CANEBRAKE FIRE DISTRICT
FOUNTAIN INN, SOUTH CAROLINA
(A Component Unit of Greenville County, South Carolina)

FINANCIAL STATEMENTS

JUNE 30, 2025

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LOVE BAILEY

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Fire Control
Canebrake Fire District
Fountain Inn, South Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Canebrake Fire District, Fountain Inn, South Carolina as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Canebrake Fire Districts basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the aggregate remaining fund information of Canebrake Fire District, Fountain Inn, South Carolina, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Canebrake Fire District, Fountain Inn, South Carolina and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Canebrake Fire District, Fountain Inn, South Carolina's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a

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material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Canebrake Fire District, Fountain Inn, South Carolina's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Canebrake Fire District, Fountain Inn, South Carolina's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion of analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2025, on our consideration of the Canebrake Fire District, Fountain Inn, South Carolina'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 solely 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 the effectiveness of the Canebrake Fire District, Fountain Inn, South Carolina's 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 Canebrake Fire District, Fountain Inn, South Carolina's internal control over financial reporting and compliance.

Love Bailey & Associates, LLC

Love Bailey & Associates, LLC
Laurens, South Carolina
October 27, 2025

CANEBRAKE FIRE DISTRICT
FOUNTAIN INN, SOUTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2025

		Governmental Activities
ASSETS		
Cash and cash equivalents	$	72,565
Cash and cash equivalents - restricted		41,385
Cash and investments held by County treasurer		732,332
Property taxes receivable, net		9,133
Other receivable		4,420
Prepaids		37,424
Capital assets:		
Non-depreciable		81,838
Depreciable, net		1,483,547
Total assets		2,462,644
LIABILITIES		
Accounts payable		48,216
Accrued expenses		27,365
Accrued interest payable		9,034
Long-term liabilities:		
Due within one year		96,000
Due in more than one year		905,000
Total liabilities		1,085,615
NET POSITION		
Net investment in capital assets		564,385
Restricted:		
Firefighters' one percent		41,385
Unrestricted		771,259
Total net position	$	1,377,029

CANEBRAKE FIRE DISTRICT
FOUNTAIN INN, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

		Program Revenues		Net (Expense) Revenue and Changes in Net Position — Primary Government	
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Governmental Activities**	**Total**
PRIMARY GOVERNMENT					
Governmental activities					
Public safety	$ 954,619	$ -	$ 47,834	$ (906,785)	$ (906,785)
Firefighters' one percent	5,811	-	-	(5,811)	(5,811)
Interest	37,594	-	-	(37,594)	(37,594)
Total governmental activities	$ 998,024	$ -	$ 47,834	(950,190)	(950,190)
GENERAL REVENUES					
Property taxes				940,993	940,993
Firefighters' one percent income				21,626	21,626
Investment earnings				25,765	25,765
Miscellaneous revenue				4,050	4,050
Total general revenues				992,434	992,434
Change in net position				42,244	42,244
Net position, beginning of year				1,334,785	1,334,785
Net position, end of year				$ 1,377,029	$ 1,377,029

CANEBRAKE FIRE DISTRICT
FOUNTAIN INN, SOUTH CAROLINA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Firefighters' One Percent Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 72,565	$ -	$ 72,565
Cash and cash equivalents - restricted	-	41,385	41,385
Cash and investments held by County treasurer	732,332	-	732,332
Property taxes receivable, net	9,133	-	9,133
Other receivable	4,420	-	4,420
Prepaids	37,424	-	37,424
Total assets	$ 855,874	$ 41,385	$ 897,259
LIABILITIES			
Accounts payable	$ 48,216	$ -	$ 48,216
Accrued expenses	27,365	-	27,365
Total liabilities	75,581	-	75,581
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	18,210	-	18,210
Total deferred inflows of resources	18,210	-	18,210
Total liabilities and deferred inflows of resources	93,791	-	93,791
FUND BALANCES			
Nonspendable:			
Prepaids	37,424	-	37,424
Restricted for:			
Firefighters' one percent	-	41,385	41,385
Committed:			
Unassigned	724,659	-	724,659
Total fund balances	762,083	41,385	803,468
Total liabilities, deferred inflows of resources, and fund balances	$ 855,874	$ 41,385	$ 897,259

CANEBRAKE FIRE DISTRICT
FOUNTAIN INN, SOUTH CAROLINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total fund balances - governmental funds		$ 803,468
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in governmental funds.		
Cost of capital assets	$ 3,316,745	
Accumulated depreciation	(1,751,360)	1,565,385
Accrued interest on the bonds in governmental accounting is not due and payable in the current period and therefore is not reported in the governmental funds.		(9,034)
Outstanding property taxes receivable 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		18,211
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Bond payable		(1,001,000)
Net position of governmental activities		$ 1,377,029

CANEBRAKE FIRE DISTRICT
FOUNTAIN INN, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General Fund	Firefighters' One Percent Fund	Total Governmental Funds
REVENUES			
Property taxes	$ 931,226	$ -	$ 931,226
Investment earnings	25,765	-	25,765
Grants	45,754	-	45,754
Contributions	2,080	-	2,080
Miscellaneous	4,050	-	4,050
Firefighters' one percent	-	21,626	21,626
Total revenues	1,008,875	21,626	1,030,501
EXPENDITURES			
Current:			
Salaries and benefits	551,281	-	551,281
Travel, training, and meetings	2,997	-	2,997
Telephone	6,468	-	6,468
Contract services	3,907	-	3,907
Insurance	99,309	-	99,309
Equipment	12,699	-	12,699
Fuel	12,488	-	12,488
Utilities	12,278	-	12,278
Uniforms	1,526	-	1,526
Repair and maintenance	52,641	-	52,641
Promotional and entertainment	1,196	-	1,196
Legal and accounting	46,458	-	46,458
Supplies	38,346	-	38,346
Other	7,362	-	7,362
1% Expenditures	-	5,811	5,811
Capital outlay	38,392	-	38,392
Debt Service:			
Principal	93,000	-	93,000
Interest	38,433	-	38,433
Total expenditures	1,018,781	5,811	1,024,592
Net change in fund balances	(9,906)	15,815	5,909
Fund balances, beginning of year	771,989	25,569	797,558
Fund balances, end of year	$ 762,083	$ 41,385	$ 803,467

CANEBRAKE FIRE DISTRICT
FOUNTAIN INN, SOUTH CAROLINA
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Net change in fund balances - total governmental funds		$ 5,909
Amounts reported for governmental activities in the Statement of Activities are different because:		
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental fund, but are considered revenues in the Statement of Activities. This amount represents the change in unavailable revenue for the year.		9,767
Repayment of principal for debt (including lease purchase obligations) is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		93,000
Interest on long-term debt 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 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.		839
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.		
Expenditures for capital assets	$ 38,392	
Less, current year depreciation	(105,664)	(67,272)
Change in net position of governmental activities		$ 42,244

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Canebrake Fire District (the "District") is a fire service area created by an ordinance of Greenville, South Carolina County Council ("Council") in 1984 to provide fire protection services within its boundaries. The governing body is the Board of Fire Control ("Board") which consists of five members (three members appointed by Council and two elected) who establish policy for the District. The District is a component unit of Greenville County ("County") as it is fiscally dependent on the County.

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

The accounting and reporting policies of the District related to funds included in the accompanying basic financial statements conform to accounting principles GAAP applicable to state and local governmental entities. GAAP for local governmental include those principles prescribed by the GASB, the American Institute of Certified Public Accountants in the audit and accounting guide entitled *State and Local Governments* and by the FASB when applicable.

Reporting Entity

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

- The District's financial accountability for the potential component unit was considered. The District is financially accountable if it appoints a voting majority of the governing board of the potential component unit and (1) it is able to impose its will on the potential component unit or (2) a financial benefit/burden relationship exists between the District and the potential component unit.
- The potential component unit's fiscal dependence on the District was considered.
- The nature and significance of the relationship between the District and the potential component unit was considered to determine whether exclusion of potential component unit from the reporting entity would render the District's financial statements, misleading or incomplete.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Basis of Presentation

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

The Statements of Activities demonstrate the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues consist of operating grants and contributions and capital grants and contributions restricted for use in a specific program. Property taxes from Greenville County, unrestricted grants and contributions and other items not classified as program revenues are reported as general revenues.

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

- General Fund: This fund is used as an operating fund for all financial resources not required to be accounted for in another fund and is funded primarily by property taxes from Greenville County. This is a budgeted fund, and any fund balance is considered a resource available for use.

Measurement Focus/Basis of Accounting

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

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

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Cash, Cash Equivalents, and Investments
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.

The District maintains its cash balances in local and national banks.

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

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

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

Property Taxes Receivable
Property taxes receivable consist of real and personal property taxes that are to be collected by Greenville County and remitted to the District. All property taxes receivable are shown net of an allowance for uncollectible taxes.

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

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

Estimate useful lives are as follows:

Buildings & improvements	30 years
Vehicles	10 – 20 years
Equipment	5 – 10 years

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

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

In addition to assets, the Statement of Net Position and the Balance Sheet will report a separate section whenever the element, *deferred outflows of resources,* is presented. This separate financial statement element represents a consumption of net position that applies to a future period(s) and that will be recognized as an outflow of resources (expense/expenditure) during that future period(s). Currently, the District does not have any deferred outflows resources.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

In addition to liabilities, the Statement of Net Position and the Balance Sheet will report a separate section whenever the element, *deferred inflows of resources,* is presented. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and that will be recognized as an inflow of resources (revenue) during that future period(s). the District currently has one type of deferred inflows of resources: (1) the District reports deferred property taxes only in the governmental funds Balance Sheet; it is deferred and recognized as an inflow or resources (property taxes revenues) in the period amounts become available.

Fund Balances

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

- Nonspendable Fund Balance – Includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
- Restricted Fund Balance – Includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resources providers.
- Committed Fund Balance – Includes amounts that can only be used for the specific purposes determined by a formal action of the District's highest level of decision-making authority, the Board of Fire Control. Commitments may be changed or lifted only by the District taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).
- Assigned Fund Balance – Includes amounts intended to be used by the District for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the District or (b) a body (the Board of Fire Control, fire chief, or Greenville County) to which the assigned amounts are to be used for specific purposes.
- Unassigned Fund Balance – Includes all residual amounts in governmental funds that are not classified as non-spendable, restricted, committed or assigned. This residual classification is also used for all negative fund balances.

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

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

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Net Position

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

Restricted Assets/Net Position

Restricted assets include any asset restricted as to their use in specific the District programs either through enabling legislation or through external restrictions imposed by donors, grantors, creditors, or laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District first applies restricted position and then unrestricted position. At June 30, 2025, the District had restricted assets of $41,385 which consist of the firefighters' one percent fund.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Fair Value

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District can access at the measurement date.

- Level 2 Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:

  - Quoted prices for similar assets and liabilities in active markets.
  - Quoted prices for identical or similar assets or liabilities in inactive markets.
  - Inputs other than quoted market prices that are observable for the asset or liability.
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

- Level 3 Inputs to the valuation methodology that are unobservable for an asset or liability and include:
  - Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. the District believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

NOTE 2 – DEPOSITS AND INVESTMENTS

Custodial Credit Risk Related to Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the District's deposits may not be recovered. South Carolina state law requires banks to collateralize deposits for governmental entities that exceed the amount of insurance coverage provided by the Federal Deposit Corporation (FDIC). Accounts held at each institution are insured by the FDIC up to $250,000. the District has no additional deposits policy for custodial credit risk. As of June 30, 2025, none of the District's bank balances of approximately $73,705 (which had a carrying value of approximately $72,565) were exposed to custodial credit risk.

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

Investment Type	Credit Rating	Fair Value	Weighted Average Maturity (Years)
Cash and investment held by County Treasurer	Not rated	$ 732,332	< 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.

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina.

(Continued)

NOTE 2 – DEPOSITS AND INVESTMENTS, Continued

Concentration of Credit Risk for Investments: The District places no limit on the amount the District may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments are exempt from concentration of credit risk disclosures.

Credit Risk for Investments: Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District does not have an investment policy for credit risk but follows the investment policy statutes of the State of South Carolina.

Certain cash and cash equivalents of the District are legally restricted for specified purposes. The only major type of restriction at June 30, 2025 was imposed by the revenue source (Firefighters' 1% Funds).

NOTE 3 – PROPERTY TAXES

Greenville County, South Carolina (the "County") is responsible for levying and collecting sufficient property taxes to meet its funding obligations 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 other than those on motor vehicles are levied and billed by the County on real and business personal properties on October 1 based on the assessed valuation of the property located within Canebrake Fire district of the preceding December 31. For the year ended June 30, 2025, the assessed value was approximately $22.8 million at rates of 40.70, mills for the General Fund. These taxes are due without penalty through January 15. Penalties are added to taxes depending on the date paid as follows:

January 16 through February 1	3% of tax
February 2 through March 16	10% of cost
After March 16	15% of tax plus $15 execution cost

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

The District has recorded uncollected, delinquent property taxes at June 30, 2025, of $9,133. At June 30, 2025, $18,210 has been recorded as deferred revenue on the governmental funds financial statements because it is not expected to be collected within 60 days of year end thus is not considered available.

(Continued)

NOTE 4 – CAPITAL ASSETS

The following is a summary of capital assets activities for the year ended June 30, 2025:

	June 30, 2024	Additions	Disposals	June 30, 2025
Governmental Activities:				
Depreciable assets				
Buildings & improvements	$ 1,739,500	$ 6,947	$ -	$ 1,746,447
Vehicles	1,121,975	-	-	1,121,975
Equipment	335,040	31,445	-	366,485
Total depreciable assets	3,196,515	38,392	-	3,234,907
Less accumulated depreciation:				
Buildings & improvements	455,436	56,880	-	512,316
Vehicles	968,517	15,292	-	983,808
Equipment	221,743	33,492	-	255,235
Total accumulated depreciation	1,645,695	105,664	-	1,751,359
Total depreciable capital assets, net	1,550,819	(67,272)	-	1,483,547
Non-depreciable assets:				
Land	81,838	-	-	81,838
Total non-depreciable assets	81,838	-	-	81,838
Total Capital Assets, Net	$ 1,632,657	$ (67,272)	$ -	$ 1,565,385

For the year ended June 30, 2025, depreciation expense was $105,664.

NOTE 5 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2025 was as follows:

	June 30, 2024	Additions	Reductions	June 30, 2025	Amount Due in One Year
Governmental activities:					
General obligation bond	$1,094,000	$ -	$ (93,000)	$ 1,001,000	$ 96,000

The District has a $1,500,000 General Obligation Bond that was entered into in December 2018, with annual principal payments of $64,000 to $127,000 beginning April 1, 2020 through April 1, 2034; interest at 3.67%. The proceeds from this bond were used to construct the fire station located at 1810 Fairview Road.

(Continued)

NOTE 5 – LONG-TERM LIABILITIES, Continued

Annual debt service requirements to maturity for long-term debt are as follows:

Year ending June 30,	Principal	Interest	Total
2026	96,000	36,737	132,737
2027	100,000	33,214	133,214
2028	103,000	29,544	132,544
2029-2033	575,000	88,080	663,080
2034	127,000	4,661	131,661
	$ 1,001,000	$ 192,236	$ 1,193,236

The State limits the amount of bonded debt that Districts can issue to 8% of the assessed value of all taxable property within the District's corporate limits. As of June 30, 2025, the District's total outstanding debt subject to the 8% debt limit is below the legal debt limit of approximately $1,827,312.

NOTE 6 – RISK MANAGEMENT

The District is exposed to various types of risk including loss related to torts; theft of, damage to and destruction of real and personal property; injuries to employees and others; and damage to property of others. Therefore, the District has purchased insurance contracts from commercial insurance companies to manage such risk. There was no significant reduction in insurance coverage during the year ended June 30, 2025, and no claim settlements have exceeded insurance coverage during the years ended June 30, 2025, 2024, 2023 or 2022.

NOTE 7 – RETIREMENT PLAN

Canebrake Fire District participates in the South Carolina Police Officers Retirement System (PORS), a cost-sharing, multiple-employer defined benefit pension plan administered by the South Carolina Public Employee Benefit Authority ("PEBA").

Canebrake Fire District became a participating employer in the PORS plan effective July 1, 2024. Because the entity was not a participating employer as of the June 30, 2024, measurement date used for the 2025 reporting year, no amounts have been recorded for the net pension liability, deferred outflows of resources, deferred inflows of resources, or pension expense related to PORS as of and for the year ended June 30, 2025.

The required information for reporting under GASB Statement No. 68, Accounting and Financial Reporting for Pensions will first be available for inclusion in the June 30, 2026, financial statements, once the necessary actuarial data reflecting the entity's participation becomes available from PEBA.

NOTE 8 – SUBSEQUENT EVENTS

The district has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended June 30, 2025, through October 27, 2025. In July 2025, the District accepted a proposal during a council meeting to purchase a new brush truck with an estimated cost of up to $90,000. There were no other subsequent events that require recognition or disclosure in financial statements.

CANEBRAKE FIRE DISTRICT
FOUNTAIN INN, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2025

Exhibit 1

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Property taxes	$ 907,000	$ 907,000	$ 931,226	$ 24,226
Investment earnings	15,000	15,000	25,765	10,765
Grants	-	-	45,754	45,754
Contributions	-	-	2,080	2,080
Miscellaneous	-	-	4,050	4,050
Total revenues	922,000	922,000	1,008,875	86,875
EXPENDITURES				
Current:				
Salaries and benefits	549,685	549,685	551,281	(1,596)
Travel, training, and meetings	5,700	5,700	2,997	2,703
Telephone	5,850	5,850	6,468	(618)
Contract services	5,850	5,850	3,907	1,943
Insurance	43,781	43,781	99,309	(55,528)
Equipment	30,000	30,000	12,699	17,301
Fuel	10,000	10,000	12,488	(2,488)
Utilities	13,165	13,165	12,278	887
Uniforms	-	-	1,526	(1,526)
Repair and maintenance	50,000	50,000	52,641	(2,641)
Promotional and entertainment	-	-	1,196	(1,196)
Legal and accounting	39,800	39,800	46,458	(6,658)
Supplies	14,550	14,550	38,346	(23,796)
Other	12,796	12,796	7,362	5,434
Capital outlay	-	-	38,392	(38,392)
Debt Service:				
Principal	93,000	93,000	93,000	-
Interest	40,453	40,453	38,433	2,020
Total expenditures	914,630	914,630	1,018,781	(104,151)
Changes in fund balances	$ 7,370	$ 7,370	$ (9,906)	$ (17,276)

LOVE BAILEY

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Fire Control
Canebrake Fire District
Fountain Inn, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Canebrake Fire District (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise of the Districts' basic financial statements, and have issued our report thereon dated October 27, 2025.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Purpose of This Report

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

Love Bailey & Associates, LLC

Love Bailey & Associates, LLC
Laurens, South Carolina
October 27, 2025