

**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

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**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

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YEAR ENDED JUNE 30, 2014

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BOILING SPRINGS FIRE DISTRICT

Greenville, South Carolina

A Special Purpose District

created by the

South Carolina Legislature

March 6, 1970

COMMISSIONERS

J.R. Christy, Chairman

Ric Brown, Secretary

William A. Flack, Treasurer

Rick Williams, At Large

William T. McDowell, Jr., At Large

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Boiling Springs Fire District
Greenville, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Boiling Springs Fire District, South Carolina (the "District"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Boiling Springs Fire District, South Carolina, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Pending Implementation of GASB Statement on Pensions

As discussed in Note IV.F the Governmental Accounting Standards Board issued Statement No. 68, “*Accounting and Financial Reporting for Pension*” (“*Statement*”) in 2012. This Statement, which will be adopted by the District for the fiscal year ended June 30, 2015, will require the District to report a net pension liability on its applicable financial statements for its participation in the South Carolina Retirement System and the Police Officers’ Retirement System (“Plans”). Based on recent information provided by the South Carolina Public Employee Benefit Authority, it is anticipated that the District’s share of the net pension liability associated with these Plans will decrease the District’s beginning net position by approximately \$3,637,000. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August XX, 2014 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* in considering the District’s internal control over financial reporting and compliance.



Greene, Finney & Horton, LLP
Mauldin, South Carolina
August XX, 2014

**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2014

This discussion and analysis of Boiling Springs Fire District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis 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 year 2014 are as follows:

- On the government-wide financial statements, the assets of the District exceeded its liabilities at June 30, 2014, by approximately \$5,356,000. Of this amount, approximately \$2,625,000 may be used to meet the District's ongoing obligations to citizens and creditors.
- On the government-wide financial statements, the total net position of the District increased by approximately \$937,000. The primary reason for the increase is the increase in one time look-back tax revenues.
- As of the close of the current fiscal year the District's governmental funds reported combined ending fund balances of approximately \$3,180,000, an increase of approximately \$978,000 or 44% from the prior year ending fund balances, which was primarily due to an increase in look-back taxes and grant funds, partially offset by higher principal payments due to the refunding of the 2012 and 2013 BAN. Approximately 94% of the total amount, or approximately \$2,976,000, is unassigned and available for spending at the District's discretion, which was approximately 51% of total governmental fund expenditures.
- The District's total net capital assets decreased by approximately \$231,000 (5%) during the current fiscal year. The key factor in this decrease was due to depreciation expense of approximately \$326,000, partially offset by additions of approximately \$95,000.
- The District's debt and lease purchases decreased by approximately \$191,000 (7%) during the current fiscal year due to the issuance of an approximate \$785,000 Bond Anticipation Note to refund the 2012 Bond Anticipation Note and a USDA Loan of approximately \$884,000, partially offset by approximately \$304,000 of scheduled principal payments made during the year.
- During fiscal year 2014, the District's governmental funds revenues were approximately \$6,019,000 compared to approximately \$3,320,000 in the prior year. The increase was primarily due to an increase in property tax revenue for the look-back taxes and the issuance of the USDA loan of approximately \$884,000. The District's governmental funds expenditures were approximately \$5,872,000 for 2014, compared to approximately \$5,178,000 in the prior year. This increase was primarily due to an increase in debt service expenditures of approximately \$869,000.
- The District had approximately \$5,081,000 in expenses related to governmental activities. General revenues (primarily taxes) of approximately \$5,134,000 and capital grants of approximately \$885,000 provided funding for the District's programs.
- The District implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB #65" or "Statement") in fiscal year 2014. GASB #65 establishes accounting and financial reporting standards that require reclassification of certain items that, in prior years, were properly reported as assets and liabilities. This Statement supplements and extends the reach of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which was adopted by the District in fiscal year 2014. The District's only former financial statement item that was affected by the implementation of GASB #65 was its deferred revenue liability (for unavailable – property taxes) in its statements of financial position. Under this Statement, deferred revenue that is not available or deferred revenue that is received by a government but is applicable to a future year should no longer be shown as a liability but will be reclassified and shown as a component of deferred inflows of resources.

**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: the Introductory Section, the Financial Section (which includes the 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 liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position 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 fire protection 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 of this report.

Fund 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's utilizes only governmental funds 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 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 changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The District maintains two individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and the Debt Service Fund, of which, both are considered to be major funds. The governmental fund financial statements can be found as listed in the table of contents of this report.

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 of this report.

**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

Figure A-1: Major Features of the District's Government-Wide and Fund Financial Statements		
	Financial Statements	Fund Financial Statements
	Government-Wide	Governmental Funds
Scope	Entire District	The Activities of the District that are Governmental in Nature
Required Financial Statements	<ul style="list-style-type: none"> ▪ Statement of Net Position ▪ Statement of Activities 	<ul style="list-style-type: none"> ▪ Balance Sheet ▪ Statement of Revenues, Expenditures, and Changes in Fund Balance
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 position 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 \$5,356,000 and \$4,419,000 for the current and prior year, respectively. Table 1 provides a summary of the District's net position for its governmental activities at June 30, 2014 and 2013:

Table 1 - Net Position

	June 30, 2014	June 30, 2013
Assets		
Current and Other Assets	\$ 3,302,163	\$ 2,380,393
Capital Assets, Net	4,820,127	5,051,047
Total Assets	<u>8,122,290</u>	<u>7,431,440</u>
Liabilities		
Long-Term Liabilities	2,613,527	2,794,995
Other Liabilities	152,367	217,382
Total Liabilities	<u>2,765,894</u>	<u>3,012,377</u>
Net Position		
Net Investment in Capital Assets	2,565,126	2,683,489
Restricted	166,304	164,102
Unrestricted	2,624,966	1,571,472
Total Net Position	<u>\$ 5,356,396</u>	<u>\$ 4,419,063</u>

**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Total assets increased from the prior year primarily due to a decrease in cash and investments of approximately \$868,000 and a decrease in capital assets of approximately \$231,000. Total liabilities decreased from the prior year primarily due to an decrease in long-term obligations of approximately \$181,000.

Governmental accounting principles require the Commission to classify its net position in up to three categories. The Commission uses the following categories to classify its net position:

- ◆ Net Investment in Capital Assets – This represents amounts invested in capital assets, less accumulated depreciation and amortization on those assets, bond issue costs (net), unspent debt or lease purchase proceeds, less any liabilities that are attributable to the construction, acquisition, and/or improvement of those assets. At June 30, 2014 and 2013, the amount invested in capital assets was approximately \$2,565,000 (48%) and \$2,683,000 (60%), respectively.
- ◆ Restricted – This represents the amount of net position that is restricted for the payment of debt service. The balance of restricted net position was approximately \$166,000 (3%) and \$164,000 (4%) at June 30, 2014 and 2013 respectively.
- ◆ Unrestricted – This represents the portion of net position that can be used to finance the daily operations of the District and which no restrictions are imposed. The balance of unrestricted net position as of June 30, 2014 and 2013 was approximately \$2,625,000 (49%) and \$1,571,000 (36%), respectively.

Table 2 shows the changes in net position for District's governmental activities for 2014 and 2013:

Table 2 - Changes in Net Assets

Revenues	2014	2013
Program Revenues:		
Capital Grants	\$ 884,511	\$ 25,544
General Revenues:		
Property Taxes	5,120,938	3,251,035
Other	13,147	43,319
Total Revenues	<u>6,018,596</u>	<u>3,319,898</u>
Program Expenses		
Fire Protection Services	4,110,208	4,360,802
Interest and Fiscal Charges	971,055	104,184
Total Program Expenses	<u>5,081,263</u>	<u>4,464,986</u>
Change in Net Assets	937,333	(1,145,088)
Net Assets, Beginning of Year	<u>4,419,063</u>	<u>5,564,151</u>
Net Assets, End of Year	<u>\$ 5,356,396</u>	<u>\$ 4,419,063</u>

Governmental Activities. Governmental activities increased the District's net position in fiscal year 2014 by approximately \$937,000 (21%). Key elements of this decrease are as follows:

- Revenues increased approximately \$2,699,000 from the prior year due to an increase in look back taxes and a capital grant.
- Program expenses increased approximately \$616,000 from the prior year primarily due to higher employee benefits and other operating costs.

**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2014

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 Funds

The analysis of governmental funds 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's Major Funds include the General Fund and the Debt Service Fund.

For the year ended June 30, 2014, the District's governmental funds reported a *combined* fund balance of approximately \$3,180,000 as compared to the prior year amount of approximately \$2,202,000. At June 30, 2014, the District's unassigned fund balance for all governmental funds was approximately \$2,976,000, which represents only the General Fund. Approximately \$169,000 was restricted for debt service, approximately \$8,000 was restricted for the World Trade Center memorial, and approximately \$27,000 is nonspendable for prepaid items.

The fund balance for the District's General Fund increased by approximately \$978,000 or 46% during the current fiscal year. The increase was primarily due to an increase in taxes and a capital grant, partially offset by an increase in principal payments due to the refunding of the 2012 and 2013 bond anticipation notes. At June 30, 2014, the fund balance for the General Fund was approximately \$3,113,000, of which approximately \$27,000 is nonspendable for prepaid items, approximately \$102,000 is restricted for debt service, approximately \$8,000 is restricted for the World Trade Center Memorial, with the remaining balance of approximately \$2,976,000 (unassigned) being available for spending at the District's discretion.

The Debt Service Fund is shown in a separate column in the accompanying basic financial statements of the District. The fund is used to account for debt service on general obligation bonds. The District's fund balance for the Debt Service Fund had virtually no change in 2014. At June 30, 2014, the fund balance of the Debt Service Fund was approximately \$67,000 which is restricted for the payment of debt service.

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. The most significant and only budgeted fund is the General Fund. There were no amendments to the General Fund's 2014 original budget. Actual revenues were higher than budgeted revenues by approximately \$975,000 primarily due to a federal capital grant. Actual expenditures were higher than budgeted expenditures by approximately \$1,639,000 primarily due to higher debt service, and operating expenditures (i.e. employee benefits, utilities, etc.).

**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2014

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District had approximately \$4,820,000 and \$5,051,000 in capital assets at the close of 2014 and 2013, respectively. Table 3 shows capital assets balances by category at June 30, 2014 and 2013:

Table 3
Capital Assets, Net of Depreciation

Capital Asset Category	June 30, 2014	June 30, 2013
Land	\$ 322,306	\$ 322,306
Construction in Progress	112,845	17,618
Buildings and Building Improvements	1,922,289	1,997,840
Vehicles and Equipment	2,462,687	2,713,283
Totals	\$ 4,820,127	\$ 5,051,047

The total decrease in the District's capital assets was approximately \$231,000, or approximately 5%. The major capital asset events during the current fiscal year were:

- Depreciation expense of approximately \$326,000.
- Additions of approximately \$95,000 due to the new fire station and disposals of approximately \$197,000.

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

Debt Administration

At the end of 2014 and 2013, the District had outstanding debt and lease purchases of approximately \$2,558,000 and \$2,749,000, respectively. Table 4 shows detail of the year end debt and lease purchase balances for 2014 and 2013:

Table 4
Long-Term Debt and Lease Purchases

Description	June 30, 2014	June 30, 2013
Farmers Home Administration General Obligation Bond - 1980	\$ 164,876	\$ 184,796
Farmers Home Administration General Obligation Bond - 1986 A	51,099	68,262
Bond Anticipation Note - 12/12	-	771,125
USDA Loan Payable	883,751	-
Lease Purchase – 07/06	275,653	360,183
Lease Purchase – 10/09	864,740	953,883
Lease Purchase – 05/10	14,882	29,309
Lease Purchase – 09/11	80,992	106,754
Lease Purchase – 08/12	221,666	274,602
Total	\$ 2,557,659	\$ 2,748,914

**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2014

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

The total decrease in the District's debt and lease purchases was approximately \$191,000, or approximately 7%. The major long-term debt and lease purchase events during the current fiscal year were:

- The District currently refunded the 12/12 BAN (\$771,125) with the 12/13 BAN (\$784,800) and currently refunded the 12/13 BAN (\$784,800) with the USDA Loan (\$883,751).
- Principal payments on debt and lease purchases in 2014 of approximately \$1,860,000 (\$990,000 in the prior year).
- Interest payments on debt and lease purchases in 2014 of \$96,000 (\$97,000 in the prior year).

The State limits the amount of general obligation debt that Districts can issue to 8% of the assessed value of all taxable property within the District's corporate limits. The District is significantly below these limits.

The District had other long-term obligations outstanding at year end which consisted of a compensated absence liability. For more detailed information on all of the District's long-term obligations, please see the notes to the financial statements.

ECONOMIC FACTORS AND CURRENT EVENTS

Boiling Springs Fire District, serves about 28,000 residents, four schools, and numerous businesses, is located in Greenville, South Carolina. The general area has seen a rapid growth in the past, but most vacant land is now developed and most growth is filled in. Although the economy of the area continues to improve, growth of property tax revenue will be modest with demand for services from its citizens increasing.

The District was incurring increases of 29% for health insurance, and 8.9% in 2014, and the Insurance Rating for Community and Business ("ISO") additional equipment and minimum staffing requirements to maintain the current ISO class 2 rating. The District anticipates additional increases in healthcare costs with the implementation of the Affordable Care Act in late 2015. The District is trying to maintain a balance between services, property tax revenue, and operational costs.

The District has submitted an application to USDA Rural Development to obtain approximately \$2,000,000 to purchase and convert the Vineyard Church on Blacks Road into a fire station (the District's fourth station). Population growth in the Pelham Road area was the major factor for the need of a new station as heavy traffic reduces response time and thus increases the severity of potential losses.

The loan was approved and closed by USDA in April 2014 and the project is currently in the design phase with bidding for a general contractor set to occur in August 2014. Additional millage will be collected by the Greenville County Treasurer to fund repayment of Bond. The debt service millage will be included in the October 2014 tax notices.

FISCAL YEAR 2015 BUDGET

Many factors were considered by the District's administration during the process of developing the 2015 budget. The District's budget was prepared to continue the vision and mission of the District. The District has budgeted expenditures for 2015 of approximately \$4,407,082.

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 Judy Ferrone, Administrative Assistant, at (864) 284-9927 or email bsfd195@charter.net or Steve Graham, Fire Chief, at (864) 288-5037 or email sgraham@boilingspringsfd.org.

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Financial Statements

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**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

STATEMENT OF NET POSITION

JUNE 30, 2014

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 121,777
Restricted Cash and Cash Equivalents	110,816
Cash and Investments Held by County Treasurer	2,942,867
Prepays	26,549
Due from County Treasurer	64,442
Property Taxes Receivable, Net	35,712
Capital Assets:	
Non-Depreciable	435,151
Depreciable, Net	4,384,976
TOTAL ASSETS	<u>8,122,290</u>
LIABILITIES	
Accounts Payable	18,245
Accrued Expenses	66,505
Accrued Interest Payable	59,606
Unearned Revenue	8,011
Non-Current Liabilities:	
Due Within One Year	393,953
Due in More Than One Year	2,219,574
TOTAL LIABILITIES	<u>2,765,894</u>
NET POSITION	
Net Investment in Capital Assets	2,565,126
Restricted For:	
Debt Service	157,835
World Trade Center Memorial	8,469
Unrestricted	2,624,966
TOTAL NET POSITION	<u>\$ 5,356,396</u>

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

**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

<u>FUNCTIONS/PROGRAMS</u>	<u>PROGRAM REVENUES</u>			<u>NET (EXPENSE) REVENUE & CHANGE IN NET POSITION</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>	<u>Totals</u>
PRIMARY GOVERNMENT:						
Governmental Activities:						
Fire Protection Services	\$ 4,110,208	-	-	884,511	(3,225,697)	\$ (3,225,697)
Interest and Other Charges	971,055	-	-	-	(971,055)	(971,055)
TOTAL PRIMARY GOVERNMENT	\$ 5,081,263	-	-	884,511	(4,196,752)	(4,196,752)
General Revenues:						
Property Taxes Levied for General Purposes					5,069,427	5,069,427
Property Taxes Levied for Debt Service					51,511	51,511
Unrestricted Investment Earnings					10,704	10,704
Miscellaneous					2,443	2,443
Total General Revenues					5,134,085	5,134,085
CHANGE IN NET POSITION					937,333	937,333
NET POSITION, Beginning of Year					4,419,063	4,419,063
NET POSITION, End of Year					\$ 5,356,396	\$ 5,356,396

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

**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2014

	GENERAL	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	\$ 121,777	-	\$ 121,777
Restricted Cash and Cash Equivalents	110,816	-	110,816
Cash and Investments Held by County Treasurer	2,876,229	66,638	2,942,867
Due from County Treasurer	64,442	-	64,442
Prepays	26,549	-	26,549
Property Taxes Receivable, Net	35,712	-	35,712
TOTAL ASSETS	\$ 3,235,525	66,638	\$ 3,302,163
LIABILITIES			
Accounts Payable	\$ 18,245	-	\$ 18,245
Accrued Expenses	66,505	-	66,505
TOTAL LIABILITIES	84,750	-	84,750
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue	37,723	-	37,723
TOTAL DEFERRED INFLOWS OF RESOURCES	37,723	-	37,723
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	122,473	-	122,473
FUND BALANCES			
Nonspendable - Prepays	26,549	-	26,549
Restricted For:			
Debt Service	102,247	66,638	168,885
World Trade Center Memorial	8,469	-	8,469
Unassigned	2,975,787	-	2,975,787
TOTAL FUND BALANCES	3,113,052	66,638	3,179,690
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,235,525	66,638	\$ 3,302,163

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

**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2014

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS **\$ 3,179,690**

Amounts reported for the governmental activities in the Statement of Net Position 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 funds. 29,712

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets were \$8,278,284 and the accumulated depreciation was \$3,458,157. 4,820,127

Accrued interest on debt and lease purchases in governmental accounting is not due and payable in the current period and therefore is not reported as a liability in the governmental funds. (59,606)

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

 Long-Term Debt (including lease purchases) (2,557,659)
 Compensated Absences (Vacations) (55,868)

TOTAL NET POSITION- GOVERNMENTAL ACTIVITIES **\$ 5,356,396**

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

**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2014

	GENERAL	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Taxes	\$ 5,069,427	51,511	\$ 5,120,938
Investment Earnings	10,485	219	10,704
Federal Grants	883,751	-	883,751
Donations - World Trade Center Memorial	200	-	200
Other	3,003	-	3,003
TOTAL REVENUES ALL SOURCES	5,966,866	51,730	6,018,596
EXPENDITURES			
Current:			
Fire Department Operations	3,806,509	-	3,806,509
Capital Outlay	109,492	-	109,492
Debt Service:			
Principal	1,822,390	37,416	1,859,806
Interest	82,094	14,095	96,189
TOTAL EXPENDITURES	5,820,485	51,511	5,871,996
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	146,381	219	146,600
OTHER FINANCING SOURCES (USES)			
Sale of Capital Assets	46,500	-	46,500
Issuance of Bond Anticipation Note	784,800	-	784,800
TOTAL OTHER FINANCING SOURCES (USES)	831,300	-	831,300
CHANGES IN FUND BALANCES	977,681	219	977,900
FUND BALANCES, Beginning of Year	2,135,371	66,419	2,201,790
FUND BALANCES, End of Year	\$ 3,113,052	66,638	\$ 3,179,690

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

**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

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

YEAR ENDED JUNE 30, 2014

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS **\$ 977,900**

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

Payment of principal on debt and lease purchase obligations is an expenditure in the governmental funds,
but the payment reduces long-term liabilities in the Statement of Net Position. 1,859,806

Bond and lease purchase proceeds provide current financial resources to governmental funds, but issuing
debt or entering in to lease purchases also increases long-term liabilities in the Statement of Net Position. (1,668,551)

Interest on long-term debt and lease purchases in the Statement of Activities differs from the amount
reported in the governmental funds because interest is recognized as an expenditure in the funds
when it is due and payable, and thus requires the use of current financial resources. In the Statement
of Activities, however, interest expense is recognized as the interest accrues, regardless of when it
is due and payable. This is the net change in accrued interest from the current to prior year. 8,885

Some expenses reported in the Statement of Activities do not require the use of current financial resources
and therefore are not reported as expenditures in the governmental funds. (9,787)

Governmental funds report 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 capital asset additions \$95,227
were exceeded by depreciation expense (\$326,147) in the current period. (230,920)

TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 937,333**

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

**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

Boiling Springs Fire District (the “District”) is a special purpose district created in 1970 by the South Carolina legislature to provide fire protection 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 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, 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.

B. 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). For the most part, the effect of interfund activity has been removed from these statements.

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.

**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

The **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 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 statements and the statements for governmental funds.

The District implemented GASB Statement No. 65, Items Previously Reported as Assets and Liabilities (“GASB #65” or “Statement”) in 2014. GASB #65 establishes accounting and financial reporting standards that require reclassification of certain items that, in prior years, were properly reported as assets and liabilities. This Statement supplements and extends the reach of GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, which was adopted by the District in 2013. The District’s only former financial statement item that was affected by the implementation of GASB #65 was its deferred revenue liability (property taxes) in its statements of financial position. Under this Statement, deferred revenue that is not available or deferred revenue that is received by a government but is applicable to a future year should no longer be shown as a liability but will be reclassified and shown as a component of deferred inflows of resources.

Governmental **fund financial statements** are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. 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 60 days of the end of the current fiscal period.

**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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. Nonmajor funds are aggregated and presented in a single 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 major funds and fund types are 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 through governmental funds. Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. The following are the District's major governmental funds:

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 except those required to be accounted for in other funds. All general tax revenues and other receipts (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

The *Debt Service Fund, a major fund* and an unbudgeted fund, is used to account for and report the accumulation of financial resources that are restricted, committed, or assigned for the payment of all long-term debt principal, interest, and related costs of the District.

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, 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.

**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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 its agencies, the principal and interest of which is fully guaranteed by the United States;
- (b) 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 where the certificates 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 of 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;
- (f) Repurchase agreements when collateralized by securities as set forth in this section; and
- (g) 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 (a), (b), (c), and (f) 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.

**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

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

Investments (Continued)

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 currently or in the past year has used the following investments:

- 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.
- Certificates of Deposit ("CD") are bond-type investments issued by a bank when a person or company deposits a certain amount of money for a determined amount of time. The maturity can be up to five years, and interest is paid to the holder of the CD at an agreed upon rate. Money removed before maturity is subject to a penalty.

2. Receivables and Payables

Transactions between funds (if any) that are representative of reimbursement arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the Statement of Net Position.

All trade and property taxes receivable are shown net of an allowance for uncollectibles.

3. Prepaid Items

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

4. Capital Assets

Capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the 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. 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.

**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

4. Capital Assets (Continued)

All reported capital assets except land and construction in progress 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. Depreciation expense is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	20 - 40
Building Improvements	20 - 40
Vehicles, Machinery & Equipment	8 - 20

5. Compensated Absences

District employees are granted vacation and sick leave in varying amounts. Upon termination of employment, an employee is reimbursed for accumulated vacation days (as defined). Unused sick leave is not reimbursed at termination but will be reimbursed if the employee retires or becomes disabled (at a set percentage of the normal sick leave amount).

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." The entire compensated absence liability and expense is reported in the government-wide financial statements. The governmental funds will only recognize compensated absences for amounts that have matured, for example, as a result of disability notifications, retirements, and terminations that occurred prior to year end that are expected to be paid within a short time subsequent to year end, if material.

6. 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 funds are reported on the governmental funds financial statements regardless of whether they will be liquidated with current resources. However, long-term obligations that will be paid from the governmental funds 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 Position. 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 (if any). Bonds payable are reported net of the applicable bond premiums or discount and deferred advance refunding amounts. If applicable, 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.

**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

7. *Deferred Outflows/Inflows of Resources*

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of deferred inflows of resources, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue – property taxes, is reported only in the governmental funds balance sheet. This item is deferred and recognized as an inflow of resources (revenues) in the period the amounts become available.

8. *Fund Balance*

In accordance with GASB Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*” (“GASB #54”), 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.

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.

**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

8. Fund Balance (Continued)

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.

9. Net Position

Net position represents the difference between assets and deferred outflows (if any) and liabilities and deferred inflows (if any) 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 debt which has not been spent is included in the same net position component as the unspent proceeds. 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.

10. Accounting Estimates

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires the District's management to make estimates and assumptions. These 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 and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

11. 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.

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 1st 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 Balance - 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, 2014. The District does not adopt a budget for the Debt Service Fund.

**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

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, 2014, none of the District’s bank balances of approximately \$294,000 (which had a carrying value of approximately \$233,000) were exposed to custodial credit risk. The bank balance was higher than the book/carrying value due to outstanding checks.

Investments

As of June 30, 2014, the District had the following investments:

Investment Type	Credit Rating	Fair Value	Weighted Average Maturity (Years)
Cash and Investments Held by County Treasurer	Unrated	\$ 2,942,867	< 1 Year

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.

Certain cash and cash equivalents in the General Fund and the cash and investments held by the County Treasurer in the Debt Service Fund are legally restricted for lease purchase and debt service requirements.

B. Property Taxes and Other Receivables

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

Property taxes are levied and billed by the County on real and business personal properties on October 1 based on an assessed value of approximately \$149 million at rates of 34.1 mills for general and debt service activities. 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 plus collection costs

Current year real and business personal taxes become delinquent on March 16. Unpaid property taxes become a lien against the property as of June 1 of the calendar year following the levy date. 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.

**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

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

B. Property Taxes and Other Receivables (Continued)

The District has recorded uncollected, delinquent property taxes at June 30, 2014, of approximately \$36,000 (net of an allowance for uncollectible portion of approximately \$9,000). Delinquent property taxes of \$6,000 have been recognized as revenue at June 30, 2014 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 tax receivable of approximately \$30,000 has been recorded by the District as deferred revenue at June 30, 2014 on the governmental fund financial statements because they were not collected within 60 days after year end and are thus not considered available.

The District also had a receivable of approximately \$64,000 from the County Treasurer related to property taxes collected by the County during the month of June 2014 which were not remitted to the District until July 2014.

C. Capital Assets

Following is a summary of capital asset activity for the District for the year ended June 30, 2014:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Non-Depreciable					
Land	\$ 322,306	-	-	-	\$ 322,306
Construction in Progress	17,618	95,227	-	-	112,845
Total Capital Assets, Non-Depreciable	<u>339,924</u>	<u>95,227</u>	<u>-</u>	<u>-</u>	<u>435,151</u>
Capital Assets, Depreciable					
Buildings and Improvements	3,066,773	-	-	-	3,066,773
Vehicles	3,951,828	-	196,982	-	3,754,846
Equipment	1,021,514	-	-	-	1,021,514
Total Capital Assets, Depreciable	<u>8,040,115</u>	<u>-</u>	<u>196,982</u>	<u>-</u>	<u>7,843,133</u>
Less: Accumulated Depreciation for:					
Buildings and Improvements	1,068,933	75,551	-	-	1,144,484
Vehicles	1,521,063	209,078	196,982	-	1,533,159
Equipment	738,996	41,518	-	-	780,514
Total Accumulated Depreciation	<u>3,328,992</u>	<u>326,147</u>	<u>196,982</u>	<u>-</u>	<u>3,458,157</u>
Total Capital Assets, Depreciable, Net	<u>4,711,123</u>	<u>(326,147)</u>	<u>-</u>	<u>-</u>	<u>4,384,976</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 5,051,047</u>	<u>(230,920)</u>	<u>-</u>	<u>-</u>	<u>\$ 4,820,127</u>

Depreciation expense was charged to the District's only function – fire protection services.

**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

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

D. Long-Term Obligations

The District issues bonds to provide funds for the acquisition and construction of major capital facilities. General Obligation Bonds (“GOB”) are direct obligations and pledge the full faith and credit of the District. Lease Purchase (“LP”) obligations are special obligations of the District payable from the general revenues of the District. USDA Loan Payable is a federally backed loan payable from the general revenues of the District. The full faith, credit and taxing powers of the District are not pledged for the payment of lease purchase obligations nor the interest thereon. Following is the detail for each outstanding debt and lease purchase issue at June 30, 2014:

General Obligation Bonds

- Farmers Home Administration General Obligation Bond – 1980 (“FHA GOB – 1980”), payable in annual installments of \$29,140, including interest at 5.0% per annum through the year 2020.
- Farmers Home Administration General Obligation Bond – 1986 A (“FHA GOB – 1986 A”), payable in annual installments of \$22,371, including interest at 7.625% per annum through the year 2016.

USDA Loan Payable

- USDA Loan Payable – 2014 (“USDA Loan”), payable in annual installments of \$95,980, including interest at 3.5% per annum through the year 2052.

Lease Purchase Obligations

- Lease Purchase entered into on July 2006 (“LP – 7/06”), payable in ten annual payments of \$99,765, including interest at 4.230% through 2016, secured by emergency and fire trucks.
- Lease Purchase entered into on October 2009 (“LP – 10/09”), payable in twelve annual payments of \$129,874, including interest at 4.270% through 2021, secured by one platform fire truck with a 100 foot ladder and one pumper fire truck.
- Lease Purchase entered into on May 2010 (“LP – 5/10”), payable in five annual payments of \$15,350, including interest at 3.150% through 2015, secured by two vehicles.
- Lease Purchase entered into in September 2011 (“LP – 9/11”), payable in five annual payments of \$28,282, including interest at 2.360% through 2016, secured by firefighting turnout gear.
- Lease Purchase entered into in August 2012 (“LP – 8/12”), payable in five annual payments of \$57,989, including interest at 1.840% through 2017, secured by air packs.

**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

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

D. Long-Term Obligations (Continued)

The following is a summary of changes in District long-term obligations for the year ended June 30, 2014:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
<u>Debt</u>					
FHA GOB - 1980	\$ 184,796	-	19,920	164,876	\$ 20,916
FHA GOB - 1986 A	68,262	-	17,163	51,099	18,471
BAN - 12/12	771,125	-	771,125	-	-
BAN - 12/13	-	784,800	784,800	-	-
USDA Loan	-	883,751	-	883,751	47,246
Total Debt	1,024,183	1,668,551	1,593,008	1,099,726	86,633
<u>Lease Purchase</u>					
LP - 7/06	360,183	-	84,530	275,653	88,105
LP - 10/09	953,883	-	89,143	864,740	92,949
LP - 5/10	29,309	-	14,427	14,882	14,882
LP - 9/11	106,754	-	25,762	80,992	26,370
LP - 8/12	274,602	-	52,936	221,666	53,910
Total Lease Purchases	1,724,731	-	266,798	1,457,933	276,216
Compensated Absences	46,081	35,442	25,655	55,868	31,104
Total Governmental Activities	\$ 2,794,995	1,703,993	1,885,461	2,613,527	\$ 393,953

General Fund resources typically have been used to liquidate the lease purchase obligations and the compensated absences payable. The Debt Service Fund has been used to service all of the debt of the District.

The State limits the amount of general obligation debt that Districts can issue to 8% of the assessed value of all taxable property within the District's corporate limits. The District is significantly below these limits.

**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

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

D. Long-Term Obligations (Continued)

As of June 30, 2014, the annual requirements to amortize the bonds payable and lease purchase obligations outstanding are as follows:

Year Ending June 30,	Debt		Lease Purchase Obligations		Totals
	Principal	Interest	Principal	Interest	
2015	\$ 65,367	82,124	276,217	55,045	\$ 478,753
2016	68,730	78,760	270,644	45,265	463,399
2017	63,639	75,205	280,316	35,594	454,754
2018	53,017	72,103	162,313	25,549	312,982
2019	55,237	69,883	109,871	20,003	254,994
2020-2024	214,766	317,991	358,572	31,049	922,378
2025-2029	196,521	283,379	-	-	479,900
2030-2034	233,406	246,494	-	-	479,900
2035-2037	149,043	127,364	-	-	276,407
Totals	\$ 1,099,726	1,353,303	1,457,933	212,505	\$ 4,123,467

IV. OTHER INFORMATION

A. Retirement Plan

Beginning July 1, 2005, the District elected to participate in the South Carolina Police Officers Retirement System ("PORS"). Substantially all District employees are members of the PORS. The PORS is a cost-sharing multiple-employer defined benefit pension plan administered by the South Carolina Retirement System ("SCRS"). The PORS was established by the South Carolina state legislature on July 1, 1962, for the benefit of police officers and firemen. The PORS offers retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits, and survivor benefits. The Plan's provisions are established under Title 9 of the South Carolina Code of Laws and were originally administered by the South Carolina Budget and Control Board. Effective July 1, 2012, the South Carolina General Assembly transferred administration of the SCRS and PORS to the newly created South Carolina Public Employee Benefit Authority ("PEBA"). The PEBA has the authority to establish and amend benefits and funding policy. A comprehensive annual financial report containing financial statements and required supplementary information for the retirement benefits is issued and publicly available by writing to the South Carolina Public Employee Benefit Authority, P.O. Box 11960, Columbia, SC 29211-1960.

**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plan (Continued)

Both employees and the District are required to contribute to the Plan at rates established and as amended by the PEBA. The District’s contributions are actuarially determined, but are communicated to and paid by the District as a percentage of the employees’ annual earnings.

	SCPORS Rates		
	2012	2013	2014
Employer Rate			
Retirement	11.36%	11.90%	12.440%
Group Life Insurance Benefit	0.20%	0.20%	0.20%
Accidental Death Benefit	0.20%	0.20%	0.20%
	<u>11.76%</u>	<u>12.30%</u>	<u>12.840%</u>
Employee Rate	<u>6.50%</u>	<u>7.00%</u>	<u>7.84%</u>

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

Year Ending June 30,	SCPORS Contributions		
	Required	% Contributed	% of Covered Payroll
2014	\$ 243,000	100%	12.840%
2013	230,000	100%	12.300%
2012	\$ 209,000	100%	11.763%

B. Other Postemployment Benefits

In 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (“GASB 45”). This Statement establishes standards for the measurement, recognition and display of the Other Postemployment Benefits (“OPEB”) expenditures and related liabilities (assets), note disclosures, and if applicable, required supplementary information in the financial reports of state and local governmental employers. The District adopted GASB 45 in fiscal year 2010. During fiscal year 2012, the District rescinded the health insurance benefits plan (“Plan”) for District employees. Retirees already on the program are not affected. The District currently has 1 retiree on the Plan. No liability or expenditure is recorded as of June 30, 2014, as this amount is considered immaterial.

C. 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. For the past several years the District has obtained coverage from commercial insurance companies and has effectively managed risk through various employee education and prevention programs.

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.

**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

IV. OTHER INFORMATION (CONTINUED)

C. Risk Management (Continued)

The District has not significantly reduced insurance coverages from the previous year; and settled claims in excess of insurance coverage for the last three years were immaterial.

D. Health Insurance

The District maintains a fully insured health insurance program for District employees. The District pays a premium each month to the insurer and the insurance provider pays all covered claims.

E. Fund Balance Categories

The District's General Fund has approximately (a) \$27,000 in non-spendable fund balance that is related to prepaid items, (b) approximately \$102,000 that is a bond cushion fund (which is required by the terms of the loan agreement with the Farmers Home Administration) which is restricted for future debt service, and (c) approximately \$8,000 of restricted donations related to the maintenance of the World Trade Center Memorial. Approximately \$2,976,000 is unassigned and available for spending at the District's discretion. The District's Debt Service Fund has approximately \$67,000 that is restricted for future debt service.

F. Pending Implementation of GASB Statement on Pensions

GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*" ("Statement"), was issued in June 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. In addition, state and local governments who participate in a cost-sharing multiple employer plan will now be required to recognize a liability for its proportionate share of the net pension liability of that plan. It is GASB's intention that this new Statement will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the District's financial obligations to current and former employees for past services rendered.

In particular, the District will be required to report a net pension liability for its participation in the PORS on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Position) and present more extensive note disclosures. In general, it should not have a significant impact on the District's governmental funds.

The effect of implementation of this Statement has not been determined at this time, but it is anticipated that it will materially decrease the District's unrestricted net position. This Statement is required to be implemented by the District no later than the fiscal year ending June 30, 2015.

Required Supplementary Information

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**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

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

YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES				
Taxes	\$ 4,991,713	4,991,713	5,069,427	\$ 77,714
Investment Earnings	-	-	10,485	10,485
Federal Grants	-	-	883,751	883,751
Donations - World Trade Center Memorial	-	-	200	200
Other	-	-	3,003	3,003
TOTAL REVENUES ALL SOURCES	4,991,713	4,991,713	5,966,866	975,153
EXPENDITURES				
Current:				
Salaries	2,032,079	2,032,079	1,980,865	51,214
Employee Benefits	1,309,741	1,309,741	1,301,078	8,663
Dues and Subscriptions	7,000	7,000	5,598	1,402
Fuel	50,000	50,000	51,606	(1,606)
Insurance	155,000	155,000	150,796	4,204
Maintenance:				
Buildings and Grounds	15,000	15,000	57,664	(42,664)
Equipment	15,100	15,100	11,140	3,960
Vehicle	27,000	27,000	35,054	(8,054)
Meals	7,000	7,000	7,556	(556)
Miscellaneous	29,900	29,900	18,356	11,544
Office Supplies	24,100	24,100	21,219	2,881
Professional Fees	15,000	15,000	25,626	(10,626)
Protective Clothing	15,000	15,000	15,633	(633)
Public Relations	30,000	30,000	30,191	(191)
Training	12,100	12,100	14,984	(2,884)
Conferences	9,000	9,000	5,367	3,633
Utilities	71,500	71,500	73,776	(2,276)
Capital Outlay	16,000	16,000	109,492	(93,492)
Debt Service:				
Principal	315,910	315,910	1,822,390	(1,506,480)
Interest	-	-	82,094	(82,094)
Issuance Costs	25,000	25,000	-	25,000
TOTAL EXPENDITURES	4,181,430	4,181,430	5,820,485	(1,639,055)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	810,283	810,283	146,381	(663,902)
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	-	46,500	46,500
Issuance of Bond Anticipation Note	-	-	784,800	784,800
TOTAL OTHER FINANCING SOURCES (USES)	-	-	831,300	831,300
CHANGES IN FUND BALANCE	810,283	810,283	977,681	167,398
FUND BALANCE, Beginning of Year	2,419,722	2,419,722	2,135,371	(284,351)
FUND BALANCE, End of Year	\$ 3,230,005	3,230,005	3,113,052	\$ (116,953)

Note: 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.

**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
US DEPARTMENT OF AGRICULTURE			
Community Facilities Loans and Grants	10.766	N/A	\$ 883,651
TOTAL US DEPARTMENT OF AGRICULTURE			883,651
TOTAL FEDERAL ASSISTANCE EXPENDED			\$ 883,651

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Compliance Section

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**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

A – General

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all federal award programs of Boiling Springs Fire District, South Carolina (the “District”) for the year ended June 30, 2014. All federal awards received directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule.

B – Basis of Accounting

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in the notes to the District’s financial statements.

C – Relationship to Financial Statements

Federal award expenditures are reported in the District’s financial statements as expenditures in the General Fund.

D – Relationship to Federal Financial Reports

Amounts reported in the accompanying Schedule agree with the amounts reported in the related federal financial reports except for timing differences relating to expenditures made subsequent to the filing of the federal financial reports.

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**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***

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Boiling Springs Fire District
Greenville, 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 and each major fund for the Boiling Springs Fire District (the "District"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated August XX, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the auditing 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 determination of 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*.

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.

Greene, Finney & Horton LLP

Greene, Finney & Horton, LLP

Mauldin, South Carolina

August XX, 2014

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Boiling Springs Fire District
Greenville, South Carolina

Report on Compliance for Each Major Federal Program

We have audited Boiling Springs Fire District's (the "District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Greene, Finney & Horton LLP

Greene, Finney & Horton, LLP

Mauldin, South Carolina

August XX, 2014

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**BOILING SPRINGS FIRE DISTRICT
GREENVILLE, SOUTH CAROLINA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiency(s) identified that are not considered to be material weaknesses?	_____ Yes	_____ <input checked="" type="checkbox"/> None Reported
Noncompliance material to financial statements noted?	_____ Yes	_____ <input checked="" type="checkbox"/> No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiency(s) identified that are not considered to be material weaknesses?	_____ Yes	_____ <input checked="" type="checkbox"/> None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____ Yes	_____ <input checked="" type="checkbox"/> No
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.766	Community Facilities Loans and Grants

Dollar threshold used to distinguish between type A and type B programs:	_____ \$300,000 _____
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Auditee qualified as low-risk auditee?	_____ Yes	_____ <input checked="" type="checkbox"/> No
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Section II - Findings - Current Year Financial Statements Audit

NONE

Section III - Findings and Questioned Costs - Major Federal Awards Programs Audit

NONE