

**BURTON FIRE DISTRICT**

**Financial Statements  
and  
Supplementary Financial Information  
for year ended  
June 30, 1992**

# BURTON FIRE DISTRICT

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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, 1992 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, 1992, 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*

August 20, 1992  
Beaufort, South Carolina

BURTON FIRE DISTRICT

Statement of Financial Position  
All Fund Types and Account Groups

	June 30, 1992		Totals (Memorandum Only)	
	Governmental Fund Types		June 30 1992	June 30 1991
	General	Debt Service		
<b>Assets</b>				
Cash and investments	\$ 5,940	\$ -	\$ 5,940	\$ 34,580
Cash restricted - Beaufort County	-	22,737	22,737	18,950
Due from County Treasurer	157,440	-	157,440	109,510
Due from County Treasurer-restricted	-	1,339	1,339	1,193
Amount to be provided for retirement of general long-term debt	-	-	820,549	843,735
Land	-	-	93,391	93,391
Buildings	-	-	717,678	717,678
Office equipment	-	-	44,016	42,950
General equipment	-	-	223,462	223,462
Motor vehicles	-	-	510,332	510,332
<b>Total assets</b>	<b>\$163,380</b>	<b>\$24,076</b>	<b>\$2,596,884</b>	<b>\$2,595,781</b>
<b>Liabilities and Fund Equity</b>				
Accounts payable	\$ 2,672	\$ -	\$ 2,672	\$ 26,778
Retirement payable	-	-	-	5,472
South Carolina unemployment payable	-	-	-	1,242
Accrued vacation pay	31,945	-	31,945	32,415
Notes and bonds payable	34,617	-	820,549	843,735
<b>Total liabilities</b>			855,166	909,642
<b>Fund equity:</b>				
Investment in fixed assets	-	-	1,585,079	1,584,013
Investment in fixed assets-contributions	-	-	3,800	3,800
<b>Fund balance:</b>				
Reserved for debt service	-	24,076	24,076	20,143
Unreserved	128,763	-	128,763	78,183
<b>Total liabilities and fund equity</b>	<b>\$163,380</b>	<b>\$24,076</b>	<b>\$2,596,884</b>	<b>\$2,595,781</b>

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, 1992		Totals	
	Governmental Fund Types		(Memorandum Only)	
	General	Debt Service	June 30 1992	June 30 1991
<b>Revenues</b>				
Beaufort County Treasurer	\$ 688,712	\$ 86,716	\$ 775,428	\$ 762,293
Interest	1,598	-	1,598	8,747
City of Beaufort	8,130	-	8,130	6,201
Donations	50	-	50	1,265
<b>Total revenues</b>	<u>698,490</u>	<u>86,716</u>	<u>785,206</u>	<u>778,506</u>
<b>Expenditures</b>				
Salaries	423,285	-	423,285	381,884
Fuel and oil	8,700	-	8,700	12,217
Tuition, travel, meals and lodging	5,205	-	5,205	9,018
Telephone and utilities	19,969	-	19,969	23,175
Firefighting supplies	3,253	-	3,253	9,557
Capital additions	3,948	-	3,948	12,791
Office supplies and photos	1,800	-	1,800	2,610
Repairs and maintenance	37,752	-	37,752	46,187
Dues and subscriptions	1,320	-	1,320	1,210
Insurance and retirement	108,826	-	108,826	101,067
Payroll taxes	7,912	-	7,912	5,754
Bond and note payments - principal	-	23,186	23,186	26,925
Bond and note payments - interest	-	59,984	59,984	61,654
Uniforms	3,064	-	3,064	4,265
Accounting and legal	3,468	-	3,468	3,200
Fire hydrant rental	15,050	-	15,050	13,500
Fire hydrant construction	-	-	-	10,170
Other general and administrative	5,076	-	5,076	3,029
<b>Total expenditures</b>	<u>648,628</u>	<u>83,170</u>	<u>731,798</u>	<u>728,213</u>
<b>Excess of revenues over expenditures</b>	<u>49,862</u>	<u>3,546</u>	<u>53,408</u>	<u>50,293</u>
<b>Fund balance, beginning of year as previously reported</b>	78,183	20,143	98,326	48,033
<b>Prior period adjustments</b>	718	387	1,105	-
<b>Fund balance beginning of year as restated</b>	<u>78,901</u>	<u>20,530</u>	<u>99,431</u>	<u>48,033</u>
<b>Fund balance end of year</b>	<u>\$ 128,763</u>	<u>\$ 24,076</u>	<u>\$ 152,839</u>	<u>\$ 98,326</u>

See notes to financial statements.

## BURTON FIRE DISTRICT

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

	<u>Year ended June 30, 1992</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Budget</u>
<b>Revenues</b>			
Beaufort County Treasurer	\$ 659,500	\$ 688,712	\$ 29,212
Interest	-	1,598	1,598
City of Beaufort	-	8,130	8,130
Donations	-	50	50
<b>Total revenues</b>	<u>659,500</u>	<u>698,490</u>	<u>38,990</u>
<b>Expenditures</b>			
Salaries	418,987	423,285	(4,298)
Fuel and oil	10,000	8,700	1,300
Tuition, travel, meals and lodging	6,500	5,205	1,295
Telephone and utilities	23,938	19,969	3,969
Firefighting supplies	4,000	3,253	747
Capital additions	-	3,948	(3,948)
Office supplies, photos and printing	2,550	1,800	750
Repairs and maintenance	31,900	37,752	(5,852)
Dues and subscriptions	1,000	1,320	(320)
State retirement	43,156	42,859	297
Liability insurance	26,682	26,703	(21)
Group insurance	50,620	39,264	11,356
Payroll taxes	8,545	7,912	633
Note payments - interest	6,500	-	6,500
Uniforms	3,000	3,064	(64)
Accounting and legal	4,500	3,468	1,032
Fire hydrant rental	15,100	15,050	50
Other general and administrative	2,500	5,076	(2,576)
Contingency	22	-	22
<b>Total expenditures</b>	<u>659,500</u>	<u>648,628</u>	<u>10,872</u>
<b>Excess of revenues over expenditures</b>	<u>\$ -</u>	<u>49,862</u>	<u>\$ 49,862</u>
<b>Fund balance, beginning of year</b>		78,183	
<b>Prior period adjustment</b>		<u>718</u>	
<b>Fund balance, beginning of year as restated</b>		<u>78,901</u>	
<b>Fund balance, end of year</b>		<u>\$ 128,763</u>	

See notes to financial statements.

**BURTON FIRE DISTRICT**

Notes to Financial Statements  
June 30, 1992

**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, as well as other long-term debt.

**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, 1992

**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" and prescribed by the 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.

**(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.



**BURTON FIRE DISTRICT**

**Notes to Financial Statements (continued)**  
**June 30, 1992**

**Note 1 - Summary of significant accounting policies (continued)**

**(g) Budgets and Budgetary Accounting (continued)**

- 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.

## BURTON FIRE DISTRICT

### Notes to Financial Statements (continued) June 30, 1992

#### Note 2 - Pension costs (continued)

No past service costs are assessed against the Fire District. The Fire District's contributions for the fiscal year ended June 30, 1992 were \$42,859.

#### 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 and maintain 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, 1992 was \$24,479,008. The computation of legal debt limits is as follows:

General obligation debt limit ( $\$24,479,008 \times 8\%$ )	\$1,958,321
General obligation debt at June 30, 1992	<u>820,549</u>
Excess of debt limit over general obligation debt	<u>\$1,137,772</u>

#### Note 5 - Notes payable

Notes payable at June 30, 1992 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, unsecured.

\$ 29,670

**BURTON FIRE DISTRICT**

Notes to Financial Statements (continued)  
June 30, 1992

**Note 5 - Notes payable (continued)**

**General Long-Term Debt (continued)**

Farmer's Home Administration, \$98,000 note dated October 23, 1975 at 5% interest, payable in equal annual installments of \$5,711, unsecured.

\$ 79,179  
\$ 108,849

**General Obligation Bonds**

\$385,000 General Obligation Bonds, Series A of 1986 due in annual installments of \$36,699 beginning May 15, 1986 through May 15, 2006. Payments include interest of 7.125%, unsecured.

\$ 316,274

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

395,426  
\$ 711,700

The total annual requirements to pay all debt outstanding as of June 30, 1992, including estimated interest payments of \$806,578 are as follows:

Year(s) ended <u>June 30.</u>	<u>Total Note Requirements</u>	<u>Total Bond Requirements</u>	<u>Total Requirements</u>
1993	\$ 13,895	\$ 69,275	\$ 83,170
1994	13,895	69,275	83,170
1995	13,895	69,275	83,170
1996	13,895	69,275	83,170
1997	<u>6,540</u>	<u>69,275</u>	<u>75,815</u>
Total debt service over the next 5 years	<u>62,120</u>	<u>346,375</u>	<u>408,495</u>
1998-2006	51,399	617,489	668,888
2007-2016	57,110	325,760	382,870
2017-2022	<u>1,272</u>	<u>165,602</u>	<u>166,874</u>
Total debt service beyond the next 5 years	<u>109,781</u>	<u>1,108,851</u>	<u>1,218,632</u>
Total debt service requirements	\$ <u>171,901</u>	\$ <u>1,455,226</u>	\$ <u>1,627,127</u>

## BURTON FIRE DISTRICT

Notes to Financial Statements (continued)  
June 30, 1992

### Note 6 - Cash restricted - Beaufort County

During the year ended June 30, 1992, Beaufort County collected money to be used by the Fire District to pay its debt service on the outstanding Farmer's Home Administration notes payable and the General Obligation Bonds of 1986. These funds are held in escrow by the County and are reported in the Debt Service Fund.

### Note 7 - Due from County Treasurer - restricted

During the year ended June 30, 1992, Beaufort County accrued a receivable for delinquent taxes to be collected on behalf of the Fire District to pay its debt service on the General Obligation Bonds of 1986. These funds are received within sixty days after June 30th and escrowed by the county. The funds are reported in the Debt Service Fund.

### Note 8 - Commitments and contingencies

In prior years, the footnotes to the financial statements of the Fire District indicated an agreement had been entered whereby the City of Beaufort would annex a portion of the area currently serviced by the District. The annexation was scheduled to be completed by June 1, 1992. The annexation agreement has been abandoned as of the date of this report.

A new proposed contract between the Fire District and the City of Beaufort is pending. The proposal allows the City to provide fire services for the Burton Fire District. However, the proposal has not been formalized as of the date of this report, according to the attorney for the Fire District as of this date, and does not affect the legal status of the District.

### Note 9 - Prior period adjustments

The following adjustments of fiscal year end 1991 accounts were identified and have been presented as an adjustment to the beginning fund balances of each fund respectively.

	<u>General Fund</u>	<u>Debt Service Fund</u>
Cash restricted - Beaufort County	\$ 718	\$ -
Due from County Treasurer - restricted	<u>-</u>	<u>387</u>
	<u>\$ 718</u>	<u>\$ 387</u>

Beaufort County allocated additional restricted revenues to the respective funds in October of 1991, after the amounts confirmed September 19, 1991. General Fund and Debt Service Fund revenues from the County for June 30, 1991 would increase \$718 and \$387 had this allocation been made on time.

## BURTON FIRE DISTRICT

## Schedule of Changes in General Long-Term Debt

	<u>Year ended June 30, 1992</u>			
	<u>General Long- Term Debt July 1, 1991</u>	<u>Additions</u>	<u>Reductions</u>	<u>General Long- Term Debt June 30, 1992</u>
Notes and Bonds	<u>\$ 843,735</u>	<u>\$ -</u>	<u>\$ 23,186</u>	<u>\$ 820,549</u>

## BURTON FIRE DISTRICT

## Schedule of Changes in General Fixed Assets

	Year ended June 30, 1992			Balance June 30, 1992
	Balance July 1, 1991	Additions	Retirement	
Land	\$ 93,391	\$ -	\$ -	\$ 93,391
Buildings	717,678	-	-	717,678
Office equipment	42,950	13,928	12,862	44,016
General equipment	223,462	-	-	223,462
Motor vehicles	<u>510,332</u>	<u>-</u>	<u>-</u>	<u>510,332</u>
	<u>\$1,587,813</u>	<u>\$ 13,928</u>	<u>\$ 12,862</u>	<u>\$1,588,879</u>

**REQUIRED SUPPLEMENTAL LETTER**

The Board of Directors  
Burton Fire District  
Burton, South Carolina

In accordance with the requirements of the Farmer's 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 standards, 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 control 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

## REQUIRED SUPPLEMENTAL LETTER (continued)

## C - Insurance Coverage

	<u>Amount of Coverage</u>
22VP631142	
<b>Volunteer Firefighters Blanket Accident Policy</b>	
Accidental Death and Dismemberment Person	\$ 15,000
Accidental Total Disability Benefit Maximum Benefit	5,000
Accidental Total Disability Benefit Weekly Benefit	100
Maximum Payment Period up to age 65 Total disability benefit (weeks)	260
Accidental Partial Disability Benefit	38
GPPD1942134A	
<b>Liability and Property</b>	
Liability per occurrence in aggregate	2,000,000 2,000,000
Medical Coverage per person	5,000
Real Property Coverage	
Building #1:	
Real Property	59,200
Personal Property	6,400
Building #2:	
Real Property	29,900
Personal Property	not covered
Building #3:	
Real Property	29,900
Personal Property	6,400
Building #4:	
Real Property	120,600
Personal Property	11,600



## BURTON FIRE DISTRICT

## REQUIRED SUPPLEMENTAL LETTER (continued)

## C - Insurance Coverage - (continued)

		<u>Amount of Coverage</u>
	Building #5:	
	Real Property	\$ 484,100
	Personal Property	42,300
	Personal Property off Premises	
	Coverage Limit	10,000
	Money & Securities	
	Location 1-1	
	On Premises	1,000
	Off Premises	1,000
	Location 3-1	
	On Premises	1,000
	Off Premises	1,000
	Location 4-1	
	On Premises	1,000
	Off Premises	1,000
	Location 5-1	
	On Premises	1,000
	Off Premises	1,000
J01309936	Fidelity Bond	
	Chairman	100,000
	Treasurer	100,000
HO2793969	Auto Liability and Collision	
	Liability per occurrence	1,000,000
	Comprehensive (deductible)	100
	Collision (deductible)	500
	Uninsured/Underinsured	
	Motorist	1,000,000
	Personal injury protection	1,000
XOOG15209070	Umbrella Liability	
	Liability per incident	1,000,000
VAPG14738885	Errors and Omissions	
	Liability per claim	\$1,000,000

**BURTON FIRE DISTRICT****REQUIRED SUPPLEMENTAL LETTER (continued)****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.