

**BURTON FIRE DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**BURTON FIRE DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2013**

**TABLE OF CONTENTS**

	<b>Page</b>
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report	1
Management Discussion and Analysis	3
Basic Financial Statements	
<i>Government-Wide Financial Statements</i>	
Statement of Net Position	10
Statement of Activities	11
<i>Fund Financial Statements</i>	
Balance Sheet – Governmental Funds	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	13
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund Types	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
<i>Notes to the Financial Statements</i>	16
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	27
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Debt Service Fund	30
<b>COMPLIANCE SECTION</b>	
Independent Auditors' Report on Internal Control over Financial Reporting Based on an Audit of Financial Statements performed in accordance with <i>Government Auditing Standards</i>	31

## **FINANCIAL SECTION**



**CROWLEY WECHSLER & ASSOCIATES LLC**

CERTIFIED PUBLIC ACCOUNTANTS

[www.CWACPAs.com](http://www.CWACPAs.com)

BEAUFORT • MOUNT PLEASANT

Richard D. Crowley, CPA, CVA  
Lisa T. Wechsler, CPA

Member:  
American Institute of CPAs  
South Carolina Association of CPAs

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners  
Burton Fire District  
Beaufort, South Carolina

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, and each major fund, of Burton Fire District (Burton), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Burton's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Burton, as of June 30, 2013, and the respective changes in financial position, in accordance with accounting principles generally accepted in the United States of America.

## **Implementation of GASB 63 and GASB 65**

As discussed in Note 1 to the financial statements, Burton has adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 63, "*Financial Reporting of Deferred Outflow of Resources, Deferred Inflows of Resources and Net Position*" and GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*".

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-9 and 27-30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2013, on our consideration of Burton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Burton's internal control over financial reporting and compliance.



Crowley Wechsler & Associates LLC  
Beaufort, South Carolina  
December 2, 2013

## **Burton Fire District**

### **Management's Discussion and Analysis**

As management of Burton Fire District (Burton), we offer readers of Burton's financial statements this narrative overview and analysis of the financial activities of Burton for the fiscal year ended June 30, 2013.

#### **Financial Highlights**

- The assets of Burton exceed its liabilities at the close of the most recent fiscal year by \$5,914,358 (net position). Of this amount, \$530,891 (restricted net position) represents cash held by Beaufort County for debt service payment, impact fees, and one percent fees. Another \$2,615,874 represents the investment in capital assets less depreciation and debt on those assets. The remaining balance of \$2,767,593 represents unrestricted net position. Burton's total net position increased by \$111,870.
- As of the close of the current fiscal year Burton's governmental funds reported a combined ending fund balance of \$3,400,565, a decrease of \$136,876.

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Burton's basic financial statements. Burton's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of Burton's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of Burton's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in the net position may serve as a useful indicator of whether the financial position of Burton is improving or deteriorating.

The statement of activities presents information showing how Burton's net position changed during the most recent fiscal year. Changes in net position are reported on a full accrual basis, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of Burton that are supported by general revenues such as taxes and fees. The governmental activities of Burton include programs related to public safety for fire protection. Burton currently has no business type activities.

The government-wide financial statements can be found on pages 10 through 11 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been grouped for specific activities. Burton like other public agencies uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the programs of Burton can be divided into governmental funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating Burton's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it may be useful to compare the two for similar activities and programs. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to assist in this comparison of governmental programs and governmental activities.

Burton maintains four individual governmental funds. Information is presented by expenditure category in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, the debt service fund, the impact fee fund, and the one percent fund.

Burton adopts an annual budget for the general fund and the debt service fund. A statement comparing actual to budgeted revenues and expenditures has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12 through 15 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16 through 26 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents a report on compliance and on internal control over financial reporting.

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Burton Fire District, assets exceeded liabilities by \$5,914,358 and \$5,802,488 for 2013 and 2012, respectively. The following table reflects the condensed government-wide statement of net position.

<b>BURTON FIRE DISTRICT NET POSITION</b>		
	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
Current and Other Assets	\$ 3,625,869	\$ 3,769,429
Capital Assets	4,427,099	4,186,661
Total Assets	<u>8,052,968</u>	<u>7,956,090</u>
Long-term Liabilities Outstanding	1,543,090	1,824,711
Other Liabilities	595,520	328,891
Total Liabilities	<u>2,138,610</u>	<u>2,153,602</u>
Net Position		
Investment in Capital Assets, Net of Related Debt	2,615,874	2,361,950
Unrestricted	2,767,593	2,834,647
Restricted	530,891	605,891
Total Net Position	<u>\$ 5,914,358</u>	<u>\$ 5,802,488</u>

The portion of Burton's net position \$2,615,874 (44 percent) reflects its investment in capital assets less the related debt on capital assets. These capital assets are not available for future spending. Although Burton's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. At June 30, 2013, Burton had outstanding long-term debt of \$1,543,090 that being the general obligation debt and notes payable that were used to build stations and purchase vehicles. The \$530,891 (9 percent) represents the assets restricted for payment of debt, one percent fund for recruitment and retention, and impact fees. The remaining net position of \$2,767,593 (47 percent) is unrestricted.

At the end of the current fiscal year, Burton Fire District is able to report positive balances in all funds.



**Governmental activities.** Burton's total net position increased by \$111,870 for the year ended June 30, 2013 and \$160,057 for the year ended June 30, 2012. Key elements of this increase are as shown in the following table.

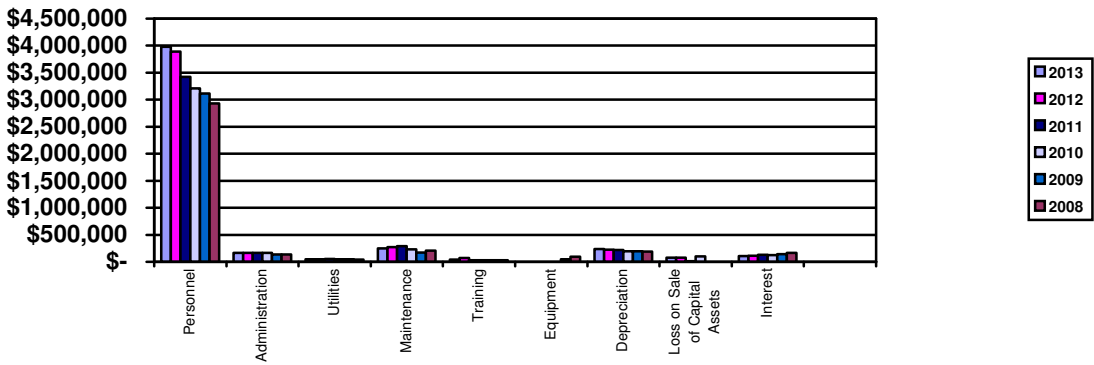
**BURTON FIRE DISTRICT CHANGE IN NET POSITION**

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
Expenses		
Public Safety - Fire Protection		
Personnel	\$ 3,979,470	\$ 3,892,525
Administration	166,674	168,079
Utilities	45,884	48,844
Maintenance	250,968	273,036
Training	40,696	69,462
Depreciation	239,731	226,105
Loss on Sale of Capital Assets	74,160	10,625
Interest	107,062	113,763
Total Expenses	<u>4,904,645</u>	<u>4,802,439</u>
Net Program Expense	<u>4,904,645</u>	<u>4,802,439</u>
General Revenues		
Taxes	4,554,896	4,493,436
Automatic Aid Agreements	387,369	371,931
Fees	62,478	60,117
Interest Income	6,006	661
Miscellaneous	5,766	36,351
Total General Revenues	<u>5,016,515</u>	<u>4,962,496</u>
Change in net position	111,870	160,057
Net position - beginning	5,802,488	5,642,431
Net position - ending	<u>\$ 5,914,358</u>	<u>\$ 5,802,488</u>

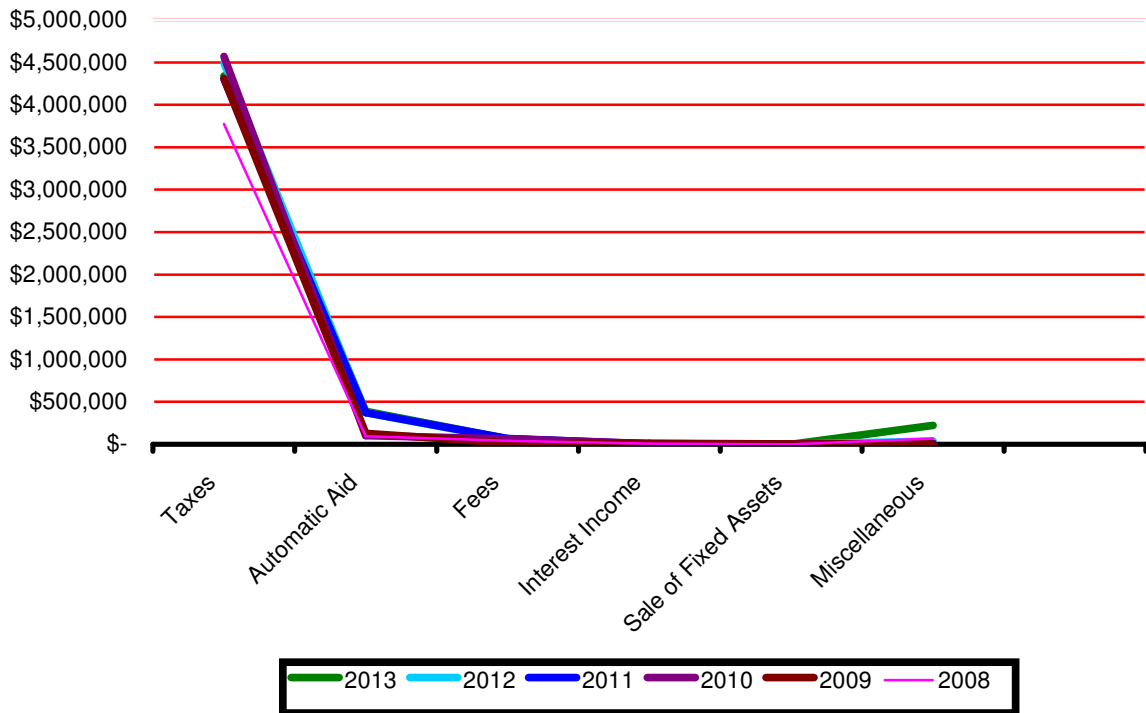
Personnel is up due to the required cost of living adjustments. Depreciation is up due to the additions to property during the year while the loss on sale of capital assets relates to vehicles and equipment sold during the year with depreciable lives still unamortized. The remaining expenses were relatively consistent with prior year amounts.

The Automatic Aid Agreements were negotiated to provide additional revenues to Burton for servicing areas within the boundaries of the Town of Port Royal and the City of Beaufort.

**Expenses – Governmental Activities**



**Revenues by Source – Governmental Activities**



## Financial Analysis of the Government's Funds

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

**Governmental funds.** The focus of Burton's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Burton's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, Burton's governmental funds reported combined ending fund balances of \$3,400,565, a decrease of \$136,876. The major governmental funds consist of the general fund, the debt service fund, the impact fund, and the one percent fund. This decrease can be attributed to a budgeted decrease in the general fund of \$61,876 and the decrease in the impact fund of \$80,837 that was related to the purchase of the fire truck. Other decreases in the amount of \$17,155 in the one percent fund combined with the increase of \$22,992 in the debt service fund contributed to the overall change in the governmental fund balances.

As a measure of the general fund's liquidity, it may be useful to compare the unreserved fund balance to total fund expenditures. The unassigned general fund balance of \$2,869,674 is equal to 57% of the total general fund expenditures of \$4,999,411.

## Capital Assets and Debt Administration

**Capital Assets.** Burton's investment in capital assets for its governmental type activities as of June 30, 2013 amounts to \$4,427,099 (net of accumulated depreciation) and as of June 30, 2012 amounts to \$4,186,661 (net of accumulated depreciation). This investment in capital assets includes land and improvements, construction in progress, buildings and improvements, leasehold improvements, furniture and equipment, and vehicles. Increases in Burton's investment in capital assets for the current fiscal year were a total of \$578,829 which represented additions for vehicles and equipment related to fire fighting. Depreciation expense was \$239,731 for the 2013 year as compared to \$226,105 for the 2012 year.

### BURTON FIRE DISTRICT CAPITAL ASSETS - NET OF DEPRECIATION

	Governmental Activities	
	2013	2012
Land and Improvements	\$ 132,693	\$ 132,693
Buildings and Improvements	1,700,747	1,746,612
Furniture and Equipment	116,854	184,086
Vehicles	2,476,805	2,123,270
Total	<u>\$ 4,427,099</u>	<u>\$ 4,186,661</u>

**Long-term debt.** At the end of the current fiscal year, Burton had long-term debt outstanding in the amount of \$1,811,225 for June 30, 2013 and \$1,824,711 for June 30, 2012. The debt was attributable to the construction of fire stations and the acquisition of various vehicles.

**BURTON FIRE DISTRICT LONG-TERM DEBT OUTSTANDING**

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
General Obligation Bonds	\$ 193,000	\$ 210,835
Notes Payable	1,618,225	1,613,876
Total	<u>\$ 1,811,225</u>	<u>\$ 1,824,711</u>

**Economic Factors and Next Year's Budgets**

The fiscal year 2013/2014 budget has been approved by Beaufort County Council. The approved budget will be based on a tax levy of 60.18 mills estimated to raise \$4,803,172. Additionally, 5.74 mills were levied for the debt service requirements of the District.

**Requests for information**

This financial report is designed to provide a general overview of Burton Fire District finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief, Burton Fire District, 36 Burton Hill Road, Beaufort, South Carolina, 29906.

## **BASIC FINANCIAL STATEMENTS**

**BURTON FIRE DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2013**

**ASSETS**

Cash	\$ 970,945
Accounts Receivable	243,515
Due from Beaufort County	2,411,409
Capital Assets, not being depreciated	132,693
Capital Assets, being depreciated	4,294,406
Total Assets	<u>8,052,968</u>

**LIABILITIES**

Accounts Payable	6,108
Payroll Liabilities	56,687
Interest Payable	52,582
Accrued Compensated Absences	212,008
Bonds and Notes Payable	
Due within one year	268,135
Due after one year	1,543,090
Total Liabilities	<u>2,138,610</u>

**NET POSITION**

Unrestricted	2,767,593
Restricted for Debt Service Fund	439,819
Restricted for Impact Fund	77,916
Restricted for One Percent Fund	13,156
Investment in Capital Assets, net of related debt	2,615,874
Total Net Position	<u>\$ 5,914,358</u>

The notes to the financial statements are an integral part of this statement.

**BURTON FIRE DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

**EXPENSES**

Public Safety - Fire Protection	
Personnel	\$ 3,979,470
Administration	166,674
Utilities	45,884
Maintenance	250,968
Training	40,696
Depreciation	239,731
Sale of Capital Assets	74,160
Interest	107,062
Total Program Expenses	<u>4,904,645</u>
Net Program Expense	<u>4,904,645</u>

**GENERAL REVENUES**

Taxes	4,554,896
Automatic Aid Agreements	387,369
Fees	62,478
Interest Income	6,006
Miscellaneous	5,766
Total General Revenues	<u>5,016,515</u>
Change in Net Position	111,870
Net Position, Beginning of year	5,802,488
Net Position, End of year	<u><u>\$ 5,914,358</u></u>

The notes to the financial statements are an integral part of this statement.

**BURTON FIRE DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	<b>GOVERNMENTAL FUND TYPES</b>				<b>TOTAL</b>
	<b>GENERAL FUND</b>	<b>DEBT SERVICE FUND</b>	<b>IMPACT FUND</b>	<b>ONE PERCENT FUND</b>	
<b>ASSETS</b>					
Cash	\$ 970,945	\$ -	\$ -	\$ -	\$ 970,945
Accounts Receivable	222,380	21,135	-	-	243,515
Due from Beaufort County	1,887,546	432,791	77,916	13,156	2,411,409
<b>Total Assets</b>	<b><u>\$ 3,080,871</u></b>	<b><u>\$ 453,926</u></b>	<b><u>\$ 77,916</u></b>	<b><u>\$ 13,156</u></b>	<b><u>\$ 3,625,869</u></b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 6,108	\$ -	\$ -	\$ -	\$ 6,108
Payroll Liabilities	56,687	-	-	-	56,687
<b>Total Liabilities</b>	<b><u>62,795</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>62,795</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenues-Property Taxes	148,402	14,107	-	-	162,509
<b>Total Deferred Inflows of Resources</b>	<b><u>148,402</u></b>	<b><u>14,107</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>162,509</u></b>
<b>FUND BALANCES</b>					
Unassigned	2,869,674	-	-	-	2,869,674
Restricted	-	439,819	77,916	13,156	530,891
<b>Total Fund Balances</b>	<b><u>2,869,674</u></b>	<b><u>439,819</u></b>	<b><u>77,916</u></b>	<b><u>13,156</u></b>	<b><u>3,400,565</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 3,080,871</u></b>	<b><u>\$ 453,926</u></b>	<b><u>\$ 77,916</u></b>	<b><u>\$ 13,156</u></b>	<b><u>\$ 3,625,869</u></b>



**BURTON FIRE DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2013**

Total net position reported for governmental activities in the statement of net position is different because:

Total fund balances for governmental funds		\$ 3,400,565
--	--	--------------

Capital assets used in District's activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land and Improvements	\$ 132,693		
Buildings and Improvements, net of \$577,009 accumulated depreciation	1,700,747		
Vehicles, net of \$1,251,171 accumulated depreciation	2,476,805		
Furniture and Equipment, net of \$137,059 accumulated depreciation	<u>116,854</u>		
Total Capital Assets			4,427,099

Some of the District's receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenue in the funds.		162,509
--	--	---------

Long-term liabilities applicable to the District's activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities --both current and long-term--are reported in the statement of net position.

Balances at June 30, 2013 are:

Interest Payable	(52,582)		
Accrued Vacation	(212,008)		
Bonds and Notes Payable	<u>(1,811,225)</u>		
Total Long-Term Liabilities			<u>(2,075,815)</u>

Total net position of governmental activities		<u>\$ 5,914,358</u>
---	--	---------------------

The notes to the financial statements are an integral part of this statement.

**BURTON FIRE DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<b>GOVERNMENTAL FUND TYPES</b>				<b>TOTAL</b>
	<b>GENERAL</b>	<b>DEBT SERVICE</b>	<b>IMPACT FUND</b>	<b>ONE PERCENT FUND</b>	
<b>REVENUES</b>					
Taxes	\$ 4,163,894	\$ 396,576	\$ -	\$ -	\$ 4,560,470
Automatic Aid Agreements	387,369	-	-	-	387,369
Fees	-	-	19,163	43,315	62,478
Interest Income	6,006	-	-	-	6,006
Miscellaneous Income	30,266	-	-	-	30,266
Total Revenues	<u>4,587,535</u>	<u>396,576</u>	<u>19,163</u>	<u>43,315</u>	<u>5,046,589</u>
<b>EXPENDITURES</b>					
Public Safety - Fire Protection					
Personnel	3,926,830	-	-	50,000	3,976,830
Administration	156,204	-	-	10,470	166,674
Utilities	45,884	-	-	-	45,884
Maintenance	250,968	-	-	-	250,968
Training	40,696	-	-	-	40,696
Capital Outlay	578,829	-	-	-	578,829
Debt Service					
Principal	-	263,486	-	-	263,486
Interest	-	110,098	-	-	110,098
Total Expenditures	<u>4,999,411</u>	<u>373,584</u>	<u>-</u>	<u>60,470</u>	<u>5,433,465</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(411,876)</u>	<u>22,992</u>	<u>19,163</u>	<u>(17,155)</u>	<u>(386,876)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds of Debt	250,000	-	-	-	250,000
Transfers In	100,000	-	-	-	100,000
Transfers Out	-	-	(100,000)	-	(100,000)
Total Other Financing Sources (Uses)	<u>350,000</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>250,000</u>
Net Change in Fund Balances	<u>(61,876)</u>	<u>22,992</u>	<u>(80,837)</u>	<u>(17,155)</u>	<u>(136,876)</u>
Fund Balances, Beginning of year	2,931,550	416,827	158,753	30,311	3,537,441
Fund Balances, End of year	<u>\$ 2,869,674</u>	<u>\$ 439,819</u>	<u>\$ 77,916</u>	<u>\$ 13,156</u>	<u>\$ 3,400,565</u>

The notes to the financial statements are an integral part of this statement.

**BURTON FIRE DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

The change in net position reported for governmental activities in the statement of activities is different because:

Net change in fund balances -- total governmental funds \$ (136,876)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$578,829) was more than depreciation (\$239,731) in the current period. 339,098

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is a decrease in net position. (98,660)

Proceeds of debt are reported as a revenue in governmental funds. However, in the government wide statements proceeds of debt are treated as a liability. (250,000)

Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. 263,486

Interest is recorded as paid in the governmental funds but is accrued as a liability in the governmental statements. Change in accrued liability. 3,036

Revenues in the fund statements that do not provide current financial resources are reported as revenues in the statements of activities.  
Taxes (5,574)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.  
Compensated Absences (2,640)

Total change in net position of governmental activities \$ 111,870

The notes to the financial statements are an integral part of this statement.

**BURTON FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which are normally supported by intergovernmental revenues and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

For the year ended June 30, 2013, the Burton Fire District (Burton) implemented GASB Statement No. 63 and 65. This implementation resulted in the establishment of categories outside of assets and liabilities titled deferred outflows and deferred inflows. The Statement also re-titled net assets as net positions.

**Reporting Entity**

Burton was organized by the by the General Assembly of the State of South Carolina on February 15, 1973 for the purpose of providing fire protection to the residents of the Burton area of Beaufort County, South Carolina. Burton is an autonomous government whose appointed board controls its operations and fiscal accountability. Burton is a separate reporting entity and is not a component unit of any other governmental entity. Beaufort County is a related party in that the Beaufort County Council has final approval of the budget, assesses millage, collects taxes and prepares payroll for Burton.

The accompanying financial statements present the combined financial positions and combined results of operations of the various fund types controlled by Burton. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. Burton is not reporting any component units as described above.

**Basis of Presentation – Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Burton reports only governmental activities, as there are no business-type activities or component units.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**BURTON FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about Burton funds, including its fiduciary funds and blended component units. Separate statements for each fund category –governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported in a separate column. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Burton reports the following major governmental funds:

The *general fund* is Burton's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *debt service fund* represents Burton's collection and payment of the general obligation bond. It accounts for all financial resources that are restricted for debt payment.

The *impact fund* represents Burton's collection of impact fees from developers within that district. It accounts for all financial resources that are restricted for capital assets.

The *1% fee fund* contains funds collected from insurance companies and made available to Burton for certain specific purposes. Those purposes include retirement and insurance, training and education, and recruitment and retention.

Burton does not report any proprietary or fiduciary funds at the present time.

During the course of operations Burton has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts and allocated to the various programs as indirect cost allocations. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

**BURTON FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Burton considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

**Budgetary Information**

**Budgetary basis of accounting**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and the debt service fund. Other special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g. grant awards and enabling legislation) and sometimes span a period of more than one fiscal year.

The appropriated budget between accounts is prepared by fund. Burton may make transfers within a department. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. Supplemental budgetary appropriations throughout the year require the approval of the Beaufort County Council. There were no supplemental budgetary appropriations during the year.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for good and services (i.e., purchase order, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under executor contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget.

**BURTON FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances**

Cash and Cash Equivalents

Burton's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Inventories and Prepaid Items

Inventories of the general fund consist of supplies held for consumption and are immaterial to the financial statements and accordingly are not recorded.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include buildings, equipment, and vehicles, are reported in the unrestricted net assets on the statement of financial position. Capital assets are defined by Burton as property and equipment with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and Improvements	5 - 30 years
Vehicles and Equipment	5 - 20 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expenses/expenditures) until then. Burton did not have any items that qualify for reporting in this category.

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

**BURTON FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Net Position Flow Assumptions

Sometimes Burton will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide, a flow assumption must be made about the order in which the resources are considered to be applied. It is Burton's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

Sometimes Burton will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the government-wide, a flow assumption must be made about the order in which the resources are considered to be applied. It is Burton's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitation requiring the use of resources for specific resources. Burton itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Burton's highest level of decision-making authority. The Board of Commissioners is the highest level of decision-making authority for Burton that can, by vote prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another policy) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by Burton for specific purposes but do not meet the criteria to be classified as committed. Beaufort County Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**Revenues and Expenses/Expenditures**

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes and other internally dedicated resources are reported as general revenues rather than as program revenues.



**BURTON FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Property taxes

The County Ordinance provides for the taxation of all real and personal property located within Burton limits on the first day of January. Motor vehicle taxes are billed and collected by the County Treasurer on a monthly basis. Other personal and real property taxes are levied by the County after September of each year and become due and payable immediately upon receipt by the taxpayer. Real property taxes are delinquent after January 15<sup>th</sup>. Assessed property is subject to lien one year from the levy date if taxes remain unpaid. The property tax rate approved by ordinance for fiscal year 2013 is 58.21 mills for operations and 5.53 mills for debt service.

Compensated Absences

Unused vacation leave liabilities are reported as incurred in the applicable governmental type activities columns in the government-wide financial statements. Burton employees with at least 6 months of employment can accumulate annual leave from 80 hours to 201 hours per year based on length of service and status for subsequent use for a maximum carryover of 30 to 40 days or 318 to 424 hours. Any amounts accrued in excess of the maximum limits are not carried forward. With sufficient notification of employment termination, unused vacation leave will be paid up to the maximum accrued hours. Sick pay does not vest except upon retirement or death. In the event of retirement or death, payment will be made to the employee or his estate for one-fifth (1/5) of the unused portion of the accumulated sick leave. Such payment for sick leave will not exceed an amount equal to regular salary for a two (2) calendar month period. Therefore, a liability of \$212,008 has been recorded to reflect the accrued vacation leave liability for each eligible employee and includes 18 percent for related payroll costs for taxes and retirement. Compensated absences are paid from the general fund.

**NOTE 2 DEPOSITS AND INVESTMENTS**

South Carolina statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and South Carolina government obligations, insured or collateralized time deposits, and certificates of deposit. The statutes do not prescribe regulations related to demand deposits but do allow the pooling of governmental funds for investment purposes.

**Custodial Credit Risk** – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. Burton does not have a deposit policy for custodial credit risk. As of June 30, 2013, the cash on deposit of \$988,447 was fully insured and collateralized with pledged securities and federal depository insurance (FDIC).

**NOTE 3 ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2013 were as follows:

	<b>Fund Statements</b>	<b>Government-wide Statements</b>
Taxes Receivable	\$ 197,799	\$ 197,799
Total Account Receivable	\$ 197,799	\$ 197,799

The fund statements include deferred inflows of resources of \$162,509 that represents the property taxes not collected within the sixty-day receivable recognition period.

**BURTON FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 4 DUE FROM BEAUFORT COUNTY**

The amount due from Beaufort County represents cash held by the County Treasurer in a pooled account. These deposits were entirely covered by federal deposit insurance or by collateral held by the financial institution in the County's name.

**NOTE 5 PROPERTY AND EQUIPMENT**

A summary of changes in the Burton's property and equipment is as follows:

<u>Governmental Activities</u>	<u>June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2014</u>
Capital assets not being depreciated				
Land and improvements	\$ 132,693	\$ -	\$ -	\$ 132,693
Total capital assets, not being depreciated	<u>132,693</u>	<u>-</u>	<u>-</u>	<u>132,693</u>
Capital assets being depreciated				
Buildings and improvements	2,277,756	-	-	2,277,756
Furniture and equipment	253,913	-	5,128	248,785
Vehicles	3,727,976	67,403	34,988	3,760,391
Total capital assets, being depreciated	<u>6,259,645</u>	<u>67,403</u>	<u>40,116</u>	<u>6,286,932</u>
Less accumulated depreciation for:				
Buildings and improvements	577,009	45,867	-	622,876
Furniture and equipment	137,059	21,449	5,128	153,380
Vehicles	1,251,171	179,925	27,388	1,403,708
Total accumulated depreciation	<u>1,965,239</u>	<u>247,241</u>	<u>32,516</u>	<u>2,179,964</u>
Total capital assets being depreciated, net	<u>4,294,406</u>	<u>(179,838)</u>	<u>7,600</u>	<u>4,106,968</u>
Governmental activities capital assets, net	<u>\$ 4,427,099</u>	<u>\$ (179,838)</u>	<u>\$ 7,600</u>	<u>\$ 4,239,661</u>

Depreciation expense was \$239,731 for the year ended June 30, 2013. This amount was allocated to the functional departments as follows:

<u>Governmental Activities</u>	
Public Safety Fire Protection	\$ 239,731
Total	<u>\$ 239,731</u>

**BURTON FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 6 LONG-TERM OBLIGATIONS**

A schedule of changes on long-term indebtedness follows:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due Within</u> <u>One Year</u>
General Obligation Bonds	\$ 210,835	\$ -	\$ 17,835	\$ 193,000	\$ 18,780
Notes Payable	1,613,876	250,000	245,651	1,618,225	249,355
Total	<u>\$ 1,824,711</u>	<u>\$ 250,000</u>	<u>\$ 263,486</u>	<u>\$ 1,811,225</u>	<u>\$ 268,135</u>

A summary of long-term debt is as follows:

	<u>Balance</u>
<b><u>General Obligation Bonds</u></b>	
\$428,000 General Obligation Bond Series B is repayable in annual payments of \$32,576 over a forty-year term including interest at 7.125%.	\$ 193,000
Total General Obligation Bonds	<u>\$ 193,000</u>

Approximate maturities of general obligation debt for the next five fiscal years and thereafter are as follows:

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 18,780	\$ 13,796	\$ 32,576
2015	20,118	12,458	32,576
2016	22,352	10,224	32,576
2017	23,087	9,489	32,576
2018	25,533	7,043	32,576
2019-2026	83,130	14,295	97,425
	<u>\$ 193,000</u>	<u>\$ 67,305</u>	<u>\$ 260,305</u>

Rural Development loan agreements require an amount equal to one annual payment be held in an escrow account until the loan is paid off. The Burton Fire District has a "fund balance" that is maintained by Beaufort County Treasurer's Office in a debt service fund. Funds are available to us upon request and must be approved by County Council. These funds qualify as our required "escrow account". This balance is represented on the balance sheet under the description due from Beaufort County. The amount due from Beaufort County at June 30, 2013 in the debt service fund is \$439,819 which exceeds the annual payment on Rural Development loans of \$32,576.

**BURTON FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 6 LONG-TERM OBLIGATIONS – CONTINUED**

**Notes Payable**

\$504,273 bank note payable dated January, 2007 is repayable in annual payments of \$67,243 over a ten-year term including interest at 6.00%. Collateralized by a 2007 Pierce Aerial Ladder Truck and accessories.	\$	232,704
\$889,820 bank note payable dated June, 2007 is repayable in annual payments of \$80,066 over an eighteen-year term including interest at 6.00%. Collateralized by real property and improvements at 14 Bruce K. Small Drive, Beaufort, SC.		670,231
\$715,000 bank note payable dated October, 2002 is repayable in annual payments of \$59,848 over a twenty-year term including interest at 5.50%. Collateralized by a building at the Habersham Station in Beaufort, SC.		356,589
\$55,000 bank note payable dated December, 2008 is repayable in annual payments of \$12,475 over a five-year term including interest at 5.00%. Collateralized by two Ford F-150 trucks.		11,665
\$200,000 bank note payable dated July, 2004 is repayable in annual payments of \$26,842 over a ten-year term including interest at 5.50%. Collateralized by improvements at Shell Point Fire Station.		21,499
\$250,000 bank note payable dated September, 2010 is repayable in annual payments of \$50,000 over a five-year term including interest at 5.00%. Collateralized by a 2010 Pierce Pumper.		119,108
\$250,000 bank note payable dated September, 2012 is repayable in annual payments of \$45,536 over a six-year term including interest at 3.33%. Collateralized by a 2012 Pierce Pumper.		206,429
		206,429
Total Notes Payable	\$	1,618,225

Approximate maturities of notes payable for the next five fiscal years and thereafter are as follows:

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 249,355	\$ 92,656	\$ 342,011
2015	227,327	75,365	302,692
2016	219,382	63,467	282,849
2017	200,423	52,270	252,693
2018	143,969	41,290	185,259
2019-2023	432,075	113,143	545,218
2024-2025	145,694	14,765	160,459
	\$ 1,618,225	\$ 452,956	\$ 2,071,181

**Debt Limitation**

Burton'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 assessed value for tax year 2012 was \$71,370,541. The computation of legal debt limits is as follows:

Assessed value (\$66,822,540 X 8%)	\$	5,345,803
General obligation debt at June 30, 2014		(1,541,116)
Excess of debt limit over general obligation debt	\$	3,804,687

**BURTON FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 6 LONG-TERM OBLIGATIONS – CONTINUED**

**Operating Leases**

Burton has operating leases on its office equipment that vary in length. It is anticipated that these leases will be renewed or continued on a monthly basis. These amounts are immaterial to the financial statements.

**NOTE 7 PENSION PLAN OBLIGATIONS**

*Plan Description:* All eligible employees are required to participate in a pension plan. All eligible employees must belong to the South Carolina Retirement System (SCRS). The plan is a cost-sharing multiple-employer administered by the Retirement Division of the SC Public Employee Benefit Authority (SC PEBA). Retirement costs are funded by withholding from the employee's salaries, and by a contribution from the employers of a percentage of the employee's salaries. A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System and Police Officers Retirement System is issued and publicly available by writing the SC PEBA, Post Office Box 11960, Columbia, South Carolina 29211-1960.

**Funding Policy**

*South Carolina Retirement System (SCRS)*

The employer contribution rate for the years ended June 30, 2013, 2012, and 2011 were 10.6%, 9.53%, and 9.39% respectively. Burton's contributions to SCRS for the years ending June 30, 2013, 2012, and 2011 were \$8,158, \$7,020, and \$6,914 respectively.

*South Carolina Police Officers Retirement System (PORS)*

The employer contribution rate for the years ended June 30, 2013, 2012, and 2011 were 12.3%, 11.76%, and 11.53%, respectively. Burton's contributions to PORS for the same time period were \$308,682, \$285,890, and \$260,546, respectively, equal to the actuarially required contributions for each year.

The Fire District also provides employees and volunteers with a length of service awards program, under Section 457 of the Internal Revenue code of 1986, initiated and administered by members and representatives of the 1% Fund Committee. Money is set aside in the Burton Fire District One Percent Retirement Plan and Trust, as determined each year by the Managing Committee. To participate, an employee must be age 18, and must be (1) an active Volunteer Firefighter; (2) an active Paid Firefighter; or (3) a full time paid employee. The balance of the account at June 30, 2013 is \$328,482 for both active and volunteer participants. Contributions of \$50,000 were made during the year ended June 30, 2013.

**NOTE 8 RISK MANAGEMENT**

Burton purchases insurance policies divided into coverage of workers compensation, property and casualty, and employee health insurance from the insurance carrier. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy in accordance with insurance policy and benefit program limits.

Burton has recorded insurance premium expenditures in the applicable functional expenditure categories of the general fund. These expenditures do not include estimated claim losses and estimable premium adjustments.

There have not been any significant reductions in insurance coverage from the prior year.

**BURTON FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 9 COMMITMENTS AND CONTINGENCIES**

In the normal course of business, Burton can be subject to various claims for workers compensation and other accidents. It is the opinion of Burton that resolution of these matters will not have a materially adverse effect on the financial condition of Burton.

**NOTE 10 TRANSFERS BETWEEN FUNDS**

Burton transferred \$100,000 from the impact fund to the general fund for the purpose of purchasing a firetruck.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**BURTON FIRE DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	GENERAL FUND			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<b>REVENUES</b>				
Taxes	\$ 4,114,396	\$ 4,114,396	\$ 4,163,894	\$ 49,498
Automatic Aid Agreements	372,843	372,843	387,369	14,526
Interest Income	-	-	6,006	6,006
Miscellaneous	-	-	30,266	30,266
Total Revenues	<u>4,487,239</u>	<u>4,487,239</u>	<u>4,587,535</u>	<u>100,296</u>
<b>EXPENDITURES</b>				
<b>Public Safety - Fire Protection</b>				
<u>Personnel</u>				
Salaries	2,632,982	2,632,982	2,583,551	49,431
Overtime	65,000	65,000	48,260	16,740
Volunteer Point System	2,500	2,500	2,426	74
Retirement	321,060	321,060	312,671	8,389
Insurance Police Group Life	10,792	10,792	10,218	574
Insurance Medical	590,500	590,500	619,060	(28,560)
Workmans Compensation	188,000	188,000	154,401	33,599
Medicare Payroll Taxes	39,120	39,120	36,272	2,848
Social Security Payroll Taxes	167,274	167,274	155,095	12,179
Unemployment Taxes	5,538	5,538	4,876	662
Total Personnel	<u>4,022,766</u>	<u>4,022,766</u>	<u>3,926,830</u>	<u>95,936</u>
<u>Administration</u>				
Printing	1,000	1,000	-	1,000
Postage	1,400	1,400	1,094	306
Telephone	15,000	15,000	7,229	7,771
Internet and Cable	7,000	7,000	7,444	(444)
Consulting	2,000	2,000	-	2,000
Office Supplies	4,000	4,000	4,588	(588)
Uniforms	20,000	20,000	17,708	2,292
Accounting and Audit	10,000	10,000	7,900	2,100
Dues and Subscriptions	3,000	3,000	3,730	(730)
Insurance Liability	64,000	64,000	58,971	5,029
Hurricane	2,500	2,500	2,481	19
Fire Prevention	7,500	7,500	4,262	3,238
Fire Inspections	3,000	3,000	2,966	34
Legal Fees	2,000	2,000	1,827	173
Arson K9	4,000	4,000	3,924	76
Miscellaneous Administration	17,500	17,500	16,405	1,095
Vaccinations and Physicals	19,000	19,000	15,675	3,325
Total Administration	<u>\$ 182,900</u>	<u>\$ 182,900</u>	<u>\$ 156,204</u>	<u>\$ 26,696</u>

The notes to the financial statements are an integral part of this statement.



**BURTON FIRE DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	GENERAL FUND			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<u>Utilities</u>				
Electricity	\$ 37,000	\$ 37,000	\$ 34,645	\$ 2,355
Water	4,000	4,000	2,625	1,375
LP and Natural Gas	8,000	8,000	2,789	5,211
Garbage Pick-up	4,500	4,500	5,825	(1,325)
Total Utilities	53,500	53,500	45,884	7,616
<u>Maintenance</u>				
Communications	2,000	2,000	1,705	295
Fire Extinguishers	750	750	1,145	(395)
Breathing Apparatus	6,000	6,000	2,412	3,588
Office Equipment	8,000	8,000	3,567	4,433
Building	26,000	26,000	29,471	(3,471)
Cleaning Supplies	10,000	10,000	5,032	4,968
Rescue Equipment	6,000	6,000	5,012	988
First Responder	10,000	10,000	16,008	(6,008)
Vehicle	70,000	70,000	72,667	(2,667)
Fuel	84,000	84,000	60,322	23,678
Firefighting Gear Supplies	8,000	8,000	13,591	(5,591)
Firefighting Gear Maintenance	-	-	287	(287)
Firefighting Foam	5,000	5,000	4,516	484
Equipment	-	35,200	35,233	(33)
Total Maintenance	235,750	270,950	250,968	19,982
<u>Training</u>				
Meals and Lodging	10,000	10,000	10,680	(680)
Training and Tuition	26,000	26,000	29,368	(3,368)
Travel Expenses	4,500	4,500	648	3,852
Total Training	40,500	40,500	40,696	(196)
<u>Capital Outlay</u>				
Firefighting Equipment	30,000	15,400	5,680	9,720
Vehicles	565,700	565,700	573,149	(7,449)
Training Equipment	20,600	-	-	-
Total Capital Outlay	\$ 616,300	\$ 581,100	\$ 578,829	\$ 2,271

The notes to the financial statements are an integral part of this statement.

**BURTON FIRE DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<b>GENERAL FUND</b>			<b>VARIANCE FAVORABLE (UNFAVORABLE)</b>
	<b>ORIGINAL BUDGET</b>	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	
Total Expenditures	\$ 5,151,716	\$ 5,151,716	\$ 4,999,411	\$ 152,305
Excess (Deficiency) of Revenues over Expenditures	(664,477)	(664,477)	(411,876)	252,601
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of Debt	250,000	250,000	250,000	-
Transfers In	100,000	100,000	100,000	-
Total Other Financing Sources (Uses)	350,000	350,000	350,000	-
Net Change in Fund Balances	(314,477)	(314,477)	(61,876)	252,601
Fund Balances, Beginning of year	2,931,550	2,931,550	2,931,550	-
Fund Balances, End of year	<u>\$ 2,617,073</u>	<u>\$ 2,617,073</u>	<u>\$ 2,869,674</u>	<u>\$ 252,601</u>

The notes to the financial statements are an integral part of this statement.

**BURTON FIRE DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<b>DEBT SERVICE FUND</b>		
	<b>ORIGINAL AND FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE FAVORABLE (UNFAVORABLE)</b>
<b>REVENUES</b>			
Taxes	\$ 368,523	\$ 396,576	\$ 28,053
Total Revenues	<u>368,523</u>	<u>396,576</u>	<u>28,053</u>
<b>EXPENDITURES</b>			
Public Safety - Fire Protection			
Debt Service			
Principal	258,000	263,486	(5,486)
Interest	<u>110,523</u>	<u>110,098</u>	<u>425</u>
Total Expenditures	<u>368,523</u>	<u>373,584</u>	<u>(5,061)</u>
Net Change in Fund Balances	-	22,992	22,992
Fund Balances, Beginning of year	416,827	416,827	-
Fund Balances, End of year	<u>\$ 416,827</u>	<u>\$ 439,819</u>	<u>\$ 22,992</u>

The notes to the financial statements are an integral part of this statement.

## **COMPLIANCE SECTION**



**CROWLEY WECHSLER & ASSOCIATES LLC**

CERTIFIED PUBLIC ACCOUNTANTS

[www.CWACPAs.com](http://www.CWACPAs.com)

BEAUFORT • MOUNT PLEASANT

Richard D. Crowley, CPA, CVA  
Lisa T. Wechsler, CPA

Member:  
American Institute of CPAs  
South Carolina Association of CPAs

**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***

To the Board of Commissioners  
Burton Fire District  
Beaufort, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of Burton Fire District (Burton), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Burton's basic financial statements, and have issued our report thereon dated December 2, 2013.

**Internal Control Over Financial Reporting**

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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



Crowley Wechsler & Associates LLC  
Beaufort, South Carolina  
December 2, 2013