

BURTON FIRE DISTRICT
Financial Statements
and
Supplementary Financial Information
for year ended
June 30, 1989

BURTON FIRE DISTRICT

Contents

	Page
Report of Independent Certified Public Accountants	2
Statement of Financial Position	3
Statement of Revenues, Expenditures and Changes in Fund Balance	4
Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - General Fund	5
Notes to Financial Statements	6-10
General Fund:	
Schedule 1 - Schedule of Revenues, Expenditures and Changes in Fund Balance	11
Debt Service Fund:	
Schedule 2 - Schedule of Revenues, Expenditures and Changes in Fund Balance	12
Other Schedules:	
Schedule 3 - Schedule of Changes in General Long-term Debt	13
Schedule 4 - Schedule of Changes in General Fixed Assets	14
Required Supplemental Letter	15-18



CERTIFIED PUBLIC
ACCOUNTANTS

Report of Independent Certified Public Accountants

The Board of Commissioners
Burton Fire District
Burton, South Carolina

We have audited the accompanying statement of financial position of the Burton Fire District as of June 30, 1989 and the related statement of revenues, expenditures and changes in fund balance for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Burton Fire District as of June 30, 1989, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Our examination was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying information listed as schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Burton Fire District. The information has been subjected to the same auditing procedures applied in the examination of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Cherry, Bekaert & Holland

September 25, 1989
Beaufort, South Carolina

800 Congress Street, P.O. Box 940, Beaufort, South Carolina 29901-0940. 803/524-3136
Offices throughout the Southeast • Represented internationally through Summit International Associates, Inc.

BURTON FIRE DISTRICT
Statement of Financial Position
All fund Types and Account Groups

	June 30, 1989				Totals (Memorandum Only)	
	Governmental Fund Types		Account Groups		June 30 1989	June 30 1988
	General	Debt Service	General Fixed Assets	General Long- Term Debt		
Assets						
Cash and investments	\$ 61,495	\$ -	\$ -	\$ -	\$ 61,495	\$ 118,689
Cash restricted - Beaufort County	-	341	-	-	341	14,061
Due from County Treasurer	23,321	-	-	-	23,321	17,193
Accrued interest receivable	-	-	-	-	-	1,341
Amount to be provided for retirement of general long-term debt	-	-	-	900,369	900,369	914,935
Land	-	-	93,391	-	93,391	93,391
Buildings	-	-	715,721	-	715,721	701,582
Office equipment	-	-	34,374	-	34,374	23,463
General equipment	-	-	218,488	-	218,488	218,488
Motor vehicles	-	-	525,580	-	525,580	529,869
Total assets	\$ 84,816	\$ 341	\$ 1,587,554	\$ 900,369	\$ 2,573,080	\$ 2,633,012
Liabilities and Fund Equity						
Accounts payable	\$ 2,521	\$ -	\$ -	\$ -	\$ 2,521	\$ 4,390
Retirement and Medicare payable	3,082	-	-	-	3,082	1,438
Notes and bonds payable	-	-	-	900,369	900,369	914,935
Total liabilities	5,603	-	-	900,369	905,972	920,763
Fund equity:						
Investment in fixed assets	-	-	1,583,754	-	1,583,754	1,562,993
Investment in fixed assets-contributions	-	-	3,800	-	3,800	3,800
Fund balance:						
Reserved for debt service	-	341	-	-	341	14,061
Unreserved	79,213	-	-	-	79,213	131,395
	\$ 84,816	\$ 341	\$ 1,587,554	\$ 900,369	\$ 2,573,080	\$ 2,633,012

See notes to financial statements.

BURTON FIRE DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance
All Governmental Fund Types

	Year ended June 30, 1989		Totals (Memorandum Only)	
	Governmental Fund Types		Year ended	
	General	Debt Service	June 30 1989	June 30 1988
Revenues				
Beaufort County Treasurer	\$346,028	\$ 55,555	\$401,583	\$352,275
Interest	6,585	-	6,585	7,810
Miscellaneous	4,183	-	4,183	1,109
Total revenues	356,796	55,555	412,351	361,194
Expenditures				
Salaries	171,846	-	171,846	124,814
Gas and oil	7,826	-	7,826	6,173
Tuition, travel, meals and lodging	4,122	-	4,122	3,852
Telephone and utilities	15,851	-	15,851	15,251
Firefighting supplies	9,259	-	9,259	5,911
Capital additions	20,294	-	20,294	18,832
Office equipment	10,911	-	10,911	3,024
Office supplies	3,026	-	3,026	1,183
Repairs and maintenance	27,794	-	27,794	26,689
Dues and subscriptions	1,133	-	1,133	853
Insurance and retirement	58,287	-	58,287	41,181
Dispatcher fee	29,332	-	29,332	28,204
Bond and note payments - principal	6,850	7,716	14,566	20,016
Bond and note payments - interest	7,045	61,559	68,604	63,154
Printing	631	-	631	1,245
Uniforms	2,721	-	2,721	881
Miscellaneous	873	-	873	848
Fire prevention and small tools	1,868	-	1,868	1,938
Accounting and legal	2,471	-	2,471	5,682
Fire hydrant rental	25,350	-	25,350	13,300
Fire hydrant construction	-	-	-	31,084
Training aids	1,488	-	1,488	-
Total expenditures	408,978	69,275	478,253	414,115
Excess of revenues over (under) expenditures	(52,182)	(13,720)	(65,902)	(52,921)
Fund balance, beginning of year	131,395	14,061	145,456	198,377
Fund balance, end of year	\$ 79,213	\$ 341	\$ 79,554	\$145,456

See notes to financial statements.

BURTON FIRE DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund

	Year ended June 30, 1989		
	Budget	Actual	Over (under) Budget
Revenues			
Beaufort County Treasurer	\$339,900	\$346,028	\$ 6,128
Interest	3,500	6,585	3,085
Miscellaneous	-	4,183	4,183
Total revenues	343,400	356,796	13,396
Expenditures			
Salaries	190,689	171,846	(18,843)
State retirement and group insurance	44,795	39,481	(5,314)
Dispatcher fee	29,332	29,332	-
Printing	1,145	1,930	785
Telephone	4,500	4,158	(342)
Office supplies	1,500	1,468	(32)
Photo supplies	400	259	(141)
Uniforms	3,220	2,721	(499)
Accounting and legal	3,500	2,471	(1,029)
Dues and subscriptions	800	1,133	333
Insurance	20,110	18,806	(1,304)
Fire prevention	1,500	571	(929)
Miscellaneous	450	873	423
Utilities	14,317	11,693	(2,624)
Repairs and maintenance	31,400	27,794	(3,606)
Gas and oil	8,000	7,826	(174)
Firefighting supplies	8,600	9,259	659
Tuition, meals and lodging	7,250	4,122	(3,128)
Small tools	500	1,297	797
Training aids	1,500	1,488	(12)
Capital additions	31,805	31,205	(600)
Fire hydrant rental	14,000	25,350	11,350
Fire hydrant construction	25,000	-	(25,000)
Note payments - principal	6,850	6,850	-
Note payments - interest	7,045	7,045	-
Total expenditures	458,208	408,978	(49,230)
Excess of revenues over (under) expenditures	\$(114,808)	(52,182)	\$ (62,626)
Fund balance, beginning of year		131,395	
Fund balance, end of year		\$ 79,213	

See notes to financial statements.

BURTON FIRE DISTRICT

Notes to Financial Statements
June 30, 1989**Note 1 - Summary of significant accounting policies**

The Burton Fire District was created by the General Assembly of the State of South Carolina on February 15, 1973. The Fire District is governed by five board members appointed by Beaufort County Council.

The accounting policies of the Burton Fire District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

(a) Basis of Presentation - Fund Accounting

The accounts of the Burton Fire District are organized and operated on a fund basis. A fund is an independent fiscal accounting entity with a self-balancing set of accounts recording its assets, liabilities, fund balance, revenues and expenditures. The minimum number of funds are maintained consistent with the requirements of the law.

The various funds are summarized by type in the financial statements. The following fund types and account groups are used by the Burton Fire District.

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the Burton Fire District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation bond principal and interest.

ACCOUNT GROUPS

General Fixed Assets Account Group - This group of accounts is established to account for all fixed assets of the Fire District.

General Long-Term Debt Account Group - This group of accounts is established to account for all long-term debt of the Fire District.

BURTON FIRE DISTRICT

Notes to Financial Statements (continued)
June 30, 1989**Note 1 - Summary of significant accounting policies (continued)****(b) Basis of Accounting**

The Fire District maintains the modified accrual method of accounting. Under the modified accrual method, revenues are recognized when measurable and available. Expenditures are recorded when incurred. Capital expenditures and payments of principal on long-term debt are considered to be expenditures.

(c) Fixed Assets

General fixed assets are recorded at original cost or appraised value at the time of donation. No depreciation has been recorded on general fixed assets.

(d) Long-Term Debt

Long-term debt for the General Fund is included in the Long-Term Debt account group.

(e) Fund Balance

The amounts shown in the fund balance section of the Statement of Financial Position reflect fund balance as defined by "generally accepted accounting principles" in National Council on Governmental Accounting.

(f) Totals (Memorandum Only) Columns

In the accompanying financial statements, the "Total (Memorandum Only)" columns are not the equivalent of consolidated totals and do not represent consolidated financial information. These columns are presented only to facilitate financial analysis.

BURTON FIRE DISTRICT

Notes to Financial Statements (continued)
June 30, 1989**Note 1 - Summary of significant accounting policies (continued)****(g) Budgets and Budgetary Accounting**

The Fire District follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1.) Prior to May 15, the Fire Chief submits to the Fire District Board of Commissioners a proposed operating budget for the fiscal year commencing on the following July 1. The operating budget includes proposed expenditures and means of financing them.
- 2.) After adoption by the Board of Commissioners, the budget is submitted to Beaufort County Council for approval prior to May 15.
- 3.) Public hearings are conducted by Beaufort County Council to obtain taxpayer comments.
- 4.) Prior to July 1, the budget is legally enacted through the passage of an ordinance.
- 5.) The Fire Chief, upon approval of the Board of Commissioners, is authorized to transfer budgeted amounts between line items within the funds of the Fire District. This is accomplished through the mid-year review process of the budget procedure.
- 6.) Formal budgetary integration is employed as a management control device during the year for the General Fund.
- 7.) The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).

(h) Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Fire District's financial position and operations.

Note 2 - Pension Costs

The Fire District participates in a State-run defined benefit pension system - The South Carolina Police Officer's Retirement System.

All full-time employees are eligible for and must become members of the Police Officer's Retirement System. The normal cost is funded by contributions from the members at a rate of 6.5%. The Fire District's share of normal cost is based on 10.3% of the members wages.

No past service costs are assessed against the Fire District. The Fire District's contributions for the fiscal year ended June 30, 1989 were \$17,700.

BURTON FIRE DISTRICT

Notes to Financial Statements (continued)
June 30, 1989

Note 3 - Related party transactions

The Fire District is related to Beaufort County, South Carolina in that it received the major portion of its revenues through property taxes assessed by Beaufort County.

The Fire District is participating in a long-term project with The Beaufort-Jasper Water and Sewer Authority to install fire hydrants in the areas serviced by the Fire District.

Note 4 - Debt Limitation

The Fire District's general obligation debt is limited by law to eight percent of the total assessed value of all taxable real and personal property of the district. The latest projected assessed value as of June 30, 1989 was \$23,389,563. The computation of legal debt limits is as follows:

General obligation debt limit (\$23,389,563 x 8%)	\$1,871,165
General obligation debt at June 30, 1988	900,369

Excess of debt limit over general obligation debt	\$ 970,796
	=====

Note 5 - Notes payable

Notes payable at June 30, 1989 consisted of the following:

General Long-Term Debt

Notes:	
Farmer's Home Administration, \$102,000 note dated October 3, 1975 at 5% interest, payable in equal annual installments of \$8,184 including interest, unsecured.	\$ 48,009
Farmer's Home Administration, \$98,000 note date October 23, 1975 at 5% interest, payable in 40 equal annual installments of \$5,711 including interest, unsecured.	84,134

	\$ 132,143
	=====

General Obligation Bonds

\$385,000 General Obligation Bonds, Series B of 1986 due in annual installments of \$32,576 beginning March 15, 1986 through March 15, 2026. Payments include interest of 7.125%, unsecured.	\$ 357,088
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BURTON FIRE DISTRICT

Notes to Financial Statements (continued)
June 30, 1989**Note 5 - Notes payable (continued)**

\$428,000 General Obligation Bonds, Series B of 1986 due in annual installments of \$32,576 beginning March 15, 1987 through March 15, 2026. Payments include interest of 7.125%, unsecured.

\$411,138

\$768,226

The annual requirements to pay all debt outstanding as of June 30, 1989, including estimated interest payments of \$1,115,416 are as follows:

Year ended June 30, -----	Total Note Requirements -----	Total Bond Requirements -----
1990 through 1995	\$ 13,895	\$ 69,275
1996 through 2006	5,711	69,275
2007 through 2015	5,711	32,576
2016 through 2026	-	31,576
	-----	-----
	\$197,590	\$1,818,195
	-----	-----

Note 6 - Cash Restricted - Beaufort County

During the years ended June 30, 1989 and 1988, Beaufort County collected monies to be used by the Fire Department to pay its debt service on the outstanding General Obligation Bonds of 1986. These funds are held in escrow by the County and are reported in the Debt Service Fund.

Note 7 - Commitments and Contingencies

The Fire District and the City of Beaufort have entered into an agreement whereby the City of Beaufort will annex a portion of the areas serviced by the Fire District, including the Fire District's Burton Hill Station. The annexation agreement is scheduled to be completed by June 1, 1992.

BURTON FIRE DISTRICT

Schedule of Revenues, Expenditures and Changes in Fund Balance
General Fund

	Year ended June 30	
	1989	1988
Revenues		
Beaufort County Treasurer	\$346,028	\$327,920
Interest	6,585	7,810
Miscellaneous	4,183	1,109
	-----	-----
Total revenues	\$356,796	\$336,839
	-----	-----
Expenditures		
Salaries	171,846	124,814
Gas and oil	7,826	6,173
Tuition and travel	4,122	3,852
Telephone and utilities	15,851	15,251
Firefighting supplies	9,259	5,911
Capital additions and equipment	32,502	21,856
Office supplies and photos	1,727	1,183
Repairs and maintenance	27,794	26,689
Dues and subscriptions	1,133	853
Insurance and retirement	58,287	41,181
Dispatcher fee	29,332	28,204
Note payments - principal	6,850	6,957
Note payments - interest	7,045	6,938
Advertising, printing and postage	1,930	1,245
Uniforms	2,721	881
Miscellaneous	873	848
Fire prevention	571	1,938
Accounting and legal	2,471	5,682
Fire hydrant rental	25,350	13,300
Training aids	1,488	-
Fire hydrant construction	-	31,084
	-----	-----
Total expenditures	408,978	344,840
	-----	-----
Excess of revenues over (under) expenditures	(52,182)	(8,001)
	-----	-----
Fund balance, beginning of year	131,395	139,396
	-----	-----
Fund balance, end of year	\$ 79,213	\$131,395
	=====	=====

BURTON FIRE DISTRICT

Schedule of Revenues, Expenditures and Changes in Fund Balance
Debt Service Fund

	Year ended June 30	
	1989	1988
Revenues	\$ 55,555	\$ 24,355
Total revenues	55,555	24,355
Expenditures		
Debt service		
Principal	7,716	13,059
Interest	61,559	56,216
Total expenditures	69,275	69,275
Excess of revenues over (under) expenditures	(13,720)	(44,920)
Fund balance, beginning of year	14,061	58,981
Fund balance, end of year	\$ 341	\$ 14,061

BURTON FIRE DISTRICT

Schedule of Changes in General Long-Term Debt

	Year ended June 30, 1989			
	General Long- Term Debt July 1, 1988	Additions	Reductions	General Long- Term Debt June 30, 1989
Notes and Bonds	\$914,935	\$ -	\$14,566	\$900,369

BURTON FIRE DISTRICT

Schedule of Changes in General Fixed Assets

	Year ended June 30, 1989			Balance June 30, 1989
	Balance July 1, 1988	Additions	Retirement	
Land	\$ 93,391	\$ -	\$ -	\$ 93,391
Buildings	701,582	14,139	-	715,721
Office equipment	23,463	10,911	-	34,374
General equipment	218,488	-	-	218,488
Motor vehicles	529,869	-	4,289	525,580
	<u>\$1,566,793</u>	<u>\$25,050</u>	<u>\$4,289</u>	<u>\$1,587,554</u>

REQUIRED SUPPLEMENTAL LETTER

The Board of Directors
Burton Fire District
Burton, South Carolina

In accordance with the requirements of the Farmers Home Administration and the American Institute of Certified Public Accountants, the following supplemental letter is written to acquaint you with certain aspects of the Fire District which are not disclosed in the financial statements.

A - Scope of Examination

Our examination was made in accordance with generally accepted auditing standard, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

B - Review of the System of Internal Control

In connection with our examination, we reviewed the system of internal check and control of the operation and made certain observations relative to the records maintained and the accounting procedures in effect. We now submit for your consideration our comments and suggestions with respect to those matters which we believe will be of most interest to management.

We recognize that with a limited number of accounting personnel, an ideal form of internal control is not possible. However, we believe an effort should be made to improve internal control where practicable.

ACCOUNTING SYSTEM AND RECORDS

The financial reporting system has been set up on the cash basis and as such, adjustments to receivables, payables and prepaid items are only made at year end to convert the books to the modified accrual basis. Since the overwhelming majority of the revenues of the Fire District come from Beaufort County, there is the possibility that interim revenue figures will be materially misstated. Since it is extremely difficult to obtain regular and timely information from Beaufort County regarding amounts held by the County Treasurer, you should keep this in mind as you review the interim statements and make your decisions.

BURTON FIRE DISTRICT

C - Insurance Coverage

22VP630980	Volunteer Firefighters Blanket Accident Policy Accidental Death and Dismemberment Person	\$15,000
	Accidental Total Disability Benefit Weekly Benefit	75
	Maximum Payment Period	Up to age 65
	Accidental Partial Disability Benefit	37.50
GPPD1942134A	Commercial Package Policy (Liability and Property)	
	I. Liability	
	Liability per occurrence (\$2,000,000 aggregate)	1,000,000
	Medical Coverage per person (\$1,000,000 aggregate)	5,000
	II. Property - 80% Coinsurance	
	Building #1: Hwy 280 and Joppa Road	
	Real Property	54,000
	Personal Property	6,000
	Building #2: 3300 Hwy 21 - Burton	
	Real Property	27,300
	Personal Property	Not covered
	Building #3: Hwy 21 - Grays Hill	
	Real Property	27,300
	Personal Property	6,000
	Building #4: Bay Pines Road - Burton	
	Real Property	91,000
	Personal Property	6,000
	Building #5: Burton Hill Road	
	Real Property	441,600
	Personal Property	40,100
	Personal Property off Premises Each Location (\$10,000 aggregate)	1,000

BURTON FIRE DISTRICT

C - Insurance Coverage - (continued)

III.		Crime	
		Fidelity Bond	
		Chairman	100,000
		Treasurer	100,000
		Theft of money and securities	
		On premise	1,000
		Off premise	1,000
CAL580264	Auto Liability and Collision		
	Liability per occurrence		\$1,000,000
	Comprehensive and collision per vehicle as follows:		
			Stated Value

# 1	1973 Ford Pumper #2963		80,000
# 2	1973 Ford Pumper #2965		80,000
# 3	1973 Ford Pumper #2966		80,000
# 4	1971 Ford Tanker #0815		40,000
# 5	1979 Chevy Pumper #7213		60,000
# 6	1985 Ford Pumper #6954		104,000
# 7	1985 Ford Pumper #6956		104,000
# 8	1985 Ford Pumper #6959		104,000
# 9	1980 Chevy Pumper #7962		60,000
#10	1987 Ford Tanker #5644		40,000
#11	1975 Intl. Service Truck	No physical damage	
#12	1975 LTD #7685	Actual cash value or	15,000
#13	1985 Ford LTD #8915	Actual cash value or	15,000
	Uninsured motorists		1,000,000
	Under insured motorists		1,000,000
	Personal Injury protection		1,000
	Non-owned and hired auto liability (per occurrence)		1,000,000
X00G13162499	Umbrella Liability		
	Liability aggregate		1,000,000
VAPG10222631	Errors and Omissions		
	Liability per claim		1,000,000
	(\$1,000,000 aggregate)		

BURTON FIRE DISTRICT

D - General

- 1.) The financial reports included in the audit are in agreement with the records of the Fire District.
- 2.) Funds are deposited in institutions insured by the Federal Government.
- 3.) The Fire District is exempt from Federal income tax.