

**RIVER FALLS FIRE DISTRICT  
MARIETTA, SOUTH CAROLINA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2012**



**RIVER FALLS FIRE DISTRICT  
MARIETTA, SOUTH CAROLINA**

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**FOR THE YEAR ENDED JUNE 30, 2012**

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**RIVER FALLS FIRE DISTRICT**

Marietta, South Carolina

A Special Tax District

created by the

Greenville County

in 1984

**COMMISSIONERS AT JUNE 30, 2012**

**Terry Hightower, Chairman**

**Rollan Green, Vice Chairman**

**Russell Kluge, Secretary**

**Charles Crawford, Treasurer**

**Jim Moore**





**INDEPENDENT AUDITORS' REPORT**

Board of Commissioners  
River Falls Fire District  
Marietta, South Carolina

We have audited the accompanying financial statements of the governmental activities and the major fund of the River Falls Fire District, South Carolina (the "District"), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District, as of June 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Greene, Finney & Horton LLP*

Greene, Finney & Horton, LLP  
Mauldin, South Carolina  
July 1, 2013



**RIVER FALLS FIRE DISTRICT  
MARIETTA, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2012**

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This discussion and analysis of the River Falls Fire District's financial performance provides an overview of the District's financial activities for the year ended June 30, 2012. The intent of this discussion and analysis is to present the District's financial performance as a whole—readers should also review the basic financial statements, the notes to the basic financial statements and the supplementary information to enhance their understanding of the District's financial performance. Because this is the first year that government-wide financial statements have been prepared in accordance with generally accepted accounting principles, no comparative analysis has been provided. It will be provided in future years.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for 2012 are as follows:

- On the government-wide basic financial statements, the assets of the District exceeded its liabilities (net assets) at the close of the current year by approximately \$3,000. Of this amount, approximately \$2,000 is unrestricted and may be used to meet the District's ongoing obligations to citizens and creditors.
- On the government-wide basic financial statements, the total net assets of the District decreased by approximately \$1,000. This decrease was primarily the result of the impairment of the Headquarters Station.
- As of the close of the current year, the District's General Fund reported an ending fund balance of approximately \$12,000, a decrease of approximately \$1,000 from the prior year's ending fund balance. This decrease is primarily attributable to the purchase of a new vehicle.
- At the end of the current year, unassigned fund balance for the General Fund was approximately \$2,000, which was approximately 12% of total General Fund expenditures for the year ended June 30, 2012.
- During 2012, the District's General Fund revenues were approximately \$10,000 and its General Fund expenditures were approximately \$10,000.
- The District's net capital assets were approximately \$10,000 at the close of the current year, with depreciation expense of approximately \$1,000.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts—the Introductory Section, the Financial Section (which includes management's discussion and analysis, the basic financial statements, the notes to the basic financial statements, and the required supplementary information) and the Compliance Section.

**Government-Wide Basic Financial Statements.** The basic financial statements include two kinds of statements that present different views of the District. The first two statements are *government-wide basic 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 Assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net assets changed during the most recent year. All changes in net assets 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 periods (e.g., uncollected taxes).

Both of the government-wide basic financial statements distinguish functions of the District that are principally supported by tax revenue (governmental activities) from other functions (if any) that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The District does not have any business-type activities but its governmental activities include fire protection and emergency services. The government-wide basic financial statements can be found as listed in the table of contents.

**RIVER FALLS FIRE DISTRICT  
MARIETTA, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2012**

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**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Government-Wide Basic Financial Statements (Continued)**

**Fund Basic Financial Statements.** The remaining basic 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 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 one governmental fund in reporting the operations of the District.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide basic financial statements. However, unlike the government-wide basic financial statements, governmental fund basic financial statements focus on near-term uses of spendable resources, as well as on balances of spendable resources available at the end of the 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 basic financial statements, it is useful to compare the information presented for the District's governmental fund with similar information presented for governmental activities in the government-wide basic 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 changes in fund balances provide a reconciliation to facilitate the comparison between its governmental fund and governmental activities.

The District maintains one governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The governmental fund basic financial statements can be found as listed in the table of contents.

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

**Other Information.** The District adopts an annual appropriated budget for its General Fund which consists of one activity—fire protection and emergency services. A budgetary comparison schedule has been provided as required supplementary information for the General Fund. This schedule can be found as listed in the table of contents.

**RIVER FALLS FIRE DISTRICT  
MARIETTA, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2012**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

<b>Figure A-1 Major Features of the District's Government-Wide and Fund Basic Financial Statements</b>		
	Government-wide Basic Financial Statements	Governmental Fund Basic Financial Statement
Scope	Entire District	The activities of the District that are governmental in nature
Required financial statements	<ul style="list-style-type: none"> <li>▪ Statement of Net Assets</li> <li>▪ Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Balance Sheet</li> <li>▪ Statement of Revenues, Expenditures, and Change in Fund Balance</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used and liabilities that come due during the year or soon, thereafter—no capital assets 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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by approximately \$13,000 at the close of the most recent fiscal year. Table 1 provides a summary of the District's net assets for 2012.

**Table 1 - Net Assets**

	Governmental Activities June 30, 2012
<b>Assets</b>	
Current and Other Assets	\$ 130,000
Capital Assets, Net	100,000
<b>Total Assets</b>	<b>230,000</b>
<b>Liabilities</b>	
Long-Term Liabilities	117,000
Other Liabilities	1,000
<b>Total Liabilities</b>	<b>118,000</b>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	\$ 3,000
Unrestricted	100,000
<b>Total Net Assets</b>	<b>103,000</b>

**RIVER FALLS FIRE DISTRICT  
MARIETTA, SOUTH CAROLINA**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2012**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

The District’s total assets were approximately 30,000 at June 30, 2012. The most significant impact on assets was the result of the Headquarters Station being impaired during the year. Total liabilities were approximately 13,000 at June 30, 2012. There were principal payments made on lease purchases of approximately 1,000 during the year.

Assets exceeded liabilities (net assets) by approximately 13,000 at the end of the current year. Approximately 10,000 of the District’s net assets reflects its investment in capital assets (i.e., land, buildings, vehicles, etc.) less any related outstanding debt (if any) used to acquire those assets. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The remaining net assets of approximately 12,000 are unrestricted and may be used to meet the District’s ongoing obligations to citizens and creditors.

Table 2 shows the change in net assets for 2012.

**Table 2 - Change in Net Assets**

	Governmental Activities 2012
<b>Revenues</b>	
Program Revenues	
Operating Grants and Contributions	1,000
Capital Grants	1,000
General Revenues	
Property Taxes	10,220
Other	1,300
<b>Total Revenues</b>	<b>13,520</b>
<b>Program Expenses</b>	
Fire Protection and Emergency Services	103,100
Interest and Other Charges	1,100
<b>Total Program Expenses</b>	<b>104,200</b>
Change in Net Assets	(90,680)
Net Assets, Beginning of Year	10,000
Net Assets, End of Year	<b>1,320</b>

**Governmental Activities.** The District’s net assets decreased from 2011 to 2012 by approximately 90,000. Key elements of this decrease were as follows:

- Depreciation expense of approximately 1,000
- Impairment of the Headquarters Station of approximately 12,000

**RIVER FALLS FIRE DISTRICT  
MARIETTA, SOUTH CAROLINA**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2012**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

**Governmental 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? What is available for spending at the end of the year?

The District has only one governmental fund, the General Fund. For the year ended June 30, 2012, the General Fund reported a fund balance of approximately \$120,000, compared to approximately \$120,000 the in prior year. The decrease of approximately \$1,000 is primarily attributable to the purchase of a new vehicle. At June 30, 2012, all of the fund balance of the District’s General Fund was unassigned.

**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. During 2012, there were no amendments to the District’s budgeted expenditures. The actual decrease in Fund balance of approximately \$1,000 was slightly less than the projected breakeven budget. Actual revenues were slightly under budget as were expenses as well. The most significant impact on the budget was the purchase of a new vehicle.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2012, the District had net capital assets of approximately \$100,000, as detailed in the table below:

**Table 3 - Capital Assets, Net**

	Governmental Activities June 30, 2012
Land	\$ 2,000
Equipment	300,000
Less Accumulated Depreciation	(200,000)
<b>Totals</b>	<b>\$ 100,000</b>

Major capital asset events during the current year included:

- Depreciation expense of approximately \$10,000.
- Purchase of vehicle of approximately \$10,000.
- Impairment of Headquarters Station of approximately \$12,000.

For more detailed information about the District’s capital assets, see the notes to the basic financial statements.

**RIVER FALLS FIRE DISTRICT  
MARIETTA, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2012**

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**CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)**

**Debt Administration**

The District has no outstanding general obligation indebtedness at June 30, 2012.

The District has other long-term obligations consisting of lease purchases. More detailed information about these long-term obligations is presented in the notes to the basic financial statements.

**ECONOMIC FACTORS**

The District's major source of revenue for governmental activities is tax revenue, which is collected by the Greenville County Treasurer and remitted to the District. There have been no significant changes in the tax base for the year, and anticipated revenues and expenditures are budgeted for 2011-2012 at levels comparable to the current year with anticipated changes between expenditure categories.

**FISCAL YEAR 2013 BUDGET**

Many factors were considered by the District's administration during the process of developing the 2013 budget. The District set its 2013 revenue and expenditures budget at approximately \$11,000.

**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 District's Fire Chief, David Embry, 202 River Falls Rd., Marietta, South Carolina 29051.

# Basic Financial Statements

**RIVER FALLS FIRE DISTRICT  
MARIETTA, SOUTH CAROLINA**

**STATEMENT OF NET ASSETS**

**JUNE 30, 2012**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	30,200
Cash and Investments Held by County Treasurer	03,000
Property Taxes Receivable, Net	2,032
Capital Assets	
Non-Depreciable	2,000
Depreciable, Net	100,000
<b>TOTAL ASSETS</b>	<u><b>307,405</b></u>
<b>LIABILITIES</b>	
Accrued Expenses	1,030
Current Liabilities	
Due Within One Year	10,203
Due in More Than One Year	110,302
<b>TOTAL LIABILITIES</b>	<u><b>134,185</b></u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	03,000
Unrestricted	120,020
<b>TOTAL NET ASSETS</b>	<u><b>\$ 173,220</b></u>

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



RIVER FALLS FIRE DISTRICT  
MARIETTA, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE & CHANGE IN NET ASSETS		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Totals
<b>PRIMARY GOVERNMENT:</b>						
Governmental Activities					1,330	1,330
Fire Protection Services	103,000		0,000	0,000	0,000	0,000
Interest and Other Charges	0,010				0,010	0,010
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 110,435</b>	<b>-</b>	<b>7,484</b>	<b>5,000</b>	<b>(97,951)</b>	<b>(97,951)</b>
General Revenues						
Property Taxes Levied for General Purposes					0,220	0,220
Unrestricted Investment Earnings					1,300	1,300
Total General Revenues					1,520	1,520
<b>CHANGE IN NET ASSETS</b>					<b>(6,366)</b>	<b>(6,366)</b>
NET ASSETS, Beginning of Year					100,000	100,000
<b>NET ASSETS, End of Year</b>					<b>173,220</b>	<b>\$ 173,220</b>

The notes to the basic financial statements are an integral part of this statement.  
See accompanying independent auditors report.

**RIVER FALLS FIRE DISTRICT  
MARIETTA, SOUTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUND**

**JUNE 30, 2012**

	<b>GOVERNMENTAL FUND</b>
	<b>GENERAL</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	30,200
Cash and Investments Held by County Treasurer	3,000
Property Taxes Receivable, Net	2,356
<b>TOTAL ASSETS</b>	<b>\$ 130,956</b>
<b>LIABILITIES</b>	
Accrued Salary Expense	1,330
Deferred Revenue	2,230
<b>TOTAL LIABILITIES</b>	<b>3,560</b>
<b>FUND BALANCES</b>	
Assigned	12,100
<b>TOTAL FUND BALANCES</b>	<b>12,100</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 130,956</b>

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

**RIVER FALLS FIRE DISTRICT  
MARIETTA, SOUTH CAROLINA**

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

**JUNE 30, 2012**

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**TOTAL FUND BALANCE - GOVERNMENTAL FUND** **\$ 127,189**

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

Outstanding property taxes which will be collected in the future, but are not available soon enough to pay for the current period's expenditures, are deferred in the governmental fund. 2,230

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental fund. The cost of the assets were \$30,000 and the accumulated depreciation was \$21,300. 100,000

Long-term liabilities are not due or payable in the current period and therefore are not reported as liabilities in the governmental fund. Long-term liabilities at year-end are reported in the Statement of Net Assets and consisted of the following:

Long-Term Debt (including lease purchases) \$32,000

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**TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES** **\$ 173,220**

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

**RIVER FALLS FIRE DISTRICT  
MARIETTA, SOUTH CAROLINA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - GOVERNMENTAL FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

	<b>GOVERNMENTAL FUND</b>
	<b>GENERAL</b>
<b>REVENUES</b>	
Property Tax Revenue	0,300
Donations	0,002
Fund Raisers	1,002
Grants	0,000
Interest Income	1,300
<b>TOTAL REVENUES ALL SOURCES</b>	<b>104,224</b>
<b>EXPENDITURES</b>	
Current	
Fire Department Operations	2,031
Capital Outlay	10,100
Debt Service	
Principal	10,000
Interest	0,010
<b>TOTAL EXPENDITURES</b>	<b>106,270</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(2,046)</b>
<b>OTHER FINANCING SOURCES (USES)</b>	
Sale of Capital Assets	1,102
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,152</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(894)</b>
Fund Balance, Beginning of Year	120,003
<b>FUND BALANCE, End of Year</b>	<b>\$ 127,189</b>

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

**RIVER FALLS FIRE DISTRICT  
MARIETTA, SOUTH CAROLINA**

**RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGE IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2012**

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**TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND** **\$ (894)**

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

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental fund. They are considered revenues in the Statement of Activities. 1,000

Payment of principal on debt and capital lease obligations is an expenditure in the governmental fund, but the payment reduces long-term liabilities in the Statement of Net Assets. 10,000

In the Statement of Activities, the loss on the disposal of capital assets is reported, whereas in the governmental fund, proceeds from the disposal of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets disposed. 20,000

The governmental fund reports capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets that are considered capital asset additions is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense 10,000 and capital asset impairment 1,000 exceeded capital asset additions 10,100 in the current period. 10,000

**TOTAL CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES** **\$ (6,366)**

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

**RIVER FALLS FIRE DISTRICT  
MARIETTA, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2012**

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*River Falls Fire District* is a special tax district created in 1997 by Greenville County to provide fire services to residents of a specified geographical district within the boundaries of Greenville County in South Carolina. The District operates under a Commission form of government. The board of commissioners is the governing body and consists of five members who establish policy for the District.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. The Reporting Entity**

The basic 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.

GAAP requires that governmental entities include their component units in their basic financial statements. 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. 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.

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 basic financial statements to be misleading or incomplete. 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. Discretely presented component units, on the other hand, are reported in a separate column in the basic financial statements to emphasize they are legally separate from the District.

Based on the criteria above, the District does not have any component units.

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

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the District, which is 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 are reported instead as *general revenues*. The comparison of direct expenses with program revenues identifies the extent to which each business segment, or governmental function, is self-financing or draws from the general revenues of the District.

RIVER FALLS FIRE DISTRICT  
MARIETTA, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

**Governmental fund basic financial statements** are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Property taxes, intergovernmental revenues, fees 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. For this purpose, the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. 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 and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as capital outlay expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

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.

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 and liabilities 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** and a budgeted fund, is the general operating fund of the District and accounts for all revenues and expenditures of the District. This is a budgeted fund, and generally any fund balance is considered a resource available for use.

**RIVER FALLS FIRE DISTRICT  
MARIETTA, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2012**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, and Equity**

**1. 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:

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



**RIVER FALLS FIRE DISTRICT  
MARIETTA, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2012**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, and Equity (Continued)**

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

**Investments (Continued)**

g. No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1933, 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 is limited to obligations described in items a, b, and c 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 and investments at fair value which is normally determined by quoted market prices. The District currently or in the past year has used the following investment:

- Cash and investments held by the County Treasurer which are property taxes collected by the District’s fiscal agent. The County Treasurer invests these funds in investments authorized by state statute as outlined above. All interest and other earnings gained are added back to the fund and are paid out by the County Treasurer to the respective governments as requested.

**2. Receivables**

All accounts and property taxes receivable are shown net of an allowance for uncollectible amounts.

**3. Capital Assets**

General capital assets are those assets specifically related to expenditures reported in the District’s governmental fund. These capital assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements.

All capital assets are capitalized at cost or estimated historical cost. The District’s capital asset system is updated for additions and retirements each year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000 for equipment and vehicles. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized. Interest is not capitalized during the construction of capital assets.

All reported capital assets except land and construction in progress are depreciated. Construction projects begin being depreciated once they are complete and placed in service, 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.

Depreciation for the District’s governmental activities is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings	10
Equipment	20

RIVER FALLS FIRE DISTRICT  
MARIETTA, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

4. *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 a governmental fund are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, long-term obligations that will be paid from a 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 (if any) are reported as liabilities on the Statement of Net Assets. If material, bond premiums and discounts, as well as bond issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount and deferred advance refunding amounts. Bond issuance costs are included in other assets.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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.

5. *Fund Balance*

In accordance with GASB Statement No. 34, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 34), the District classifies its governmental fund balances as follows:

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

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

**Committed** – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the highest level of decision making authority before the end of the reporting period. For purposes of the District, the Board of Commissioners (Board) 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 Board 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 Board assigns fund balance by an approved motion by the Board before report issuance for fund balance to qualify in this category.

**RIVER FALLS FIRE DISTRICT  
MARIETTA, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2012**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, and Equity (Continued)**

**5. Fund Balance (Continued)**

**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.

**6. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets are classified as invested in capital assets net of related debt, restricted, and unrestricted. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets if any. Outstanding debt which has not been spent is included in the same net assets component as the unspent proceeds. Net assets are 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.

**7. 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 liabilities and disclosure of contingent assets and liabilities at 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.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

**Budgetary Practices** - Budgets are presented in the required supplementary section of the financial statements for the General Fund. Each 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<sup>st</sup> each year, the Board of Commissioners adopts an annual budget ordinance for the General Fund. The presented budgetary information is as originally adopted or as amended by the Board of Commissioners. The Schedule of Revenues, Expenditures, and Changes in Fund Balances Budgets and Actual contains the original budget and the revised budget. There were no amendments made to the District's budget by the Board of Commissioners for the year ended June 30, 2012.

**RIVER FALLS FIRE DISTRICT  
MARIETTA, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2012**

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**III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES**

**A. Deposits and Investments**

*Deposits*

**Custodial Credit Risk for Deposits:** Custodial credit risk for deposits is the risk that, in the event of a bank failure, 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, 2012, none of the District's bank balances of approximately \$3,000 which had a recorded value of approximately \$3,000 were exposed to custodial credit risk.

*Investments*

As of June 30, 2012, the District had the following investments:

Investment Type	Credit Rating	Fair Value	Weighted Average Maturity Category
Cash and Investments Held by County Treasurer	Rated	\$3,000	1-3 years

**Interest Rate Risk:** The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates but they do follow the investment policy statutes of the State of South Carolina.

The District does not typically put its funds in security investments and thus has not developed a policy for credit risk, custodial credit risk or concentration of credit risk for these types of investments.

**B. Property Taxes, Fees and Other Receivables**

Property tax for the District is levied by the County each fall on the assessed valuation of property located in the District as of the preceding January 1. Property taxes are generally levied in September. The first penalty, calculated at fifteen percent, is applicable to payments made after the original January 1<sup>st</sup> property tax due date. Property taxes attach as an enforceable lien on January 1<sup>st</sup> and are considered delinquent if not paid by March 1<sup>st</sup>.

Property taxes are levied and billed by the County on real and business personal properties each fall based on an assessed value of approximately \$13 million at a rate of 20.0 mills (no change from the prior year) for the General Fund.

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 property taxes at June 30, 2012 of \$2,32 (net of allowance for uncollectible portion of \$44) for the General Fund. Property taxes of approximately \$3 have been recognized as revenue as of June 30, 2012 because it was collected within 90 days of year end. The remaining amount of \$2,23 has been recorded as deferred revenue on the governmental fund financial statements because it was not collected within 90 days of year end.

**RIVER FALLS FIRE DISTRICT  
MARIETTA, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2012**

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

**C. Unearned/Deferred Revenue**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2012, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

Delinquent Property Taxes Receivable (General Fund)	2,230
Total Unearned/Deferred Revenue for Governmental Funds	<u>2,230</u>

**D. Capital Assets**

Capital asset activity for the District for the year ended June 30, 2012, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Non-Depreciable				
Land	2,000			2,000
Total Capital Assets, Non-Depreciable	<u>2,000</u>			<u>2,000</u>
Capital Assets, Depreciable				
Buildings	20,000		20,000	
Equipment				
Public Safety	30,030	10,100	10,000	30,130
Total Capital Assets, Depreciable	<u>50,030</u>	<u>10,100</u>	<u>30,000</u>	<u>30,130</u>
Less Accumulated Depreciation for				
Buildings	10,000	12,000	20,000	
Equipment				
Public Safety	203,022	10,000	0,000	213,022
Total Accumulated Depreciation	<u>213,022</u>	<u>22,000</u>	<u>20,000</u>	<u>233,022</u>
Total Capital Assets, Depreciable, Net	<u>28,008</u>	<u>10,100</u>	<u>10,000</u>	<u>28,130</u>
Total Governmental Activities Capital Assets, Net	<u>28,008</u>	<u>10,100</u>	<u>10,000</u>	<u>28,130</u>

Depreciation expense for the District was 22,000 for the year ending June 30, 2012. The District also had an impairment of the Headquarters Station that was 1,000 (See Note 3 for more details).

**RIVER FALLS FIRE DISTRICT  
MARIETTA, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2012**

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

**E. Long-Term Obligations**

Following is a summary of changes in the District’s long-term obligations for the year ended June 30, 2012:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
2007 Lease Purchase	\$ 31,313	\$	\$ 0	\$ 31,313	\$
2010 Lease Purchase	11,000	\$	11,000	10,020	12,310
Total Governmental Activities	\$ 10,103	\$	\$ 11,000	\$ 32,000	\$ 12,310

**Lease Purchase Obligations**

- Lease Purchase entered into in June 2007, payable in twenty semiannual payments of \$3,000, including interest at 6% through 2017, secured by rescue unit vehicle.
- Lease Purchase entered into in May 2010, payable in twenty semiannual payments of \$1,000, including interest at 6% through 2017, secured by one fire truck.

**IV. OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees’ and natural disasters. The District has effectively managed this risk by using the South Carolina State Accident Fund for its workers’ compensation coverage and obtaining commercial insurance coverage for all of its other risks. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. There have been no settlements that exceeded the District’s insurance coverage during the past three years. There were no significant reductions in insurance coverage from the prior year.

**B. Headquarters**

In May 2012, the roof at the Headquarters Station started to collapse. In June 2012, the Headquarters Station was determined to be uninhabitable. Because of these events, the building was fully impaired as of June 30, 2012. In June 2013, Greenville County has agreed to provide \$1,000,000 for the abatement and demolition of the building. Currently, the District is in the process of obtaining funding to build a new Headquarters Station.

Required Supplementary Information

RIVER FALLS FIRE DISTRICT  
MARIETTA, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
<b>REVENUES</b>				
Property Tax Revenue	0,000	0,000	0,300	300
Donations - unrestricted	11,100	11,100	0,002	0,202
Fund Raisers	1,000	1,000	1,002	2
Grants	0,000	0,000	0,000	0
Interest Income	1,000	1,000	1,300	300
<b>TOTAL REVENUES ALL SOURCES</b>	<b>108,664</b>	<b>108,664</b>	<b>104,224</b>	<b>(4,440)</b>
<b>EXPENDITURES</b>				
Current				
Salaries	20,000	20,000	20,000	200
Travel	1,000	1,000	1,000	0
Insurance	12,000	12,000	11,200	1,230
Fire Department Equipment	10,000	10,000	0,000	0,000
Equipment Maintenance	0,000	0,000	0,033	000
Equipment Building	1,000	1,000	020	000
Building Supplies	0	0	00	0200
Gasoline	0,000	0,000	0,000	01,0000
Propane Station 1	3,000	3,000	1,000	1,030
Electric Station 1	1,000	1,000	1,000	320
Propane Station 2	1,000	1,000	002	000
Electric Station 2	200	200	131	00
Telephone	000	000	000	0100
Dues	000	000	00	00
Training	2,000	2,000	1,020	000
Meals	0	0	1,010	01,0100
Recognition	2,000	2,000	002	1,000
Radio Repairs	2,000	2,000	200	1,010
Newsletter	1,000	1,000	030	002
Medical Supplies	100	100	0	100
Fund Raising	000	000	0	000
Office Supplies	000	000	212	200
External Bookkeeping	300	300	0	300
Miscellaneous	100	100	000	000000
Capital Outlay	0	0	10,100	010,1000
Debt Service				
Principal	20,000	20,000	10,000	0,010
Interest	0	0	0,010	00,0100
<b>TOTAL EXPENDITURES</b>	<b>108,664</b>	<b>108,664</b>	<b>106,270</b>	<b>2,394</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>(2,046)</b>	<b>(2,046)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	0	0	1,152	1,152
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>1,152</b>	<b>1,152</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>0</b>	<b>0</b>	<b>00000</b>	<b>00000</b>
FUND BALANCE, Beginning of Year	12003	12003	12003	0
<b>FUND BALANCE, End of Year</b>	<b>\$ 128,083</b>	<b>128,083</b>	<b>127,189</b>	<b>\$ (894)</b>

Note: The General Fund budgetary comparison schedule has been prepared on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.



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

Board of Commissioners  
River Falls Fire District  
Marietta, South Carolina

We have audited the financial statements of the governmental activities and the major fund of the River Falls Fire District the District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 1, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.


Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2012-1, 2012-2, 2012-3 and 2012-4 to be material weaknesses.

**Compliance and Other Matters**

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

This report is intended solely for the information and use of management, the Board of Commissioners, others within the District, and other government entities with oversight responsibility and is not intended to be and should not be used by anyone other than these specified parties.

  
Greene, Finney & Horton, LLP  
Mauldin, South Carolina  
July 1, 2013

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**RIVER FALLS FIRE DISTRICT  
MARIETTA, SOUTH CAROLINA**

**SCHEDULE OF FINDINGS AND RESPONSES**

**FOR THE YEAR ENDED JUNE 30, 2012**

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**2012-1: INTERNAL CONTROLS OVER ANNUAL FINANCIAL REPORTING PROCESS**

**Condition and Context:** The District does not have sufficient internal controls over its annual financial reporting process that would allow for the District to prevent or detect material misstatements in the financial statements. Instead, the District has chosen to use its external independent auditors as its internal control for the annual financial reporting process, from the recording of various receivables and payables on the modified accrual basis to the conversion to the full accrual basis that is used for the government-wide financial statements.

**Criteria:** The District should have sufficient internal controls other than its external independent auditors in place that would prevent or detect material misstatements from the day-to-day transactions all the way to the reporting of those transactions in the annual financial statements.

**Effect:** There is a higher risk that material misstatement in the financial statements will go undetected.

**Cause:** Fiscal year 2012 was the first year the District was audited under generally accepted accounting principles. In addition, the District has limited resources available.

**Recommendation:** The District should consider the cost/benefit factors related to providing sufficient internal controls over its annual financial reporting process.

**Response:** The District will take the necessary step to ensure there is sufficient internal controls over our annual financial reporting.

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**2012-2: LACK OF SEGREGATION OF DUTIES**

**Condition and Context:** In large part due to a small staff, the District does not have sufficient segregation of duties over its financial procedures and processes.

**Criteria:** Sufficient segregation of accounting duties should be in place that provides reasonable assurance for the prevention or early detection of misstatement.

**Effect:** Because of the lack of segregation of duties, there is a higher risk that material misstatements in the financial statements will go undetected.

**Cause:** The District has only one paid employee that handles all the financial record keeping.

**Recommendation:** We recommend that the District look at ways to incorporate the Commissioners in their financial procedures and processes to improve segregation of duties.

**Response:** The District will find ways to incorporate the Commissioners to mitigate the segregation of duties issue.

**RIVER FALLS FIRE DISTRICT  
MARIETTA, SOUTH CAROLINA**

**SCHEDULE OF FINDINGS AND RESPONSES**

**FOR THE YEAR ENDED JUNE 30, 2012**

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**2012-3: FORMAL BANK RECONCILIATIONS WERE NOT DONE**

**Condition and Context:** The District did not have sufficient bank reconciliations formally done and documented.

**Criteria:** Bank reconciliations should be done timely and document how the ledger reconciles to the bank statement. This reconciliation should be signed and dated by the preparer and reviewer.

**Effect:** There is the potential for misstatements not be detected and corrected timely.

**Cause:** The District was not experience in preparing bank reconciliations that included the ledger, bank statement and the reconciliation that tied together.

**Recommendation:** We would recommend that the District immediately start using a financial software system so ledger reports can be run monthly. In addition, we recommend the District work with their bank to change the statement dates so they do not overlap months. Lastly, we recommend the District's Commissioners and bookkeeper work together to determine the format the reconciliations should be in to enable easy review.

**Response:** The District will take the necessary steps to ensure proper bank reconciliations are done timely and there is documentation of the preparation and review.

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**2012-4: APPROVAL OF EXPENDITURES NOT DOCUMENTED**

**Condition and Context:** The District did not have the approval of expenditures formally done and documented.

**Criteria:** The review and approval of expenditures should be documented.

**Effect:** There is the potential for misstatement.

**Cause:** The District has an informal way of procuring items and did not require formal documentation of approvals.

**Recommendation:** We would recommend that the District take the necessary steps to ensure there is the appropriate documentation of the approval of each expenditure as needed.

**Response:** The District will take the necessary steps to ensure there is sufficient documentation of approval as needed.