore, the District has purchased insurance contracts from commercial insurance companies to manage such risks.

There was no significant reduction in insurance coverage during the year ended June 30, 2018, and no claim settlements have exceeded insurance coverage during the years ended June 30, 2018, 2017 or 2016.

NOTE 8 – PENSION PLAN

General Information about the Pension Plan

The District 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, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the system and the trust funds. By law, the Budget and Control Board, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Systems in conducting that review. PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for South Carolina Retirement Systems' Pension Trust Funds. The CAFR is publicly available on the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, Attn: Retirement Systems Finance, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the State of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Description: The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1945, pursuant to 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.

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:

- Generally, all employees of covered employers are required to participate in and contribute to the SCRS 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 SCRS 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. Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws.

- 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 of each system is presented below:

- A Class Two member of the SCRS 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 of 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 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 under SCRS 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.

- A Class Two member of the PORS 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 under PORS is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Contributions: Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and 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 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 Board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plan, the 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 above, both employees and the District are required to contribute to the Plan at rates established and as amended by the PEBA. The District's contributions are actuarially determined but are communicated to and paid by the District as a percentage of the employees' annual eligible compensation as follows for the past three years:

	SCRS Rates			PORS Rates		
	2016	2017	2018	2016	2017	2018
Employer Rate:						
Retirement	10.91%	11.41%	13.41%	13.34%	13.84%	15.84%
Incidental Death Benefit	0.00%	0.00%	0.00%	0.20%	0.20%	0.20%
Accidental Death Benefit	0.00%	0.00%	0.00%	0.20%	0.20%	0.20%
	10.91%	11.41%	13.41%	13.74%	14.24%	16.24%
Employee Rate	8.16%	8.66%	9.00%	8.74%	9.24%	9.75%

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

	SCRS Contributions		PORS Contributions	
Fiscal Year Ended	Required Contribution	% Contributed	Required Contribution	% Contributed
June 30, 2018	$ 5,081	100%	$ 66,243	100%
June 30, 2017	$ 4,078	100%	$ 58,958	100%
June 30, 2016	$ 2,790	100%	$ 53,869	100%

NOTE 8 – PENSION PLAN (CONTINUED)

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

Fiscal Year Ended	SCRS Payroll	PORS Payroll	Total Payroll
June 30, 2018	$ 37,892	$ 407,901	$ 445,793
June 30, 2017	$ 35,739	$ 414,033	$ 449,772
June 30, 2016	$ 25,572	$ 392,058	$ 417,630

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

The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2016 . The net pension liability of each defined benefit pension plan was therefore determined based on the July 1, 2016 actuarial valuations, using membership data as of July 1, 2016, projected forward to the end of the fiscal year, and the financial information of the pension trust funds as of June 30, 2017, using generally accepted actuarial procedures. Information included in the following schedule is based on the certification provided by PEBA's consulting actuary, Gabriel, Roeder, Smith and Company.

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 Statement No. 67 less that system's fiduciary net position. As of June 30, 2017, NPL amounts for the SCRS and PORS are as follows:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	$ 48,244,437,494	$ 25,732,829,268	$ 22,511,608,226	53.30%
PORS	$ 7,013,684,001	$ 4,274,123,178	$ 2,739,560,823	60.90%

At June 30, 2018, the District reported liabilities of $78,791 and $842,278 for its proportionate share of the net pension liabilities for the SCRS and PORS Plans, respectively. The net pension liabilities were measured as of June 30, 2017, and the total pension liabilities used to calculate the net pension liabilities was determined based on the most recent actuarial valuation report as of July 1, 2016 that was projected forward to the measurement date. The District's proportion of the net pension liabilities were based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At June 30, 2017, the District's SCRS proportion was 0.0004 percent, which was an increase from its proportion measured as of June 30, 2016. At June 30, 2017, the District's PORS proportion was 0.031 percent, which was equal to its proportion measured as of June 30, 2016.

NOTE 8 – PENSION PLAN (CONTINUED)

For the year ended June 30, 2018, the District recognized pension expense of $14,904 and $96,161 for the SCRS and PORS, respectively. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences between expected and actual experience	$ 351	$ 44
Changes of assumptions	4,612	-
Net difference between projected and actual earnings on pension plan investments	2,199	-
Changes in proportion and differences between District contributions and proportionate share of contributions	20,858	1,170
District's contributions subsequent to the June 30, 2017 measurement date	5,081	-
	33,101	1,214
PORS		
Differences between expected and actual experience	7,511	-
Changes of assumptions	79,940	-
Net difference between projected and actual earnings on pension plan investments	30,014	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	19,666
District's contributions subsequent to the June 30, 2017 measurement date	66,243	-
	183,708	19,666
Total	$ 216,809	$ 20,880

Of the District's deferred outflows of resources relating to pensions, $5,081 resulted from contributions to the SCRS subsequent to the measurement date and $66,243 resulted from contributions to the PORS subsequent to the measurement date. These amounts will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a net reduction in pension expense as follows:

June 30:	SCRS	PORS	Total
2019	$ 26,827	$ 97,919	$ 124,746
2020	(739)	(10,222)	(10,961)
2021	718	10,102	10,820
	$ 26,806	$ 97,799	$ 124,605

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. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2015. 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 rate of return, all recommended assumption and method changes are adopted by both the PEBA Board and SFAA, as co-fiduciaries. The General Assembly adjusted the assumed annual rate of return during the 2017 legislative session so that assumption currently stands at 7.25 percent. The newly adopted assumptions and methods will be first used to perform the July 1, 2017, actuarial valuation, the results of which will be used in determining the total pension liability as of the June 30, 2018, measurement date.

The following table provides a summary of the actuarial assumptions and methods used to calculate the total pension liability as of July 1, 2017.

	SCRS	PORS
Actuarial Cost Method	Entry age normal	Entry age normal
Actuarial Assumptions:		
Investment rate of return	7.25%	7.25%
Projected salary increases	3.0% to 12.5% (varies by service)	3.5% to 9.5% (varies by service)
Includes inflation at	2.25%	2.25%
Benefit adjustments	lesser of 1% or $500	lesser of 1% or $500

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates adjusted for future improvement in mortality using published Scale AA projected from the year 2016. Assumptions used in the June 30, 2017 valuations for SCRS and PORS are as follows:

Former Job Class	Males	Females
Educators and Judges	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, Firefighters and members of the South Carolina National Guard	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Female (with Blue Collar adjustment) multiplied by 115%

Long-term expected rate of return

The long-term expected rate of return on pension plan investments was based upon 30 year capital market assumptions. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. Expected returns are net of investment fees.

NOTE 8 – PENSION PLAN (CONTINUED)

The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted beginning January 1, 2017. 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 below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity:	*45%*		
Global Public Equity	31%	6.72%	2.07%
Private Equity	9%	9.60%	0.86%
Equity Options Strategies	5%	5.91%	0.30%
Real Assets:	*8%*		
Real Estate (Private)	5%	4.32%	0.22%
Real Estate (REITs)	2%	6.33%	0.13%
Infrastructure	1%	6.26%	0.06%
Opportunistic:	*17%*		
GTAA/Risk Parity	10%	4.16%	0.42%
Hedge Funds (non-PA)	4%	3.82%	0.15%
Other Opportunistic Strategies	3%	4.16%	0.12%
Diversified Credit:	*18%*		
Mixed Credit	6%	3.92%	0.24%
Emerging Markets Debt	5%	5.01%	0.25%
Private Debt	7%	4.37%	0.31%
Conservative Fixed Income:	*12%*		
Core Fixed Income	10%	1.60%	0.16%
Cash and Short Duration (Net)	2%	0.92%	0.02%
Total Expected Real Return	100%		5.31%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.56%

NOTE 8 – PENSION PLAN (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.25 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.

Sensitivity Analysis

The following table presents the sensitivity of the District's proportionate share of the net pension liabilities of the Plans as of June 30, 2016 to changes in the discount rate. It shows the District's liabilities as calculated using the discount rate of 7.25 percent, as well as what the liability would be if it were calculated using a discount rate that is 1% point lower (6.25 percent) or 1% point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability of the SCRS	$ 101,550	$ 78,791	$ 64,981
Proportionate share of the net pension liability of the PORS	1,137,051	842,278	609,845

NOTE 9 – WELFARE BENEFIT PLAN

The District provides health insurance coverage to its employees through the Greenville County health insurance plan. The coverage includes medical and vision insurance at no cost to the employee. The District also provides life insurance of $50,000 per employee through Greenville County at no cost to the employee.

BELMONT FIRE AND SANITATION DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original/ Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Property taxes	$ 1,013,041	$ 1,035,610	$ 22,569
Interest income	3,832	7,713	3,881
Miscellaneous income	120	120	-
TOTAL REVENUES	1,016,993	1,043,443	26,450
EXPENDITURES:			
Current:			
Salaries	460,042	481,162	(21,120)
Payroll taxes	35,190	21,217	13,973
Retirement	70,720	71,324	(604)
Insurance:			
Health	80,000	79,371	629
Worker’s compensation	30,000	24,328	5,672
General	14,750	19,485	(4,735)
Dues and subscriptions	1,875	1,416	459
Fire prevention materials	1,325	1,317	8
Maintenance:			
Buildings and grounds	11,550	11,519	31
Communication	2,000	2,037	(37)
Equipment	7,000	5,872	1,128
Vehicle – repair	32,650	33,703	(1,053)
Vehicle – fuel and oil	8,000	8,002	(2)
Miscellaneous	22,056	22,102	(46)
Personnel physicals	7,300	7,293	7
Personnel training and schooling	14,600	14,600	-
Professional fees:			
Audit	5,200	5,200	-
Other	1,500	1,450	50
Small equipment	25,267	9,830	15,437
Supplies/Services	15,000	12,081	2,919
Telephone	10,000	10,667	(667)
Travel and conventions	19,500	18,913	587
Uniforms – dress/work	8,000	8,417	(417)
Utilities	17,000	18,093	(1,093)
Total Current	900,525	889,399	11,126

BELMONT FIRE AND SANITATION DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	Original/ Final Budget	Actual	Variance Positive (Negative)
Capital Outlays	-	11,750	(11,750)
Debt Service:			
Principal	99,943	99,943	-
Interest expense	16,525	16,525	-
TOTAL EXPENDITURES	1,016,993	1,017,617	(624)
EXCESS OF REVENUES OVER EXPENDITURES/NET CHANGE IN FUND BALANCE	$ -	25,826	$ 25,826
FUND BALANCE, Beginning of year		625,623	
FUND BALANCE, End of year		$ 651,449	

BELMONT FIRE AND SANITATION DISTRICT

SCHEDULE OF BELMONT FIRE AND SANITATION DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – SOUTH CAROLINA RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS

Only five years of information is presented as only five years of data were available.

	Year Ended June 30,				
	2018	2017	2016	2015	2014
Belmont Fire and Sanitation District's Proportion of the Net Pension Liability	0.00035%	0.00018%	0.00018%	0.00020%	0.00020%
Belmont Fire and Sanitation District's Proportionate Share of the Net Pension Liability	$ 78,791	$ 55,536	$ 33,948	$ 34,778	$ 36,232
Belmont Fire and Sanitation District's Covered-Employee Payroll	$ 35,739	$ 25,572	$ 16,978	$ 17,045	$ 11,220
Belmont Fire and Sanitation District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	220.46%	217.18%	199.95%	204.04%	322.92%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.300%	52.900%	57.000%	59.919%	56.388%

BELMONT FIRE AND SANITATION DISTRICT

SCHEDULE OF BELMONT FIRE AND SANITATION DISTRICT'S CONTRIBUTIONS – SOUTH CAROLINA RETIREMENT SYSTEM LAST FIVE FISCAL YEARS

Only five years of information is presented as only five years of data were available.

	Year Ended June 30,				
	2018	2017	2016	2015	2014
Contractually Required Contribution	$ 5,081	$ 4,078	$ 2,790	$ 1,825	$ 1,781
Contributions in Relation to the Contractually Required Contribution	5,081	4,078	2,790	1,825	1,781
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Belmont Fire and Sanitation District's Covered-Employee Payroll	$ 37,892	$ 35,739	$ 25,572	$ 16,978	$ 17,045
Contributions as a Percentage of Covered-Employee Payroll	13.41%	11.41%	10.91%	10.75%	10.45%

BELMONT FIRE AND SANITATION DISTRICT

SCHEDULE OF BELMONT FIRE AND SANITATION DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – POLICE OFFICERS RETIREMENT SYSTEM LAST FIVE FISCAL YEARS

Only five years of information is presented as only five years of data were available.

	Year Ended June 30,				
	2018	2017	2016	2015	2014
Belmont Fire and Sanitation District's Proportion of the Net Pension Liability	0.03074%	0.03215%	0.03215%	0.03248%	0.03248%
Belmont Fire and Sanitation District's Proportionate Share of the Net Pension Liability	$ 842,278	$ 780,042	$ 700,599	$ 621,825	$ 673,322
Belmont Fire and Sanitation District's Covered-Employee Payroll	$ 414,033	$ 392,058	$ 398,364	$ 392,208	$ 378,089
Belmont Fire and Sanitation District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	203.43%	198.96%	175.87%	158.54%	178.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	60.900%	60.400%	64.600%	67.550%	62.980%

BELMONT FIRE AND SANITATION DISTRICT

SCHEDULE OF BELMONT FIRE AND SANITATION DISTRICT'S CONTRIBUTIONS –
POLICE OFFICERS RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS

Only five years of information is presented as only five years of data were available.

	Year Ended June 30,				
	2018	2017	2016	2015	2014
Contractually Required Contribution	$ 66,243	$ 58,958	$ 53,869	$ 53,421	$ 50,359
Contributions in Relation to the Contractually Required Contribution	66,243	58,958	53,869	53,421	50,359
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Belmont Fire and Sanitation District's Covered-Employee Payroll	$ 407,901	$ 414,033	$ 392,085	$ 398,364	$ 392,208
Contributions as a Percentage of Covered-Employee Payroll	16.24%	14.24%	13.74%	13.41%	12.84%

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The District prepares and adopts an annual budget for its General Fund to provide for operations. The budget is prepared using the modified accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revisions made during the year are approved by management and/or the Board of Commissioners, as applicable.

The accompanying Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the budget that was adopted by the District for its fiscal year ended June 30, 2018. The original budget was not amended during the year. Therefore, only one budget amount is presented for purposes of comparison.

NOTE 2 – EXCESS EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2018, expenditures did not exceed appropriations in either current expenditures or in debt service.

NOTE 3 – COVERED-EMPLOYEE PAYROLL

At June 30, 2018, 2017, 2016, and 2015, the District reported liabilities for its proportionate share of the net pension liability for the SCRS Plan. The net pension liabilities were measured as of June 30, 2017, 2016, 2015, and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined based on the most recent actuarial valuation report as of July 1, 2016 that was projected forward to the measurement date. For the Schedule of Belmont Fire and Sanitation District's Proportionate Share of the Net Pension Liability – South Carolina Retirement System, the covered-employee payroll amounts are presented as of the Plan measurement dates of June 30, 2017, 2016, 2015, and 2014, respectively, because the amounts are compared with Plan information as of these dates.

On the Schedule of Belmont Fire and Sanitation District's Contributions – South Carolina Retirement System, the amounts presented as covered employee payroll are as of the District's years ended June 30, 2018, 2017, 2016, and 2015, respectively, because the amounts are compared to District information as of these dates.

NOTE 3 – COVERED-EMPLOYEE PAYROLL (CONTINUED)

At June 30, 2018, 2017, 2016, and 2015, the District reported liabilities for its proportionate share of the net pension liability for the PORS Plan. The net pension liabilities were measured as of June 30, 2017, 2016, 2015, and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined based on the most recent actuarial valuation report as of July 1, 2016 that was projected forward to the measurement date. For the Schedule of Belmont Fire and Sanitation District's Proportionate Share of the Net Pension Liability – Police Officers Retirement System, the covered-employee payroll amounts are presented as of the Plan measurement dates of June 30, 2017, 2016, 2015, and 2014, respectively, because the amounts are compared with Plan information as of these dates.

On the Schedule of Belmont Fire and Sanitation District's Contributions – Police Officers Retirement System, the amounts presented as covered employee payroll are as of the District's years ended June 30, 2018, 2017, 2016, and 2015, respectively, because the amounts are compared to District information as of these dates.