

HOLLY SPRINGS FIRE AND RESCUE DISTRICT

INMAN, SOUTH CAROLINA

FINANCIAL STATEMENTS

JUNE 30, 2025

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
INMAN, SOUTH CAROLINA
FINANCIAL STATEMENTS
JUNE 30, 2025**

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**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

This management's discussion and analysis ("MD&A") of Holly Springs Fire and Rescue District (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2025 ("fiscal 2025") compared to fiscal year ended June 30, 2024 ("fiscal 2024"). The intent of this MD&A is to present the District's financial performance as a whole; readers should also review the financial statements, the notes to the financial statements, and the required supplementary information to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal 2025 are as follows:

- On the government-wide financial statements, the assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2025 by approximately \$881,000. Of this amount, approximately \$89,000 is unrestricted and may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net position increased by approximately \$247,000 as revenues of approximately \$1,633,000 exceeded expenses of approximately \$1,413,000.
- As of the close of the current fiscal year, the District's General Fund reported ending fund balance of approximately \$618,000, an increase of approximately \$242,000 from the prior year ending fund balance as expenditures of approximately \$1,413,000 under revenues and other financing sources of approximately \$1,544,000. Approximately \$589,000 of the fund balance is unassigned and thus is available for spending at the District's discretion. Approximately \$28,000 is non-spendable (prepaid insurance).
- The District's long-term debt decreased by approximately \$149,000 due to debt payments during the year.
- The District's total net capital assets decreased by approximately \$35,000, during the current fiscal year, due to additions of approximately \$104,000, partially offset by depreciation expense of approximately \$139,000.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include public safety services. The District does not have any business-type activities.

The government-wide financial statements can be found as listed in the table of contents.

Fund Financial Statements

The remaining financial statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide financial statements.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. There are three categories of funds that are typically used by state and local governments: governmental funds, proprietary funds, and fiduciary funds. The District utilizes only governmental funds in reporting its operations.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Change in Fund Balance provide a reconciliation to facilitate the comparison between the governmental fund and governmental activities.

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

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Notes to the Financial Statements

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

Other Information

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

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

Scope	Entire District	The activities of the District that are governmental in nature
Required financial statements	Statement of net position	Balance Sheet
	Statement of activities	Statement of revenues, expenditures, and change in fund balance
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of balance sheet information	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets and deferred outflows of resources (if any) expected to be used and liabilities and deferred inflows of resources (if any) that come due during the year or soon thereafter; no capital assets or long-term obligations are included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities (net position) by approximately \$881,000 and \$634,000 at the close of the most recent two fiscal years, respectively. Below is a summary of the District's net position at June 30, 2025 and 2024:

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Net Position

	Governmental Activities	
	June 30, 2025	June 30, 2024
Assets		
Current and Other Assets	\$ 750,055	\$ 470,058
Capital Assets, Net	1,674,773	1,709,449
Total Assets	<u>2,424,828</u>	<u>2,179,507</u>
Deferred Outflows of Resources		
Deferred Pension Charges	<u>586,254</u>	<u>232,020</u>
Liabilities		
Current Liabilities	118,576	89,824
Net Pension Liability	950,156	476,564
Long-Term Obligations	918,510	1,067,017
Total Liabilities	<u>1,987,242</u>	<u>1,633,405</u>
Deferred Inflows of Resources		
Deferred Pension Credits	<u>143,325</u>	<u>144,273</u>
Net Position		
Net Investment in Capital Assets	756,263	642,432
Restricted One Percent Fund	35,234	32,163
Unrestricted	89,018	(40,746)
Total Net Position	<u>\$ 880,515</u>	<u>\$ 633,849</u>

The increase in current and other assets in fiscal 2025 compared to the fiscal 2024 was due primarily to an increase in cash. The decrease in capital assets was due to additions of approximately \$105,000, partially offset by depreciation expense of approximately \$139,000. The decrease in total liabilities in fiscal 2025 compared to fiscal 2024 was primarily due to an increase in the District's share of the net pension liability of approximately \$474,000. The changes in deferred outflows of resources were primarily due to differences between expected and actual liability/investment experience and changes in the percentage of the District's share of the net pension liability in the State retirement plan.

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

- Net investment in capital assets – Represents its net investment in capital assets (i.e. the net book value of land, buildings and improvements, equipment, furniture and fixtures, vehicles, etc.) less any related outstanding debt (including lease purchase obligations) used to acquire those assets. At June 30, 2025 and 2024, the net investment in capital assets was approximately \$756,000 and \$642,000, respectively.
- Restricted – This represents firefighter's one percent funds. At June 30, 2025 the restricted firefighter's one percent funds was \$35,000.

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- Unrestricted – This represents the portion of net position that can be used to finance the daily operations of the District for which no restrictions are imposed. The balance of unrestricted net position as of June 30, 2025 and 2024 was approximately \$89,000 and \$(41,000) respectively.

Below are the changes in net position for fiscal years 2025 and 2024:

Changes in Net Position

	Governmental Activities	
	2025	2024
Revenues		
Program Revenue:		
Operating Grants and Contributions	\$ 26,969	\$ 29,221
General Revenue:		
Property Taxes	1,504,575	1,347,606
Other	128,369	49,578
Total Revenues	<u>1,659,913</u>	<u>1,426,405</u>
Program Expenses		
Public Safety	1,237,902	1,286,709
Interest and Other Charges	175,345	60,546
Total Program Expenses	<u>1,413,247</u>	<u>1,347,255</u>
Change in Net Position	<u>246,666</u>	<u>79,150</u>
Net Position, Beginning of Year	<u>633,849</u>	<u>582,278</u>
Net Position, End of Year	<u>\$ 880,515</u>	<u>\$ 633,849</u>

The District’s net position increased in fiscal 2025 by approximately \$247,000 or 39%. Key elements of this increase were as follows:

- Revenue from property taxes increased approximately \$157,000.
- Insurance proceeds income of approximately \$111,000.

Financial Analysis of the District’s Fund

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has only one governmental fund, the General Fund. The analysis of the governmental fund serves the purpose of determining available fund resources, how they were spent and what is available for future expenditures, did the government generate enough revenue to pay for current obligations, and what is available for spending at the end of the year.

For the year ended June 30, 2025, the District’s General Fund reported fund balance of approximately \$618,000 compared to approximately \$376,000 for the prior year. The increase of approximately \$242,000 was a primarily a result of expenses of approximately \$1,414,000 exceeding revenues and other financing resources of approximately \$1,544,000. Revenues and other financing sources increased approximately \$139,000 from the prior year primarily due to the District receiving an increase in property tax revenue. Expenditures decreased approximately \$51,000 which was primarily due to an increase to insurance expenses.

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

The fund balance of the General Fund included approximately \$28,000 in non-spendable fund balance (prepaid insurance). At June 30, 2025, the District's remaining unassigned fund balance for the General Fund was approximately \$618,00 in particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

General Fund Budgetary Highlights

The District's budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. Actual revenues were higher than budgeted revenues by approximately \$138,000 due to higher than budgeted other revenues of approximately \$26,000 and higher property taxes than budgeted of approximately \$91,000. Actual expenditures were higher than budgeted expenditures by approximately \$158,000 due to higher than budgeted capital expenditures of approximately \$104,000, repairs and maintenance expenditures of approximately \$56,000, and other various increases.

Capital Assets and Debt Administration

Capital Assets

The District had approximately \$1,675,000 and \$1,709,000 in capital assets at the close of fiscal 2025 and 2024, respectively. Below are the capital asset balances by category at June 30, 2025 and 2024:

Capital Assets

	Governmental Activities	
	June 30, 2025	June 30, 2024
Land	\$ 63,941	\$ 63,941
Buildings and Improvements	1,933,212	1,870,690
Equipment	431,646	414,673
Furniture and Fixtures	5,377	5,377
Vehicles	1,390,754	1,365,754
Less: Accumulated Depreciation	(2,150,157)	(2,010,986)
Totals	\$ 1,674,773	\$ 1,709,449

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MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

The total decrease in the District’s capital assets in fiscal 2025 was approximately \$35,000, which was due to additions of approximately \$108,000, partially offset by depreciation expense of approximately \$139,000. The District’s fiscal 2025 additions were primarily related to the fire engine purchase and other equipment.

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

Debt Administration

At June 30, 2025 and 2024, the District had approximately \$919,000 and \$1,067,000 of long-term debt, respectively. The decrease of approximately \$148,000 was due to regularly scheduled principal payments. Below are the District’s long-term debt obligations at June 30, 2025 and 2024.

Long-Term Debt Obligations

	Governmental Activities	
	June 30, 2025	June 30, 2024
Lease Purchase Obligation – 2016	\$ 124,797	\$ 185,475
Lease Purchase Obligation – 2018	665,801	726,849
Lease Purchase Obligation – 2020	55,011	72,503
Lease Purchase Obligation – 2022	72,902	82,190
Totals	\$ 918,510	\$ 1,067,017

The State limits the amount of general obligation debt that the District can issue to 8% of the assessed value of all taxable property within the District’s corporate limits. The District is significantly under the legal debt limit of approximately \$2,058,000 at June 30, 2025.

The District had other long-term liabilities outstanding at year end which consisted primarily of the net pension liability. More detailed information about the District’s long-term liabilities is included in the notes to the financial statements.

Economic Factors

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

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

Fiscal Year 2025 Budget

Many factors were considered by the District's administration during the process of developing the fiscal 2024-2025 budget. The District's budget was prepared to continue the vision and mission of the District. The District has budgeted expenditures for fiscal 2025 of approximately \$1,256,000.

Contacting the District's Financial Management

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

HOLLY SPRINGS FIRE AND RESCUE DISTRICT
INMAN, SOUTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2025

ASSETS

Cash and cash equivalents	\$ 623,645
Cash and cash equivalents - restricted	35,234
Due from county treasurer	23,490
Property taxes receivable, net	39,576
Prepaid insurance	28,110
Capital assets	
Non-depreciable capital assets	63,941
Depreciable capital assets, net	<u>1,610,832</u>
Total assets	<u>2,424,828</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred pension charges	<u>586,254</u>
Total deferred outflows of resources	<u>586,254</u>

LIABILITIES

Accounts payable	43,343
Accrued expenses	41,702
Accrued interest payable	26,338
Compensated absences	7,193
Long-term liabilities	
Net pension liability	950,156
Long-Term obligations - due within one year	152,660
Long-Term obligations - due in more than one year	<u>765,850</u>
Total liabilities	<u>1,987,242</u>

DEFERRED INFLOWS OF RESOURCES

Deferred pension credits	<u>143,325</u>
Total deferred inflows of resources	<u>143,325</u>

NET POSITION

Net investment in capital assets	756,263
Restricted:	
Firefighters' one percent	35,234
Unrestricted	<u>89,018</u>
Total net position	<u><u>\$ 880,515</u></u>

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

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
INMAN, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Total
PRIMARY GOVERNMENT						
Governmental activities						
Public safety	\$ 1,236,071	\$ -	\$ 26,969	\$ -	\$ (1,209,102)	\$ (1,209,102)
Firefighters' one percent	1,831	-	-	-	(1,831)	(1,831)
Interest and depreciation	175,345	-	-	-	(175,345)	(175,345)
Total governmental activities	<u>\$ 1,413,247</u>	<u>\$ -</u>	<u>\$ 26,969</u>	<u>\$ -</u>	<u>(1,386,278)</u>	<u>(1,386,278)</u>

GENERAL REVENUES

Property taxes levied for general purposes	1,504,575	1,504,575
Firefighters' one percent	4,902	4,902
Miscellaneous Revenue	12,282	12,282
Insurance proceeds	111,185	111,185
Total general revenues	<u>1,632,944</u>	<u>1,632,944</u>
Change in net position	246,666	246,666
Net position	<u>633,849</u>	<u>633,849</u>
Net position, end of year	<u>\$ 880,515</u>	<u>\$ 880,515</u>

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

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
INMAN, SOUTH CAROLINA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025**

	<u>General Fund</u>	<u>Firefighters' One Percent Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 623,645	\$ -	\$ 623,645
Cash and cash equivalents - restricted	-	35,234	35,234
Due from county treasurer	23,490	-	23,490
Property taxes receivable, net	39,576	-	39,576
Prepaid insurance	28,110	-	28,110
Total assets	<u>\$ 714,821</u>	<u>\$ 35,234</u>	<u>\$ 750,055</u>
LIABILITIES			
Accounts payable	\$ 43,343	\$ -	\$ 43,343
Accrued expenses	41,702	-	41,702
Total liabilities	<u>85,045</u>	<u>-</u>	<u>85,045</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	12,269	-	12,269
Total liabilities and deferred inflows of resources	<u>97,314</u>	<u>-</u>	<u>97,314</u>
FUND BALANCES			
Nonspendable:			
Prepaid expenses	28,110	-	28,110
Restricted for:			
Firefighters' one percent	-	35,234	35,234
Unassigned	589,397	-	589,397
Total fund balances	<u>617,507</u>	<u>35,234</u>	<u>652,741</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 714,821</u>	<u>\$ 35,234</u>	<u>\$ 750,055</u>

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

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
INMAN, SOUTH CAROLINA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2025**

Total fund balances - governmental funds	\$ 652,741
 Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental fund.	1,674,773
The District's proportionate shares of the net pension liability and deferred outflows of resources, related to its participation in the State retirement plan are not recorded in the governmental fund but are recorded in the Statement of Net Position.	(507,227)
Accrued interest on the bonds in governmental accounting is not due and payable in the current period and therefore is not reported as a liability in the governmental fund.	(26,338)
Outstanding property taxes which will be collected in the future, but are not available soon enough to pay for the current period's expenditures, are deferred in the governmental fund	12,269
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	(7,193)
Lease purchase obligations	(918,510)
	(925,703)
Net position - governmental funds	\$ 880,515

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

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
INMAN, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025**

	<u>General Fund</u>	<u>Firefighters' One Percent Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 1,504,575	\$ -	\$ 1,504,575
Grants	14,050	-	14,050
Contributions	12,919	-	12,919
Miscellaneous	12,282	-	12,282
Firefighters' one percent	-	4,902	4,902
Total revenues	<u>1,543,826</u>	<u>4,902</u>	<u>1,548,728</u>
EXPENDITURES			
Current:			
Public safety	1,124,660	1,831	1,126,491
Capital outlay	104,495	-	104,495
Debt service:			
Principal	148,507	-	148,507
Interest	36,174	-	36,174
Total expenditures	<u>1,413,836</u>	<u>1,831</u>	<u>1,415,667</u>
Excess of revenues over (under) expenditures	<u>129,990</u>	<u>3,071</u>	<u>133,061</u>
OTHER FINANCING (USES) SOURCES			
Insurance proceeds	111,185	-	111,185
Total other financing (uses) sources	<u>111,185</u>	<u>-</u>	<u>111,185</u>
Net change in fund balances	241,175	3,071	244,246
Fund balances, beginning of year	<u>376,332</u>	<u>32,163</u>	<u>408,495</u>
Fund balances, end of year	<u>\$ 617,507</u>	<u>\$ 35,234</u>	<u>\$ 652,741</u>

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

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT INMAN, SOUTH CAROLINA
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Net change in fund balances - governmental funds	\$	244,246
 Amounts reported for governmental activities in the statement of activities are different because:		
Repayment of principal for debt (including lease purchase obligations) is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the Statement of Net Position.		148,507
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the fund when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		3,327
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund. This amount represents the change in compensated absences.		3,672
Changes in the District's proportionate shares of the net pension liability and deferred outflows of resources for the current year related to its participation in the State retirement plan is not reported in the governmental fund but is reported in the Statement of Activities.		(118,410)
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.		
Expenditures for capital assets	\$ 104,495	
Less, current year depreciation	<u>(139,171)</u>	<u>(34,676)</u>
Change in net position - governmental funds		<u><u>\$ 246,666</u></u>

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

HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Reporting Entity

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”), as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are described below.

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

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

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

(Continued)

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Measurement Focus, Basis of Accounting, and Basis of Presentation

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

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

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

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

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

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

(Continued)

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

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

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

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

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

(Continued)

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

The District considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) are reported as investments.

Investments

The District's investment policy is designed to operate within existing statutes (which are identical for all funds, fund types and component units within the State of South Carolina) that authorize the District to invest in the following:

1. Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States;
2. Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations;
3. (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation or rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations;
4. Savings and Loan Associations to the extent that the same are insured by an agency of the federal government;
5. Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, or a market value not less than the amount of the certificates or deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government;
6. Repurchase agreements when collateralized by securities as set forth in this section; and

(Continued)

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

7. No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (1), (2), (3), and (6) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

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

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

Receivables and Payables

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

Prepaid Items

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

(Continued)

HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Capital Assets

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

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

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

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

Description	Estimated Life
Building and improvements	5 – 40 years
Equipment	5 – 20 years
Furniture and fixtures	5 – 20 years
Vehicles	5 – 20 years

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from the governmental fund are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources.

(Continued)

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

However, long-term obligations that will be paid from the governmental fund are reported as a liability in the fund financial statements only to the extent that they have matured (i.e. due and payable).

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

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District currently has two types of deferred inflow of resources: (1) The District reports unavailable revenue – property taxes only in the governmental fund Balance Sheet; it is deferred and recognized as an inflow of resources (property tax revenues) in the period in the amounts become available. (2) The District also reports deferred pension credits in its Statement of Net Position in connection with its participation in the South Carolina Retirement system.

Fund Balance

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

(Continued)

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

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

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

The District generally uses restricted amounts to be spent first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the District generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the Statement of Net Position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets (if any). Outstanding borrowings which have not been spent are included in the same net position component as the unspent proceeds.

(Continued)

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Pensions

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.A and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The District recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the District's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the District's fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Accounting Estimates

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

Comparative Data

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

(Continued)

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

New Accounting Pronouncements

Compensated Absences – In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, *Compensated Absences*, which supersedes GASB Statement No. 16. This new standard establishes a unified model for the recognition, measurement, and disclosure of compensated absences. A significant change in the standard is a shift from a “probable” to a “more likely than not” threshold for recognizing and measuring the liability. The County adopted GASB Statement No. 101 effective for its fiscal year beginning July 1, 2024.

The Governmental Accounting Standards Board (GASB) issued Statement No. 102, *Certain Risk Disclosures*, to amend National Council on Governmental Accounting (NCGA) Interpretation 6, Notes to the Financial Statement Disclosure, specifically paragraph 5. This standard establishes financial reporting requirements for risks related to vulnerabilities due to certain concentrations and constraints, providing essential information for users of government financial statements to analyze data for decision-making or assessing accountability. The County has evaluated its financial position and operations and determined that no concentrations or constraints meet the criteria for disclosure under this standard. Therefore, no additional disclosure is required.

The Commission adopted the standards effective July 1, 2024. The impact of the adoption was not considered material to the financial statements.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Budgetary Practices – Budgets are presented in the required supplementary information section of the financial statements for the General Fund. The budget is presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America. Prior to July 1 each year, the Commissioners adopts an annual budget ordinance for the General Fund. The presented budgetary information is as originally adopted, as the District did not make any amendments to the original budget. The Schedule of Revenues, Expenditures, and Change in Fund Balance – Budgets and Actual – contains the original budget and the revised budget.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the District’s deposits might not be recovered. The District does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2025, the District’s bank balances of \$661,026 (which had a carrying value of \$658,308). No amounts were exposed to custodial credit risk. The bank balance was higher than the book/carrying value due to outstanding checks.

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

Investments

As of June 30, 2025, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value Level</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>WAM (In Years)</u>
State Local Government Investment Pool	N/A	UR	\$560,260	<1 yr.

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

WAM – Weighted Average Maturity

N/A – Not Applicable

UR – Unrated

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

NOTE 4 – RECEIVABLES AND UNAVAILABLE REVENUES

Property Taxes

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

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

Current year real and personal taxes become delinquent on March 16. The levy date for motor vehicles is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the same month. The District has recorded uncollected, delinquent property taxes at June 30, 2025 of approximately \$66,900, which is net of an allowance for uncollectible portion of approximately \$26,900. Delinquent property taxes receivable of approximately \$870 has been recognized as revenue at June 30, 2025 because it was collected within 60 days of year end and had been received by the District or its fiscal agent (the County). The remaining delinquent property taxes receivable of approximately \$1,900 has been recorded by the District as unavailable revenue (deferred inflow of resources) at June 30, 2025 on the governmental fund financial statements because it was not collected within 60 days after year end and are thus not considered available.

HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 – CAPITAL ASSETS

Capital Assets

Capital asset activity for the District for the year ended June 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Non-Depreciable:				
Land	\$ 63,941	\$ -	\$ -	\$ 63,941
Total Capital Assets, Non-depreciable	63,941	-	-	63,941
Capital Assets, Depreciable :				
Buildings and Improvements	1,870,690	62,522	-	1,933,212
Equipment	414,673	16,973	-	431,646
Furniture and Fixtures	5,377	-	-	5,377
Vehicles	1,365,754	25,000	-	1,390,754
Total Capital Assets, Depreciable	3,656,494	104,495	-	3,760,989
Less : Accumulated Depreciation for :				
Buildings and Improvements	467,453	53,829	-	521,282
Equipment	339,862	5,614	-	345,424
Furniture and Fixtures	5,378	-	-	5,378
Vehicles	1,198,293	79,728	-	1,278,021
Total Accumulated Depreciation	2,010,986	139,171	-	2,150,157
Total Capital Assets, Depreciable, Net	1,645,508	(34,676)	-	1,610,832
Governmental Activities Capital Assets, Net	<u>\$ 1,709,449</u>	<u>\$ (34,676)</u>	<u>\$ -</u>	<u>\$ 1,674,773</u>

The District's only function is Public Safety, all \$139,171 of depreciation expense is charged to that function.

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 – LONG-TERM OBLIGATIONS

As of June 30, 2025, the District had the following long-term obligations, all of which are direct placement / direct obligations:

	June 30, 2025
<p>Lease purchase agreement to a financial institution for \$580,000 for a new pumper fire truck, two rescue boats, a trailer, and a portable water pump in August 2016 with annual payments of \$64,165, which includes interest at 1.88%. Payments began August 2017 and will continue through August 2026.</p>	<p>\$ 124,797</p>
<p>Lease purchase agreement to a financial institution for \$1,000,000, for construction of the Holston Creek Substation in August 2018 with annual payments of \$88,813, which includes interest at 3.82%. Payments began August 2019 and will continue through August 2033.</p>	<p>665,801</p>
<p>Lease purchase agreement to a financial institution for \$138,500 for the purchase of a pickup truck and a sport utility vehicle in March 2020 with annual payments of \$19,218 which includes interest at 2.38%. Payments began in March 2021 and will continue through March 2028.</p>	<p>55,011</p>
<p>Lease purchase agreement to a financial institution for \$100,000, for roof repairs at the main station in June 2022 with annual payments of \$11,639, which includes interest at 2.83%. Payments began August 2022 and will continue through August 2031.</p>	<p>72,902</p>
	<p>\$ 918,510</p>

(Continued)

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 – LONG-TERM OBLIGATIONS, Continued

Following is a summary of the changes in the District’s long-term obligations for the year ended June 30, 2025:

<u>Long-Term Obligations</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Direct Borrowings/Placements					
Lease Purchase Obligation-2016	\$ 185,475	\$ -	\$ 60,678	\$ 124,797	\$ 61,819
Lease Purchase Obligation-2018	726,848	-	61,047	665,801	63,379
Lease Purchase Obligation-2020	72,503	-	17,492	55,011	17,909
Lease Purchase Obligation-2022	82,190	-	9,289	72,902	9,554
Total Debt and Lease Obligations	1,067,016	-	148,506	918,510	152,661
Compensated Absences	10,866	-	3,672	7,194	7,193
Total Governmental Activities	<u>\$1,077,882</u>	<u>\$ -</u>	<u>\$ 152,179</u>	<u>\$ 925,704</u>	<u>\$ 159,855</u>

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

As of June 30, 2025, the future annual requirements for debt (including lease purchase obligations) outstanding are as follows:

<u>Year Ending June 30</u>	<u>Debt</u>		<u>Totals</u>
<u>Governmental Activities</u>	<u>Principal</u>	<u>Interest</u>	
2026	\$ 152,661	\$ 31,174	\$ 183,835
2027	156,944	26,891	183,835
2028	97,194	22,476	119,670
2029	81,322	19,131	100,453
2030	84,328	16,124	100,452
2031-2033	346,061	47,639	393,700
Totals	<u>\$ 918,510</u>	<u>\$ 163,435</u>	<u>\$ 1,081,945</u>

HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 – PENSION PLANS

State Retirement 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”).

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

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

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

Plan Descriptions

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

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

(Continued)

HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 – PENSION PLANS, Continued

Plan Membership

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

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

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

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

(Continued)

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 – PENSION PLANS, Continued

Plan Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute.

Effective July 1, 2017, employee rates were increased and capped at 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017, for PORS until 21.24 percent. The legislation included a further provision that if the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA board would increase the employer contribution rates as necessary to meet the funding periods set for the applicable year.

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

Required employee contribution rates¹ are as follows:

PORS	<u>Fiscal Year 2025¹</u>	<u>Fiscal Year 2024¹</u>
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

Required employer contribution rates¹ are as follows:

PORS	<u>Fiscal Year 2025¹</u>	<u>Fiscal Year 2024¹</u>
Employee Class Two	21.24% ²	21.24% ²
Employee Class Three	21.24% ²	21.24% ²

(Continued)

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

² Includes incidental death benefit and accidental death benefit contribution rate of 0.20% each.

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 – PENSION PLANS, Continued

Actuarial Assumptions and Methods

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The GASB Statement No. 67 valuation report prepared as of June 30, 2024 is based on the experience study report for the period ending June 30, 2019. A more recent experience report on the Systems was issued for the period ending June 30, 2023 and will be used for future valuations.

The June 30, 2024, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel Roeder Smith & Company (GRS) and are based on an actuarial valuation performed as of July 1, 2023. The total pension liability was rolled-forward from the valuation date to the plans’ fiscal year end, June 30, 2024, using generally accepted actuarial principles. There was no legislation enacted during the 2024 legislative session that had a material change in the benefit provisions for any of the systems.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2024.

	PORS
Actuarial cost method:	Entry age normal
Investment rate of return ³	7%
Projected salary increases	3.5% to 10.5% (varies by service) ³
Benefit adjustments	lesser of 1% or \$500 annually

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

(Continued)

³ Includes inflation at 2.25%

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 – PENSION PLANS, Continued

Assumptions used in the determination of the June 30, 2024, TPL are as follows.

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

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system’s TPL determined in accordance with GASB 67 less that system’s fiduciary net position. NPL totals, as of June 30, 2024, for PORS are presented below.

<u>System</u>	<u>District’s Net Pension Liability (Asset)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>	<u>District’s Proportionate Share of the Collective Net Pension Liability</u>
PORS	\$ 950,156	70.5%	.031674%

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

Long-term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2024 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

(Continued)

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 – PENSION PLANS, Continued

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.23%	2.86%
Bonds	26.0%	2.60%	0.68%
Private Equity⁴	9.0%	9.60%	0.86%
Private Debt⁴	7.0%	6.90%	0.48%
Real Assets	12.0%		
Real Estate ⁴	9.0%	4.30%	0.39%
Infrastructure ⁴	3.0%	7.30%	0.22%
Total Expected Real Return ⁵	100.0%		5.49%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.74%

Pensions

At June 30, 2025, the District reported a liability of \$950,156 for its proportionate share of the net pension liability for PORS. The net pension liability was measured as of June 30, 2024, 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.

Discount Rate

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

Sensitivity Analysis

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7 percent, as well as what the employers’ NPL would be if it were calculated using a discount rate that is 1 percent lower (6 percent) or 1 percent higher (8 percent) than the current rate.

(Continued)

⁴ RSIC staff and consultant will notify the Commission if the collective exposure to Private Equity, Private Debt and Private Real Assets exceeds 30 percent of total plan assets.

⁵ Portable Alpha Strategies, which utilize Hedge Funds and are not included in the Policy Target, will be capped at 15% of total assets.

**HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 – PENSION PLANS, Continued

System	1.00% Decrease (6%)	Current Discount Rate (7%)	1.00% Increase (8%)
District's proportionate share of the net pension liability of the PORS	\$ 1,376,594	\$ 950,156	\$ 600,881

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30 2025, the District recognized pension expense for the PORS plan of \$226,130. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred outflow of resources</u>	<u>Deferred inflow of resources</u>
PORS		
Differences between expected and actual experience	\$ 109,920	\$ 5,447
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	368,919	53,269
Net difference between projected and actual earnings on pension plan investments	-	84,609
District's contributions subsequent to the measurement date	107,415	-
Total PORS	<u>\$ 586,254</u>	<u>\$ 143,325</u>

The \$107,415 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date for the PORS plan, during the year ended June 30, 2025 will be recognized as a reduction of the net pension liabilities in the year ending June 30, 2026.

The following schedule reflects the amortization of collective deferred outflows / (inflows) of resources related to pensions outstanding at June 30, 2025.

<u>Year Ended June 30,</u>	<u>PORS</u>
2025	\$ 101,524
2026	148,061
2027	100,011
2028	(14,082)
	<u>\$ 335,514</u>

(Continued)

HOLLY SPRINGS FIRE AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 – PENSION PLANS, Continued

As discussed in paragraph 71b of GASB 68, collective deferred outflows of resources and deferred inflows of resources arising from differences between projected and actual pension plan investment earnings in different measurement periods should be aggregated and included as a net collective deferred outflow of resources related to pensions or a net collective deferred inflow of resources related to pensions. Accordingly, the Outstanding Balance of Deferred Outflows of Resources in the Schedules of Pension Amounts by Employer reflects the current net difference between projected and actual pension plan investment earnings.

Additional items reported within the Outstanding Balance of Deferred Outflows and Inflows of Resources in the Schedules of Pension Amounts by Employer result from the two cost-sharing multiple-employer defined benefit pension plan-specific deferrals previously discussed.

Additional Financial and Actuarial Information

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

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 1, 2026, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

HOLLY SPRINGS FIRE AND RESCUE DISTRICT

Exhibit 1

INMAN, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	\$ 1,392,718	\$ 1,392,718	\$ 1,504,575	\$ 111,857
Grants	-	-	14,050	14,050
Contributions	-	-	12,919	12,919
Miscellaneous income	-	-	12,282	12,282
Total revenues	<u>1,392,718</u>	<u>1,392,718</u>	<u>1,543,826</u>	<u>151,108</u>
EXPENDITURES				
Current:				
Salaries	590,000	590,000	558,369	(31,631)
Payroll taxes	39,000	39,000	42,468	3,468
Retirement	110,000	110,000	97,401	(12,599)
Insurance	66,200	66,200	136,319	70,119
General operating	23	23	52,616	52,593
Equipment	28,500	28,500	39,735	11,235
Fuel	22,000	22,000	22,688	688
Utilities	25,620	25,620	31,995	6,375
Repair and maintenance	20,000	20,000	75,592	55,592
Legal and accounting	24,500	24,500	22,126	(2,374)
Supplies	1,000	1,000	30,005	29,005
Other	1,000	1,000	15,346	14,346
Capital outlay	-	-	104,495	104,495
Debt Service:				
Principal	285,000	285,000	148,507	(136,493)
Interest	43,000	43,000	36,174	(6,826)
Total expenditures	<u>1,255,843</u>	<u>1,255,843</u>	<u>1,413,836</u>	<u>157,993</u>
Excess of expenditures over revenues	<u>136,875</u>	<u>136,875</u>	<u>129,990</u>	<u>(6,885)</u>
OTHER FINANCING (USES) SOURCES				
Insurance proceeds	-	-	111,185	111,185
Total other financing (uses) sources	<u>-</u>	<u>-</u>	<u>111,185</u>	<u>111,185</u>
Changes in fund balances	<u>\$ 136,875</u>	<u>\$ 136,875</u>	<u>\$ 241,175</u>	<u>\$ 104,300</u>

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

Exhibit 2

	Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability	0.03167%	0.01566%	0.02191%	0.01781%	0.01233%	0.01713%	0.00651%	0.00324%	0.00250%	0.00084%
District's proportionate share of the net pension liability	\$ 950,156	\$ 476,564	\$ 656,996	\$ 458,126	\$ 408,970	\$ 490,969	\$ 184,381	\$ 88,817	\$ 63,361	\$ 18,417
District's covered payroll	\$ 506,977	\$ 472,098	\$ 363,561	\$ 338,730	\$ 288,571	\$ 252,609	\$ 211,109	\$ 117,145	\$ 49,707	\$ 42,886
District's proportionate share of the net pension liability as a percentage of its covered payroll	187.4%	100.9%	180.7%	135.2%	141.7%	194.4%	87.3%	75.8%	127.5%	42.9%
Plan fiduciary net pension as a percentage of the total pension liability	67.8%	67.8%	66.4%	70.4%	58.8%	62.7%	61.7%	60.9%	60.4%	64.6%

Notes to schedule:

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

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

The discount rate was lowered from 7.50% to 7.25% for the year ended June 30, 2018.

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	107,682	99,329	72,858	\$ 65,172	\$ 52,635	\$ 46,076	\$ 36,395	\$ 19,024	\$ 7,078	\$ 5,892
Contributions in relation to the contractually required contribution	<u>107,682</u>	<u>99,329</u>	<u>72,858</u>	<u>65,172</u>	<u>46,076</u>	<u>46,076</u>	<u>36,395</u>	<u>7,078</u>	<u>5,892</u>	<u>1,422</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,559</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,946</u>	<u>\$ 1,186</u>	<u>\$ 4,470</u>
District's covered payroll	\$ 506,977	\$ 472,098	\$ 363,561	\$ 338,730	\$ 288,571	\$ 252,609	\$ 211,109	\$ 117,145	\$ 49,707	\$ 42,886
Contributions as a percentage of covered payroll	21.24%	21.04%	20.04%	19.24%	18.24%	18.24%	17.24%	16.24%	14.24%	13.74%



CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Holly Springs Fire and Rescue District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Holly Springs Fire and Rescue District's basic financial statements, and have issued our report thereon dated April 1, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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

Purpose of This Report

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

Love Bailey, LLC

Love Bailey, LLC
Laurens, South Carolina
April 1, 2026