

Pelham-Batesville Fire District

Basic Financial Statements

Year Ended December 31, 2020

Pelham-Batesville Fire District

Greer, South Carolina

A Special Purpose District

Created by the

South Carolina Legislature

1971

Commissioners

Frank Cox

Keith Poole

Gregory Jackman

John Parkins

Billy Stewart

Terry S Morris, CPA PA

CERTIFIED PUBLIC ACCOUNTANT

1218 John B. White Sr. Blvd.
Suite G
Spartanburg, SC 29306-3920

Phone: (864) 574-7010
Fax: (864) 574-7018
Email: tmorris@tsmcpa.net

Independent Auditor's Report

Board of Fire Control
Pelham-Batesville Fire District
Greer, South Carolina

I have audited the accompanying basic financial statements and the related notes to the financial statements of Pelham Batesville Fire District as of and for the year ended December 31, 2020, 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 basic 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

My responsibility is to express an opinion on these basic financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic 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, I 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 basic financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Pelham Batesville Fire District as of December 31, 2020, 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.

Terry S Morris, CPA PA

CERTIFIED PUBLIC ACCOUNTANT

1218 John B. White Sr. Blvd.
Suite G
Spartanburg, SC 29306-3920

Phone: (864) 574-7010
Fax: (864) 574-7018
Email: tmorris@tsmcpa.net

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension liability information and budgetary comparison information 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Terry S Morris, CPA PA

Terry S Morris CPA PA
Spartanburg, SC
September 23, 2021

**Pelham-Batesville Fire District
Table of Contents**

	Page No.
Independent Auditor's Report	2
Required Supplemental Information:	
Management's Discussion and Analysis	3 - 10
Basic Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Governmental Funds Balance Sheet	13
Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances	14 - 15
Notes to Financial Statements	16 - 30
Required Supplemental Information:	
Schedule of Pension Plan Contributions	32
Schedule of Proportionate Share of Pension Liabilities	33
Budgetary Comparison Schedule – General Fund	34
Notes to the Required Supplemental Information	35

**Pelham-Batesville Fire District
Management's Discussion and Analysis
For the Year Ended December 31, 2020**

Within this section of the Pelham-Batesville Fire District's annual financial report, the District's management provides narrative discussion and analysis of the financial activities of the District for the year ended December 31, 2020. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

The following commissioners were recommended by the District and appointed by the Governor to serve during the 2020 year:

Frank Cox, Chairman
Keith Poole
Gregory Jackman
John Parkins
Billy Stewart

FINANCIAL HIGHLIGHTS

- The District's assets exceeded its liabilities by \$9,290,628 (net position) for the year reported. This compares to the previous year when assets exceeded liabilities by \$8,260,719.
- Total net position is comprised of the following:
 - (1) Capital assets, net of related debt, of \$6,261,946 includes property and equipment, net of accumulated depreciation and outstanding capital lease payable.
 - (2) Restricted net position includes \$4,354 for prepaid insurance and \$394,204 for debt service.
 - (3) Unrestricted net position of \$2,630,124 represents the portion available to maintain the District's continuing obligation to citizens and creditors.
- The District's General Fund has a balance of \$7,720,645 at the end of the fiscal year. This compares to the prior year's ending fund balance of \$11,477,020 showing a decrease of \$3,756,375 during the current year. Unassigned fund balance of \$5,681,357 for 2020 shows a \$559,823 increase from the prior year.

**Pelham-Batesville Fire District
Management's Discussion and Analysis
For the Year Ended December 31, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The District also includes in the report additional information to supplement the basic financial statements.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and the changes in net position. You can think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position may serve as a useful indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax base, to assess the overall health of the District.

In the Statement of Net Position and the Statement of Activities, the only activity of the District, governmental activities, is presented. The District's basic services are reported here and property taxes finance most of these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUND

Fund Financial Statements

The fund financial statements on pages 13 and 14 provide detailed information about the General Fund – not the District as a whole. This fund is a governmental fund, which focuses on how money flows into and out of the fund and the balances left at year end that are available for spending. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in an explanation in Note ID1.

**Pelham-Batesville Fire District
Management's Discussion and Analysis
For the Year ended December 31, 2020**

NOTES

Notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes can be found immediately following the basic financial statements.

SUPPLEMENTARY INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information following the notes concerning the District's pension liability related to its participation in the South Carolina Police Officers Retirement System and a budgetary comparison schedule comparing the budgeted and actual expenditures for the General Fund. Required supplementary information follows the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Pelham-Batesville Fire District, assets exceeded liabilities by \$9,290,578 at the close of the year.

The largest portion of net position of the District (67.4 percent) reflects its investment in capital assets (e.g., land, buildings, vehicles, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Pelham-Batesville Fire District
Management's Discussion and Analysis
For the Year ended December 31, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS, continued

Pelham-Batesville Fire District's Net Position

	Governmental Activities - 2020	Governmental Activities - 2019
Current and Other Assets	\$ 7,974,126	\$ 12,148,116
Capital Assets	12,999,917	8,280,526
Total Assets	<u>20,974,043</u>	<u>20,428,642</u>
Deferred Outflows of Resources	980,194	688,657
Long-term Liabilities Outstanding	11,816,444	11,566,534
Other Liabilities	712,043	1,139,199
Total Liabilities	<u>12,528,487</u>	<u>12,705,733</u>
Deferred Inflows of Resources	135,122	150,847
Net Position:		
Invested in Capital Assets, net of related debt	6,261,946	5,905,543
Restricted	398,558	385,223
Unrestricted	2,630,124	1,969,953
Total Net Position	<u>\$ 9,290,628</u>	<u>\$ 8,260,719</u>

The balance of unrestricted net position (\$2,630,124) may be used to meet the District's ongoing obligations to citizens and creditors. At the end of the current year, the District is able to report positive balances in all three categories of net position. The District's net position increased by \$1,029,909 during the current year. This increase reflects the degree to which ongoing revenues exceeded ongoing expenses.

Pelham-Batesville Fire District's Changes in Net Position

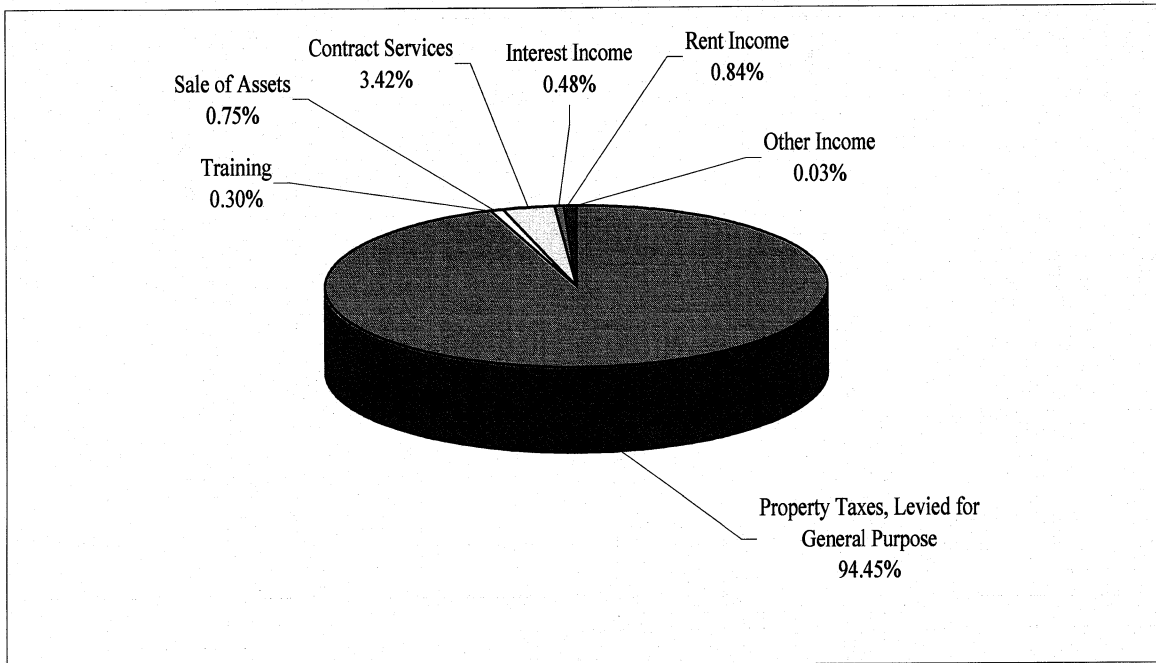
	Governmental Activities - 2020	Governmental Activities - 2019
Revenues:		
General Revenue		
Property Taxes	\$ 5,747,280	\$ 5,315,870
Services Revenue	210,287	217,256
Other	127,555	204,016
Total Revenues	<u>6,085,122</u>	<u>5,737,142</u>
Expenses:		
General Government/Fire Safety	4,845,345	4,697,068
Interest on Long-term Debt	209,868	259,958
Total Expenses	<u>5,055,213</u>	<u>4,957,026</u>
Change in Net Position	1,029,909	780,116
Net Position-Beginning of Year	8,260,719	7,480,603
Net Position-End of Year	<u>\$ 9,290,628</u>	<u>\$ 8,260,719</u>

**Pelham-Batesville Fire District
Management's Discussion and Analysis
For the Year ended December 31, 2020**

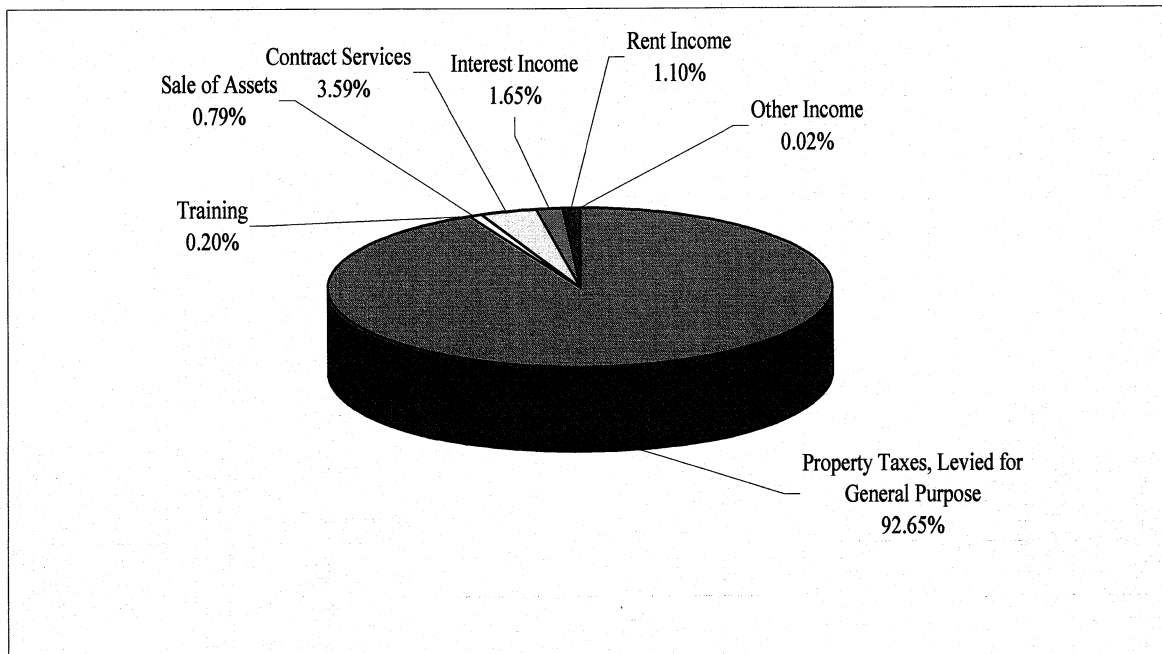
GOVERNMENT-WIDE FINANCIAL ANALYSIS, continued

The following analysis reveals a more detailed review of the revenues and expenditures for the current and prior years.

Revenues for the Year Ended December 31, 2020

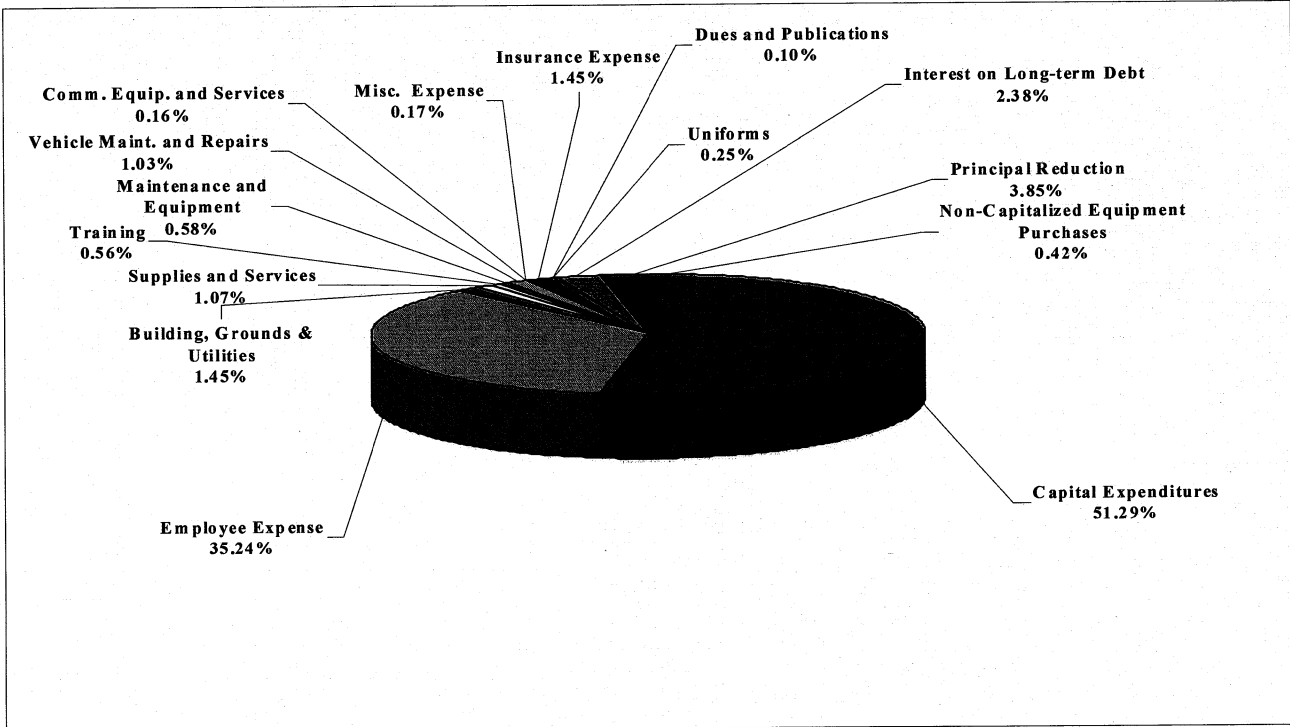


Revenues for the Year Ended December 31, 2019

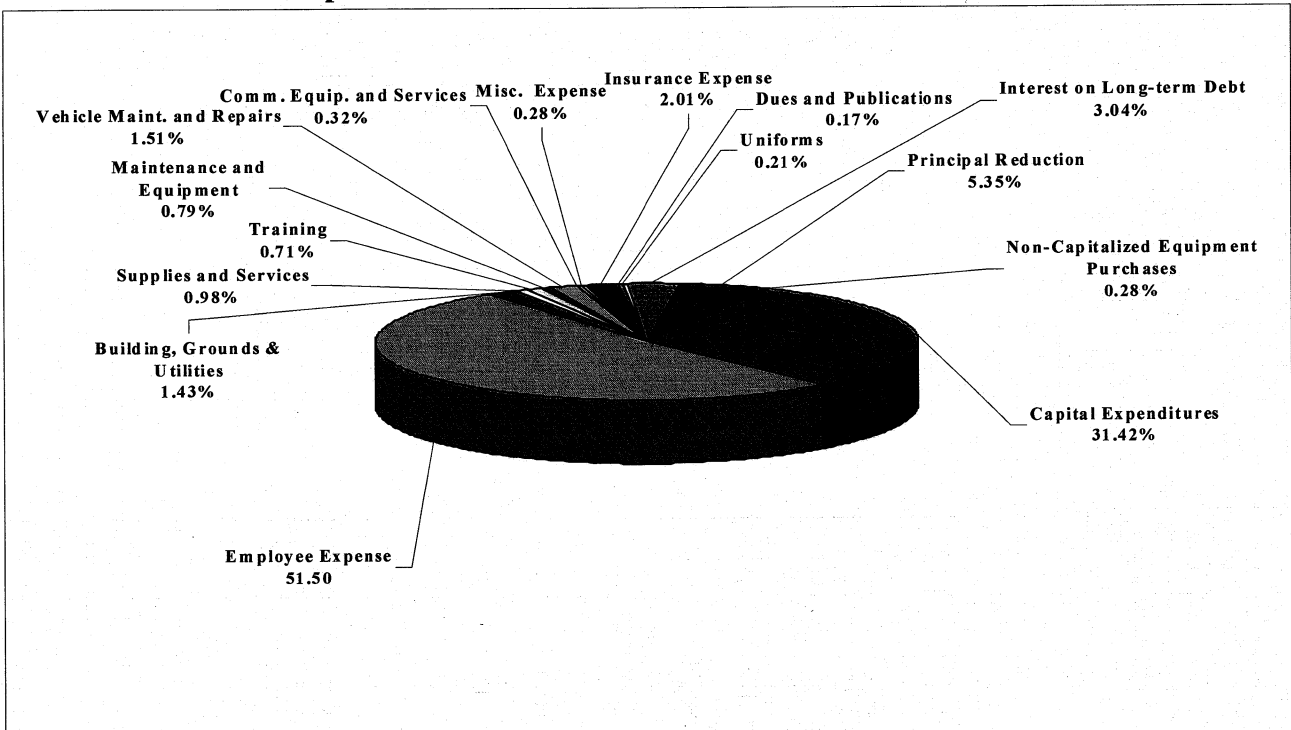


**Pelham-Batesville Fire District
Management's Discussion and Analysis
For the Year ended December 31, 2020**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, continued
Expenditures for the Year Ended December 31, 2020**



Expenditures for the Year Ended December 31, 2019



**Pelham-Batesville Fire District
Management's Discussion and Analysis
For the Year ended December 31, 2020**

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, total expenditures for the budget were \$4,874,821 more than the amount budgeted. Resources available for appropriation were \$948,445 more than the budgeted amount. Therefore, the overall effect was a \$3,756,375 negative variance. The budgetary comparison schedule is presented as required supplemental information and is located on page 34 of this report.

CAPITAL ASSETS

As of December 31, 2020, the District had \$18,317,342 invested in capital assets. With accumulated depreciation, this figure is reduced to \$12,999,917.

This year's additions included costs related to the new HQ project in the amount of \$4,335,954, the costs related to the Station 4 addition in the amount of \$207,445, the Refurbishment of the 1997 Pierce Quantum in the amount of \$345,137, the purchase of a 2020 Ford F-250 in the amount of \$43,816, the purchase of a Compressor in the amount of \$61,914, the purchase of a Spreader & Cutter in the amount of \$34,979 and the purchase of an Extractor in the amount of \$18,102. More detailed information about the District's capital assets is presented in Note IIA3 to the financial statements.

The following table summarizes the District's capital assets, net of accumulated depreciation, for the years ended December 31, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Land	\$ 2,025,917	\$ 564,357
Buildings and Improvements	9,522,639	6,604,968
Furniture and Office Equipment	19,820	25,646
Fire Equipment	1,388,041	1,038,927
Loan Costs	43,500	46,627
	<u>\$ 12,999,917</u>	<u>\$ 8,280,525</u>

LONG-TERM DEBT

State statutes limit the amount of general obligation debt a government entity may issue to 8% of its total assessed valuation. The current debt limitation for the District is significantly in excess of the District's current outstanding general obligation debt.

At year end, the District had a total of \$7,401,947 in leases outstanding and accrued compensations.

	<u>2020</u>	<u>2019</u>
Capital Leases:		
BB&T Governmental Finance	\$ 527,175	\$ 625,900
PNC Equipment Finance	219,723	325,008
Bank of Travelers Rest Loan	6,245,000	6,420,000
	<u>\$ 6,991,898</u>	<u>\$ 7,370,908</u>

The long-term portion of accrued compensated absences is \$410,050.

**Pelham-Batesville Fire District
Management's Discussion and Analysis
For the Year ended December 31, 2020**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's major source of revenue is tax revenue, which is collected by the Greenville and Spartanburg County Treasurers and remitted to the District. The District covers an area of approximately 25 square miles which includes suburban, rural areas, commercial and public facilities continuing to grow at a rapid rate. The Fire District must broaden and expand its services in conjunction with the growth being experienced. To date, this has been done without having to drastically increase taxes. As this District has grown, so has the revenue.

There has been no change to the coverage of the District. Therefore, the budget for 2020 has increased mainly due to increased employee costs with no known substantial increases or decreases in tax revenue.

The SC Legislature passed into law a tax limit situation that caps annual ad valorem tax increases to the amount of growth by population that you had, plus the amount of CPI (Consumer Price Index) from the previous year. (Ref. – SC Code of Laws, Title 6-1-320). This effects all local government. In the short term this law is not a major problem for the District. It could, however, if not amended, be a serious problem in future years. I.e.; if growth does not keep up with budget needs for services, the law being the same, this could prohibit the District from providing current levels of service and/or continuing to keep the same levels of service.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's Fire Chief, Charles P. Jolley, at Pelham-Batesville Fire District, 3050 South Highway 14, Greer, SC 29650.

Pelham-Batesville Fire District
Statement of Net Position
December 31, 2020

	Governmental Activities
Assets	
Cash, Cash Equivalents, and Investments	\$ 4,482,069
Taxes Receivable	3,002,939
Other Receivables	230,837
Prepaid Insurance	4,354
Escrow Account	253,927
Loan Costs	43,500
Land	2,025,917
Capital Assets, net of accumulated depreciation (Note IIA3)	10,930,500
Total Assets	20,974,043
Deferred Outflows of Resources:	
Differences between expected and actual expenditures related to pensions	780,520
Contributions subsequent to measurement date related to pensions	199,674
Total Deferred Outflows of Resources	980,194
Liabilities	
Current Liabilities:	
Accounts Payable	80,191
Accrued and Withheld Payroll Expenses	151,709
Accrued Compensated Absences	21,581
Accrued Interest Payable	64,358
Lease Obligations - Current Portion	394,204
Total Current Liabilities	712,043
Non-Current Liabilities:	
Accrued Compensated Absences	410,050
Long-Term Portion of Lease Obligations	6,597,694
Net Pension Liability	4,808,700
Total Non-Current Liabilities	11,816,444
Total Liabilities	12,528,487
Deferred Inflows of Resources:	
Differences between expected and actual expenditures related to pensions	135,122
Total Deferred Inflows of Resources	135,122
Net Position	
Investment in Capital Assets, net of related debt	6,261,946
Restricted for Prepaid Insurance	4,354
Restricted for Debt Service	394,204
Unrestricted	2,630,124
Total Net Position	\$ 9,290,628

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

**Pelham-Batesville Fire District
Statement of Activities
December 31, 2020**

	Governmental Activities
Expenditures	
Fire and Emergency Services	\$ 4,476,110
Depreciation and Amortization	327,955
Non-Capitalized Equipment Purchases	41,280
Interest on Debt	209,868
Total Expenditures	5,055,213
 Revenues	
Property Taxes	5,747,280
Contract Services	208,287
Training Classes	2,000
Rent Income	51,266
Sale of Assets	45,500
Donations	143
Other Income	1,441
Interest Income	29,205
Total Revenues	6,085,122
 Change in Net Position	1,029,909
 Net Position, Beginning of the Year	8,260,719
Net Position, End of the Year	\$ 9,290,628

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

**Pelham-Batesville Fire District
Governmental Fund Balance Sheet
December 31, 2020**

	General Fund
Assets	
Cash, Cash Equivalents and Investments	\$ 4,482,069
Taxes Receivable	3,002,939
Other Receivables	230,837
Escrow Account	253,927
Prepaid Insurance	4,354
Total Assets	7,974,126
Liabilities	
Accounts Payable	80,191
Accrued and Withheld Payroll Expenses	151,709
Accrued Compensated Absences	21,581
Total Liabilities	253,481
Fund Balance	
Nonspendable	4,354
Restricted	394,204
Assigned	1,640,730
Unassigned	5,681,357
Total Fund Balance	7,720,645
Total Liabilities and Fund Balances	\$ 7,974,126

Total Fund Balance – General Fund \$ 7,720,645

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	12,999,917
Long-term liabilities, including net pension obligations are not due and payable in the current period and therefore, are not reported in the funds.	(12,275,006)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pensions	980,194
Deferred inflows of resources related to pensions	(135,122)
Total Net Position	\$ 9,290,628

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

Pelham-Batesville Fire District
Governmental Fund Statement of Revenues, Expenditures and
Change in Fund Balance
December 31, 2020

	General Fund
REVENUES	
Property Taxes	\$ 5,747,280
Contract Services	208,287
Training Classes	2,000
Rent Income	51,266
Other Income	1,441
Donations	143
Interest Income	29,205
Total Revenues	6,039,622
EXPENDITURES	
Fire and Emergency Services	4,139,256
Non-Capitalized Equipment Purchases	41,280
Capital Outlay	5,047,347
Debt Service:	
Principal	379,010
Interest	234,604
Total Expenditures	9,841,497
Excess of Revenues Over/(Under) Expenditures	(3,801,875)
Other Financing Sources	
Proceeds from Sale of Assets	45,500
Total Other Financing Sources	45,500
Change in Fund Balance	(3,756,375)
Fund Balance, Beginning of the Year	11,477,020
Fund Balance, End of the Year	\$ 7,720,645

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

Pelham-Batesville Fire District
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and
Change in Fund Balance to the Statement of Activities
December 31, 2020

Net change in Fund Balance – General Fund		\$ (3,756,375)
Amounts reported for governmental activities in the statement of activities were different because:		
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 Capital outlays exceeded depreciation in the period.		4,719,391
Repayment of debt is reported as an expenditure in the Governmental funds but not in the statement of activities		379,010
Governmental funds report pension contributions as expenditures, however, in statement of activities, the cost of pension benefits earned, net of employee contributions is reported as pension expense.		
Pension contributions of the District	399,944	
Cost benefits earned, net of employee contributions	<u>(720,614)</u>	(320,670)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the Governmental funds:		
Decrease in accrued interest payable		24,735
Increase in accrued compensated absences		<u>(16,182)</u>
Change in Net Position		<u>\$ 1,029,909</u>

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

Pelham-Batesville Fire District
Notes to Financial Statements
December 31, 2020

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

Pelham-Batesville Fire District (the District) is a special purpose district created in 1971 by the South Carolina legislature to provide fire service to residents of a specified geographical district within the boundaries of Greenville and Spartanburg Counties in South Carolina. The District operates under a commission form of government.

B. Mission Statement

The mission of the Pelham-Batesville Fire District is to prevent within any means possible, the loss of life and the destruction of property within the Fire District and to aid in preventing such losses before they occur.

C. Reporting Entity

The District is controlled by a Board of Commissioners (the Board), which has oversight responsibility over the officers of the District. The Board is not included in any other governmental "reporting entity" as defined in the Governmental Accounting Standards Board (GASB) Sec. 2100.108. The commissioners are appointed by the Governor. However, they have decision making authority, the power to designate management, the ability to significantly influence operations and the primary accountability for fiscal matters. For these reasons, the District is recognized as a primary government in accordance with GAAP.

All activities, including component units, for which the Board exercises oversight responsibility, have been incorporated into the basic financial statements to form the reporting entity. The District's basic financial statements include the accounts of all District operations.

The primary criterion for determining inclusion or exclusion of a legally separate entity is financial accountability, which is presumed to exist if the District both appoints a voting majority of the entity's governing body, and either 1) the District is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on, the District. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the District. In order to be considered fiscally independent, an entity must have the authority to do all three of the following:

1. Determine its budget without the District having the authority to approve or modify that budget;
2. Levy taxes or set rates or charges without approval by the District; and
3. Issue bonded debt without approval by the District.

Pelham-Batesville Fire District
Notes to Financial Statements
December 31, 2020

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Finally, an entity could be a component unit even if it met all the conditions described above if excluding it would cause the District's financial statements to be misleading or incomplete. There were no component units required to be included in the District's financial statements.

The accounting and reporting framework and the more significant accounting principles and practices of Pelham-Batesville Fire District are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the District's financial activities for the year ended December 31, 2020.

D. Financial Reporting Entity – Basis of Presentation

1. Government-Wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements report financial information for the District as a whole. The statements represent the governmental activities that are generally supported by tax levy.

The Statement of Activities reports the expenses of a given function offset by revenues directly connected with the function. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and revenues associated with a distinct functional activity. Taxes and other revenue sources are reported as general revenues.

Fund Financial Statements

The fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances. These statements focus on information about the District's single governmental fund.

2. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

Pelham-Batesville Fire District
Notes to Financial Statements
December 31, 2020

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property tax revenues are recognized in the year for which they are levied. Retirement benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., 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 apply liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year end. Generally, a 60-day availability period is used for revenue recognition for other governmental funds revenues. Expenditures are recorded when the related fund liability is incurred. Generally, the District uses a 90-day period for recognition of expenditures as current liabilities.

3. Fund Types and Major Funds

Governmental Funds

The District reports the following major governmental fund:

General Fund – reports as the primary fund of the District. This fund is used to account for all financial resources not reported in other funds.

E. Assets, Liabilities, and Net Position or Equity

1. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an initial maturity of three months or less. State statutes authorize the District to invest in:

- a. Obligations of the United States and agencies thereof;
- b. General obligations of the State of South Carolina or any of its political units;
- c. Savings and Loan Associations to the extent that the same are insured by an agency of the government;

Pelham-Batesville Fire District
Notes to Financial Statements
December 31, 2020

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

- d. Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above by a third party as escrow or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest. However, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- e. Repurchase agreements when collateralized by securities as set forth in this section. No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution.
- f. When acting as trustee or agent for a bond or other debt issue of the District, if the particular portfolio of the investment company or investment trust in which the investment is made (1) is limited to obligations described in items a, b and e of this subsection, and (2) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The District's cash investment objectives are preservation of capital, liquidity and yield. Investments are stated at fair value. Funds invested for periods greater than three months are classified as investments.

2. Prepays

Prepays record payments to vendors that benefit future reporting periods and are also reported on the consumption basis. Prepays are similarly reported in government-wide and fund financial statements. For 2020, prepaid insurance premiums were \$4,354.

3. Capital Assets and Depreciation

The District's property, plant, and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The District generally capitalizes assets with costs of \$5,000 or more. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Grounds	40 - 50
Improvements	10 - 40
Mobile Equipment	5 - 20
Furniture, Fixtures, and Equipment	7

Pelham-Batesville Fire District
Notes to Financial Statements
December 31, 2020

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Deferred Outflows/Inflows Of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

5. Net Position and Fund Balance

In the government-wide financial statements, the difference between the District's total assets and total liabilities represents net position. Net Position is reported as three separate components – invested in capital assets, net of related debt; restricted; and unrestricted. Unrestricted net position represents the amount available for future use.

In governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes due to constraints on resources that are either externally imposed by creditors, grantors, contributors, or federal or state law.

Assigned – Amounts that are intended for a specific purpose by the Board of Commissioners. This fund balance classification reflects funds assigned for capital projects.

Unassigned – All amounts not included in other spendable classifications.

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

6. 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 revenue and expenses during the period. Actual results could differ from those estimates.

Pelham-Batesville Fire District
Notes to Financial Statements
December 31, 2020

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

F. Revenues, Expenditures, and Expenses

1. Ad-Valorem Taxes

Greenville and Spartanburg Counties bill and collect the District's property taxes. The District's property tax revenues are recognized when they become revenues in the hands of the Greenville and Spartanburg Counties Treasurers' Office.

2. Compensated Absences

District employees accrue and usually receive full compensation for general leave either as paid time off or as compensation at termination. At December 31, 2020, the District accrued \$431,631 as compensation for future absences of which \$21,581 is current and \$410,050 is long-term. For governmental funds, when a liability is accrued, the current portion representing the amount that would normally be paid with expendable available resources is recorded as a current liability.

3. Tax Abatements

Property tax revenues were reduced by \$2,722,335 under agreements entered into by Spartanburg County during the prior fiscal year. The District only received \$1,576,319 as a result of these agreements.

Property tax revenues were also reduced by \$100,058 under agreements entered into by Greenville County during the prior fiscal year. The District only received \$76,734 as a result of these agreements.

NOTE II - DETAILED NOTES ON FUNDS

A. Assets

1. Cash, Cash Equivalents, and Investments

The investment policies of the District are governed by State statute, and an adopted District investment policy as outlined in Note I. Major provisions of the District's investment policy include: depositories must be FDIC insured South Carolina banking institutions; depositories must fully insure or collateralize all demand and time deposits. Securities collateralizing time deposits are held by independent third party trustees.

**Pelham-Batesville Fire District
Notes to Financial Statements
December 31, 2020**

NOTE II - DETAILED NOTES ON FUNDS, continued

The District had on deposit with the Greenville County Treasurer, at December 31, 2020, a \$647,635 balance which is not restricted.

The carrying amount of all other District deposits with financial institutions was \$4,086,735 and the bank balance was \$3,973,797. The bank balances are categorized as follows:

Amount insured by the FDIC and NCUA	\$ 992,798
Amount collateralized with securities held by bank	<u>2,980,999</u>
Total Insured and Collateralized	<u>\$ 3,973,797</u>

Cash and cash equivalents of \$2,655,899 were on deposit in accounts at Bank of Travelers Rest. Also on deposit at Bank of Travelers Rest is the New HQ building project funds in the amount of \$253,927. Other deposits include \$571,088 in money market accounts at HomeTrust Bank, \$101 in a share account at CPM Federal Credit Union, \$237,697 in a draft account at CPM Federal Credit Union, a money market account at Countybank in the amount of \$250,085 and \$5,000 in a CD at CresCom Bank.

2. Receivables, Uncollectible Accounts, and Deferred Revenue

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

Property taxes are levied and billed by the Counties on real and personal properties on October 1, based on an assessed value of approximately \$120 million for Greenville County and approximately \$15.7 million for Spartanburg County (figures include vehicle assessments) at a rate of 27 mills for each county. These taxes are due without penalty through January 15. Penalties are added to taxes depending on the date paid as follows:

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

Current year real and personal taxes become delinquent on March 16. The levy date for motor vehicles is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the same month.

Taxes receivable are \$3,002,939 in the General Fund, which have been recognized as revenue at December 31, 2020, because they were collected within sixty days after year end and are considered measurable and available. Uncollected property taxes, net of the allowance for the estimated uncollectible portion, were immaterial. Therefore, no amounts have been recorded.

Pelham-Batesville Fire District
Notes to Financial Statements
December 31, 2020

NOTE II - DETAILED NOTES ON FUNDS, continued

3. Capital Assets

Changes in Capital Assets

The following table provides a summary of changes in capital assets:

	<u>Balance at</u> <u>12/31/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>12/31/20</u>
Capital Assets, not being depreciated:				
Land	\$ 564,357	\$ 1,461,560	\$ -	\$ 2,025,917
Total Capital Assets, not being depreciated	<u>564,357</u>	<u>1,461,560</u>	<u>-</u>	<u>2,025,917</u>
Capital Assets, being depreciated:				
Building and Improvements	8,291,517	4,543,399	(1,461,560)	11,373,356
Equipment	4,542,066	503,948	(183,183)	4,862,831
Total Capital Assets, being depreciated	<u>12,833,583</u>	<u>5,047,347</u>	<u>(1,644,743)</u>	<u>16,236,187</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(1,668,956)	-	(164,167)	(1,833,123)
Equipment	(3,495,086)	183,183	(160,661)	(3,472,564)
Total Accumulated Depreciation	<u>(5,164,042)</u>	<u>183,183</u>	<u>(324,828)</u>	<u>(5,305,687)</u>
Total Capital Assets, being depreciated, net	<u>7,669,541</u>	<u>5,230,530</u>	<u>(1,969,571)</u>	<u>10,930,500</u>
Loan Costs net of Amortization	46,627	-	(3,127)	43,500
Capital Assets, net	<u>\$ 8,280,525</u>	<u>\$ 6,692,090</u>	<u>\$ (1,972,698)</u>	<u>\$ 12,999,917</u>

Current period depreciation expense was charged as a function of the primary government as follows:

General Fund	<u>\$ 324,828</u>
--------------	-------------------

B. Liabilities

1. General

The District's miscellaneous outstanding bills of \$80,191 are accounted for in accounts payable, unless separately identified as with accrued payroll expenses of \$151,709 and accrued current compensated absences of \$21,581. The accrued payroll expenses constitutes the wages earned from the last pay period until the end of the fiscal year plus payroll taxes related to those earnings.

**Pelham-Batesville Fire District
Notes to Financial Statements
December 31, 2020**

NOTE II - DETAILED NOTES ON FUNDS, continued

2. Long-term Debt

The following is a summary of changes in long-term obligations during the year ended December 31, 2020.

	Balance at 12/31/19	Additions	Payments/ Reduction	Balance at 12/31/20
Capital Lease-BB&T Governmental	\$ 625,900	\$ -	\$ (98,725)	\$ 527,175
PNC Financial Lease	325,008	-	(105,285)	219,723
Bank of Travelers Rest Loan	6,420,000	-	(175,000)	6,245,000
Compensated Absences	393,868	-	16,182	410,050
Total	\$ 7,764,776	\$ -	\$ (362,828)	\$ 7,401,948

The District is obligated under leases accounted for as capital leases. The leased assets and related obligations are accounted for in the Statement of Net Position. The terms of the leases are as follows:

	<u>Principal Amount</u>
BB&T Governmental Finance; 10 annual payments beginning in 2016 with final payment in 2025; interest rate of 2.2%	\$ 1,000,000
PNC Equipment Finance; 5 annual payments beginning in 2020 with final payment in 2022; interest rate of 2.87%	\$ 526,848
Bank of Travelers Rest; 25 annual payments beginning in 2020 with final payment in 2043; interest rate of 3.34%	\$ 6,590,000

As of December 31, 2020, future minimum lease payments under capital leases are as follows:

<u>Year Ending 12/31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	394,204	223,397	617,601
2022	404,532	211,807	616,339
2023	300,385	199,911	500,296
2024	312,704	190,913	503,617
2025	320,073	181,612	501,685
2026-2030	1,160,000	784,399	1,944,399
2031-2035	1,375,000	573,227	1,948,227
2036-2040	1,620,000	323,479	1,943,479
2041-2043	1,105,000	56,196	1,161,196
Total	\$ 6,991,898	\$ 2,744,941	\$ 9,736,839

Pelham-Batesville Fire District
Notes to Financial Statements
December 31, 2020

NOTE III – RISK MANAGEMENT – CLAIMS AND JUDGEMENTS

The District pays all insurance claims after co-pay until any single claim exceeds \$35,000. The aggregate premiums purchase excess loss insurance to pay expenses over \$35,000 per claim. The maximum aggregate reimbursement per policy period is \$2,000,000. Premiums and administrative fees totaled \$293,041. Claims paid through December totaled \$226,895. Claims incurred but not paid by December 31, 2020 totaled \$17,670.

NOTE IV – OTHER INFORMATION

Employee retirement system

Plan Descriptions

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

The State Optional Retirement Program (ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired state, public school, and higher education employees. State ORP participants direct the investment of their funds into an account administered by one of four third party service providers.

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

The SCRS and PORS plans are administered by the South Carolina Public Employee Benefit Authority (PEBA).

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 and PORS – Generally, all employees of covered employers are required to participate in either the SCRS or PORS and contribute to the system as a condition of employment.
- State ORP – As an alternative to membership in SCRS, eligible employees have the option to participate in the State Optional Retirement Program (State ORP), which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not considered part of the retirement systems for financial statements purposes. Employee and Employer contributions to the State ORP are at the same rates as SCRS.

**Pelham-Batesville Fire District
Notes to Financial Statements
December 31, 2020**

Benefits

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

- SCRS – Retired members are eligible for a monthly pension benefit. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.
- PORS – Retired members are eligible for a monthly pension benefit. 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.

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 within certain parameters on the basis of the actuarial valuations.

Required employee contribution rates are as follows:

	Fiscal Year 2021	Fiscal Year 2020
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 contributions are as follows:

	Fiscal Year 2021	Fiscal Year 2020
SCRS		
Employee Class Two	15.41%	15.41%
Employee Class Three	15.41%	15.41%
Employer Incidental Death Benefit	0.15%	0.15%
State ORP		
Employer Contribution	15.41%	15.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employee Class Two	17.84%	17.84%
Employee Class Three	17.84%	17.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

Pelham-Batesville Fire District
Notes to Financial Statements
December 31, 2020

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

At December 31, 2020, the District reported a liability of \$4,808,700 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

For the year ended December 31, 2020, the District recognized pension expense of \$720,614. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Inflows of Resources
Liability experience	\$ 100,561	\$ 21,063
Changes of assumptions	56,836	-
Investment Experience	549,032	61,481
Changes in proportion and differences between District contributions and proportionate share of contributions	74,091	52,578
District contributions subsequent to the measurement date	199,674	-
Total	\$ 980,194	\$ 135,122

\$199,674 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020.

Net Pension Liability

The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2019. The net pension liability of each defined benefit pension plan was therefore determined based on the July 1, 2019 actuarial valuations, using membership data as of July 1, 2019, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2020, using generally accepted actuarial procedures.

Pelham-Batesville Fire District
Notes to Financial Statements
December 31, 2020

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. As of June 30, 2020, NPL amounts for SCRS and PORS are as follows:

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers' Net Pension Liability (Asset)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
SCRS	\$ 51,844,187,763	\$ 26,292,418,682	\$ 25,551,769,081	50.7%
PORS	8,046,386,629	4,730,174,642	3,316,211,987	58.8%

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.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2020.

<u>Actuarial cost method</u>	<u>SCRS</u>	<u>PORS</u>
	<u>Entry age normal</u>	<u>Entry age normal</u>
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 annually	lesser of 1% or \$500 annually

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

<u>Former Job Class</u>	<u>Males</u>	<u>Females</u>
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

Pelham-Batesville Fire District
Notes to Financial Statements
December 31, 2020

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2020 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 below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

<u>Allocation / Exposure</u>	<u>Policy Target</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Global Equity	51.0%		
Global Public Equity	35.0%	7.81%	2.73%
Private Equity	9.0%	8.91%	0.80%
Equity Options Strategies	7.0%	5.09%	0.36%
Real Assets	12.0%		
Real Estate (Private)	8.0%	5.55%	0.44%
Real Estate (REITs)	1.0%	7.78%	0.08%
Infrastructure (Private)	2.0%	4.88%	0.10%
Infrastructure (Public)	1.0%	7.05%	0.07%
Opportunistic	8.0%		
Global Tactical Asset Allocation	7.0%	3.56%	0.25%
Other Opportunistic Strategies	1.0%	4.41%	0.04%
Credit	15.0%		
High Yield Bonds / Bank Loans	4.0%	4.21%	0.17%
Emerging Markets Debt	4.0%	3.44%	0.14%
Private Debt	7.0%	5.79%	0.40%
Rate Sensitive	14.0%		
Core Fixed Income	13.0%	1.60%	0.21%
Cash and Short Duration (Net)	1.0%	0.56%	0.01%
Total Expected Return	100.0%		5.80%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			8.05%

Discount Rate

The discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Pelham-Batesville Fire District
Notes to Financial Statements
December 31, 2020

Sensitivity Analysis

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7.25 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1.00% Decrease 6.25%	Current Discount Rate 7.25%	1.00% Increase 8.25%
SCRS	\$ 31,668,284,640	\$ 25,551,769,081	\$ 20,444,404,902
PORS	4,390,106,406	3,316,211,987	2,453,943,826

Additional Financial and Actuarial Information

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the Systems' audited financial statements for the fiscal year ended June 30, 2020 (including the unmodified audit opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2020.

NOTE V. – Subsequent Event

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.

Supplemental Information

Pelham-Batesville Fire District
Schedule of Pension Plan Contributions
South Carolina Retirement System and Police Officers Retirement System
Last 7 Fiscal Years

	2020	2019	2018	2017	2016	2015	2014
SCRS							
Contractually required Contribution	\$ 12,904	\$ 7,809	\$ 6,362	\$ 5,560	\$ 4,899	\$ 4,662	\$ 4,473
Contributions in relation to the							
contractually required contribution	(12,904)	(7,809)	(6,362)	(5,560)	(4,899)	(4,662)	(4,473)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 83,739	\$ 52,167	\$ 45,644	\$ 44,758	\$ 43,891	\$ 43,040	\$ 42,187
Contributions as a percentage of							
covered-employee payroll	15.4%	15.0%	13.9%	12.4%	11.2%	10.8%	10.6%
PORS							
Contractually required Contribution	\$ 387,041	\$ 371,347	\$ 340,497	\$ 290,464	\$ 252,994	\$ 229,494	\$ 213,815
Contributions in relation to the							
contractually required contribution	(387,041)	(371,347)	(340,497)	(290,464)	(252,994)	(229,494)	(213,815)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 2,169,514	\$ 2,141,160	\$ 2,083,221	\$ 1,955,541	\$ 1,860,576	\$ 1,741,757	\$ 1,679,471
Contributions as a percentage of							
covered-employee payroll	17.8%	17.3%	16.3%	14.9%	13.6%	13.2%	12.7%

Pelham-Batesville Fire District
Schedule of The District's Proportionate Share
Of The Net Pension Liability
South Carolina Retirement System and Police Officers Retirement System

	2020	2019	2018	2017	2016	2015
<u>SCRS</u>						
District's proportion of the net pension liability	0.0006%	0.0004%	0.0004%	0.0004%	0.0004%	0.0004%
District's proportionate share of the net pension liability	\$ 168,172	\$ 98,647	\$ 96,653	\$ 97,700	\$ 94,624	\$ 84,965
District's covered-employee payroll	\$ 83,739	\$ 52,167	\$ 45,644	\$ 44,758	\$ 43,891	\$ 43,040
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	200.8%	189.1%	211.8%	218.3%	215.6%	197.4%
Plan fiduciary net position as a percentage of the total pension liability	50.7%	54.4%	54.1%	53.3%	57.0%	57.0%

	2020	2019	2018	2017	2016	2015
<u>PORS</u>						
District's proportion of the net pension liability	0.139%	0.143%	0.143%	0.138%	0.135%	0.135%
District's proportionate share of the net pension liability	\$ 4,640,528	\$ 4,082,121	\$ 4,038,600	\$ 3,802,730	\$ 3,434,640	\$ 2,941,318
District's covered-employee payroll	\$ 2,169,514	\$ 2,141,160	\$ 2,083,221	\$ 1,955,541	\$ 1,860,576	\$ 1,741,757
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	213.9%	190.6%	193.9%	194.5%	184.6%	168.9%
Plan fiduciary net position as a percentage of the total pension liability	58.8%	62.7%	61.7%	60.9%	60.4%	64.6%

Pelham-Batesville Fire District
Budgetary Comparison Schedule – General Fund
For the Year ended December 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Revenue Expenditures</u>	<u>Variance with Budget Positive (Negative)</u>
REVENUES:				
Property Taxes for General Purpose	\$ -	\$ -	\$ 5,747,280	\$ -
Contract Services	-	-	208,287	-
Donations	-	-	143	-
Interest Income	-	-	29,205	-
Training Classes	-	-	2,000	-
Other Income	-	-	1,441	-
Rent Income	-	-	51,266	-
Total Revenues	<u>5,136,677</u>	<u>5,136,677</u>	<u>6,039,622</u>	<u>902,945</u>
EXPENDITURES:				
Employee Expense	3,663,872	3,663,872	3,468,303	195,569
Building, Grounds & Utilities	105,060	105,060	142,779	(37,719)
Supplies and Services	87,125	87,125	105,602	(18,477)
Training	83,900	83,900	54,761	29,139
Maintenance and Equipment	80,254	80,254	56,613	23,641
Vehicle Maintenance and Repairs	92,950	92,950	101,843	(8,893)
Communications Equipment and Services	27,000	27,000	15,595	11,405
Miscellaneous Expense	21,685	21,685	16,808	4,877
Insurance Expense	151,275	151,275	142,784	8,491
Dues and Publications	11,250	11,250	9,407	1,843
Uniforms	29,980	29,980	24,761	5,219
Interest on Long-Term Debt	234,604	234,604	234,604	-
Principal Reduction	379,010	379,010	379,010	-
Non-Capitalized Equipment Purchases	41,280	41,280	41,280	-
Capital Budget	127,432	127,432	5,047,347	(4,919,915)
Total Expenditures	<u>5,136,677</u>	<u>5,136,677</u>	<u>9,841,497</u>	<u>(4,704,820)</u>
Total Revenues Over/(Under) Expenditures	-	-	(3,801,875)	(3,801,875)
OTHER FINANCING SOURCES:				
Proceeds from Sale of Assets	-	-	45,500	45,500
Total Other Financing Sources	-	-	45,500	45,500
Excess of Expenditures Over Revenues and Sources	-	-	(3,756,375)	<u>\$ (3,756,375)</u>
Fund Balance Beginning of Year	-	-	11,477,020	
Fund Balance End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,720,645</u>	

See accompanying notes to required supplementary information.

Pelham-Batesville Fire District
Notes to the Required Supplemental Information
December 31, 2020

Method and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, 2020, six months 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, 2020 reported in that schedule can be found in Note IV of the basic financial statements.

Budgetary Data

1. Budget Policy and Practice

The Department Commissioners adopt an annual operating budget at the beginning of the year. Public hearings are held to address priorities and the allocation of resources. Once approved, the Commissioners may amend the legally adopted budget when unexpected modifications are required in estimated revenues.

2. Budgetary Control

Each fund's budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: employee expense, building grounds and utilities, supplies/services, training, maintenance and equipment, vehicle maintenance and repairs, communications, equipment and services, miscellaneous expense, insurance expense, dues and publications, uniforms, and approved capital budget. Budget revisions are subject to approval by the Department Commissioners. No revisions were made to the budget this year.

3. Budget Basis of Accounting

The budget for the operating fund is prepared on the modified accrual basis of accounting. Revenues are budgeted in the year receipt is susceptible to accrual. Expenditures are budgeted in the year that the fund liability is incurred. The budgetary comparison schedule is reported on this basis.