

BURTON FIRE DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015

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FOR THE YEAR ENDED JUNE 30, 2015**

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FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of Burton's Fire District (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Burton Fire District, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Change in Accounting Principle

As discussed in Note 9 to the financial statements, in 2015 the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and historical pension and other post employment benefits information on pages 3-9 and 33-37 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Burton Fire District's basic financial statements. The individual fund schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The individual fund schedule is the responsibility of management and is derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. 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 January 6, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Crowley Wechsler & Associates LLC
Beaufort, South Carolina
January 6, 2016

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, 2015.

Financial Highlights

- The District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which required a restatement of the beginning net position by \$4,310,265 and reporting the net pension liability of \$4,303,497 at June 30, 2015.
- The assets and deferred outflows of Burton exceed its liabilities and deferred inflows at the close of the most recent fiscal year by \$1,226,423 (net position). Of this amount, \$730,311 (restricted net position) represents cash held by Beaufort County for debt service payment, impact fees, and one percent fees. Another \$2,985,934 represents the investment in capital assets less depreciation and debt on those assets. The remaining deficit of \$(2,489,822) represents unrestricted net position. Burton's total net position decreased by \$6,002.
- As of the close of the current fiscal year Burton's governmental funds reported a combined ending fund balance of \$2,440,316, a decrease of \$522,371.

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, liabilities and deferred inflows/outflows of resources with the difference 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 16 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 17 through 32 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 and deferred outflows exceeded liabilities and deferred inflows by \$1,226,423 and \$5,542,690 for 2015 and 2014, respectively. The following table reflects the condensed government-wide statement of net position.

	<u>2015</u>	<u>2014</u>
Current and Other Assets	\$ 3,035,691	\$ 3,284,269
Capital Assets	4,559,681	4,239,661
Total Assets	<u>7,595,372</u>	<u>7,523,930</u>
Deferred Outflows of Resources	<u>475,795</u>	<u>-</u>
Current Liabilities	240,069	224,611
Noncurrent Liabilities	6,111,519	1,756,629
Total Liabilities	<u>6,351,588</u>	<u>1,981,240</u>
Deferred Inflows of Resources	<u>493,156</u>	<u>-</u>
Net Position		
Unrestricted	(2,489,822)	2,292,555
Restricted for Debt Service Fund	669,739	442,741
Restricted for Impact Fund	58,189	107,982
Restricted for One Percent Fund	2,383	867
Net Investment in Capital Assets	2,985,934	2,698,545
Total Net Position	<u>\$ 1,226,423</u>	<u>\$ 5,542,690</u>

The portion of Burton's net position \$2,985,934 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, 2015, Burton had outstanding long-term obligations of \$6,111,519 that being the general obligation debt and notes payable used to build stations and purchase vehicles, compensated absences, and the net pension liability. The \$730,311 represents the assets restricted for payment of debt, one percent fund for recruitment and retention, and impact fees. The remaining net deficit of \$(2,489,822) is unrestricted. This decrease is mainly attributed to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which resulted in a prior period restatement of net position in the amount of \$4,310,265.

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 decreased by \$6,002 for the year ended June 30, 2015 and \$260,780 for the year ended June 30, 2014. Key elements of these decreases are shown in the following table.

BURTON FIRE DISTRICT CHANGE IN NET POSITION		
	Governmental Activities	
	2015	2014
Expenses		
Public Safety - Fire Protection		
Personnel	\$ 4,228,052	\$ 4,107,048
Administration	183,039	170,897
Utilities	50,872	50,902
Maintenance	262,191	279,591
Training	37,339	41,220
Loss on Sale of Capital Assets	103,951	-
Depreciation	250,844	247,241
Interest	82,853	89,185
Total Expenses	<u>5,199,141</u>	<u>4,986,084</u>
General Revenues		
Taxes	4,710,057	4,263,741
Automatic Aid Agreements	388,911	375,326
Fees	79,511	74,201
Interest Income	2,818	2,811
Sale of Fixed Assets	-	5,545
Grants	11,010	-
Miscellaneous	832	3,680
Total General Revenues	<u>5,193,139</u>	<u>4,725,304</u>
Change in net position	(6,002)	(260,780)
Net position - beginning	5,542,690	5,803,470
Restatement of Net Position for GASB 68	(4,310,265)	-
Net position - ending	<u>\$ 1,226,423</u>	<u>\$ 5,542,690</u>

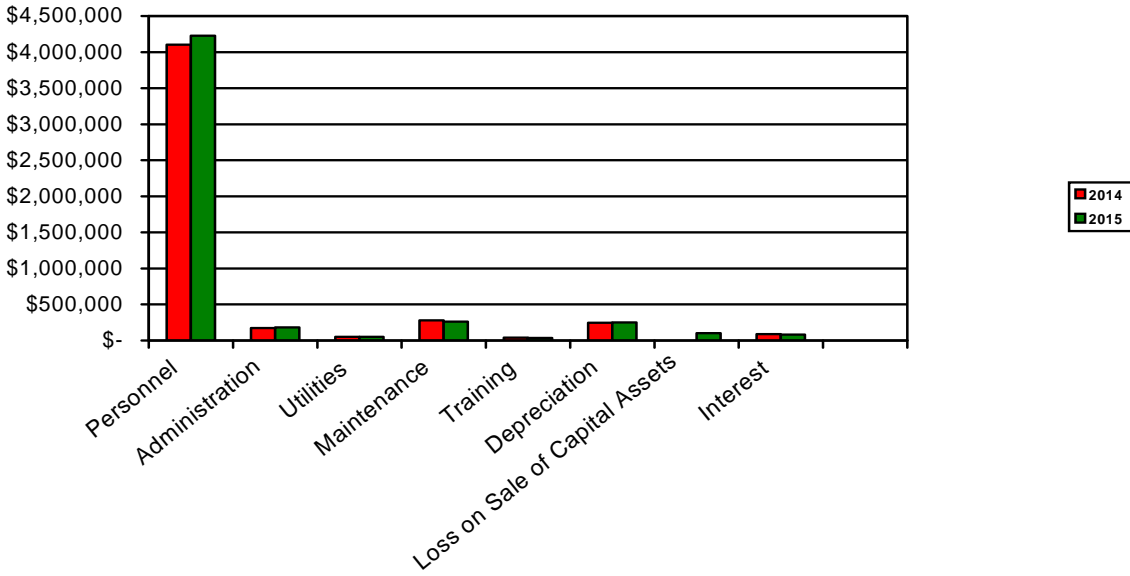
The prior period restatement represents the implementation of GASB Statement No. 68, *Accounting and financial Reporting for Pensions*, to restate net position.

Personnel expenses are up in 2015 due to the hiring of a new firefighter. Loss on sale of capital assets is up due to the sale of two vehicles and communication system. The remaining expenses were relatively consistent with prior year amounts.

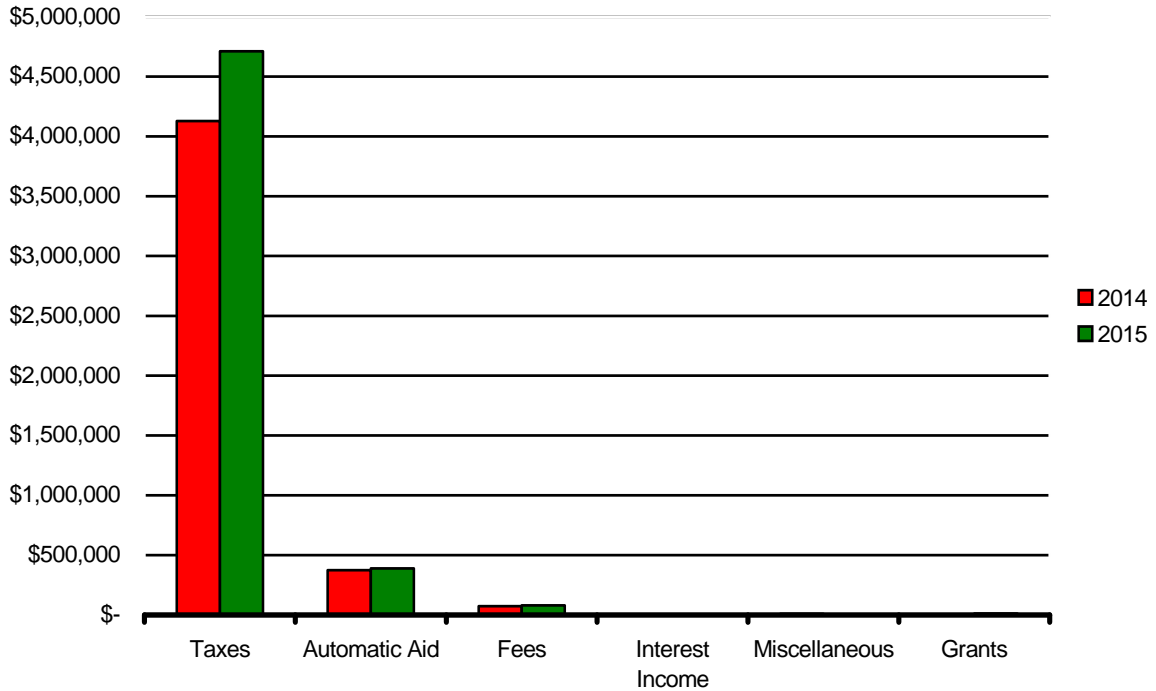
The Automatic Aid Agreements were negotiated to provide additional revenues to Burton for servicing areas within the boundaries of the Town of Port Royal and the City of Beaufort.

Tax revenue is up approximately 5.8% because assessed valuation of the district went from \$66,822,540 in fiscal year 2014 to a re-assessed value of \$70,694,540 in fiscal year 2015 for a difference of \$3,872,000 or 5.8% of assessed value.

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 \$2,440,316, a decrease of \$522,371. 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 decrease in the general fund of \$426,625, a decrease in the impact fund of \$49,793 and a decrease in the debt service fund of \$47,469. The one percent fund increased \$1,516.

As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. The unassigned general fund balance of \$1,984,472 is equal to 36.46% of the total general fund expenditures of \$5,442,988.

Capital Assets and Debt Administration

Capital Assets. Burton's investment in capital assets for its governmental type activities as of June 30, 2015 amounts to \$4,559,681 (net of accumulated depreciation) and as of June 30, 2014 amounts to \$4,239,661 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment, construction in progress, and vehicles. Increases in Burton's investment in capital assets for the current fiscal year were a total of \$758,638 which represented additions for a fire truck, a ford explorer, and fire equipment. Disposals for the year total \$466,900 which represented a communication system, a KME Aerial fire truck, and a Ford truck. Depreciation expense was \$250,844 for the 2015 year as compared to \$247,241 for the 2014 year.

BURTON FIRE DISTRICT CAPITAL ASSETS - NET OF DEPRECIATION		
	Governmental Activities	
	2015	2014
Land and Improvements	\$ 132,693	\$ 132,693
Construction in Progress	600,000	-
Buildings and Improvements	1,609,014	1,654,880
Furniture and Equipment	204,276	95,405
Vehicles	2,013,698	2,356,683
Total	<u>\$ 4,559,681</u>	<u>\$ 4,239,661</u>

Long-term obligations. At the end of the current fiscal year, Burton had long-term obligations in the amount of \$6,111,519 for June 30, 2015 and \$1,756,629 for June 30, 2014. The debt was attributable to compensated absences, bonds, notes payable and net pension liability. Bonds and notes payable were taken out for the purpose of financing fire stations, fire equipment, and various vehicles. Net pension liability related to the implementation of GASB Statement No. 68 resulted in a new liability of \$4,303,497. Long-term obligations consisted of the following:

BURTON FIRE DISTRICT LONG-TERM OBLIGATIONS OUTSTANDING		
	Governmental Activities	
	2015	2014
Compensated Absences	\$ 234,274	\$ 215,513
General Obligation Bonds	152,271	172,389
Notes Payable	1,421,477	1,368,727
Net Pension Liability*	4,303,497	-
Total	<u>\$ 6,111,519</u>	<u>\$ 1,756,629</u>

* GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, was implemented in the fiscal year ended June 30, 2015. The net position was restated for the net pension liability as of July 1, 2014.

Economic Factors and Next Year's Budgets

The fiscal year 2015/2016 budget has been approved by Beaufort County Council. The approved budget of \$5,876,482 will be based on a tax levy of 60.66 mills estimated to raise \$5,674,155. Additionally, debt service requirements of the district will be based on 5.26 mills to raise \$385,268.

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 District'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, 2015**

ASSETS	
Cash	\$ 913,159
Accounts Receivable	467,497
Due from Beaufort County	1,655,035
Capital Assets, Not Being Depreciated	732,693
Capital Assets, Being Depreciated	3,826,988
Total Assets	7,595,372
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pension	475,795
Total Deferred Outflows of Resources	475,795
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
	\$ 8,071,167
 LIABILITIES	
Current Liabilities	
Accounts Payable	3,835
Payroll Liabilities	199,609
Interest Payable	36,625
Total Current Liabilities	240,069
Noncurrent Liabilities	
Due Within One Year	312,428
Due in More than a Year	5,799,091
Total Noncurrent Liabilities	6,111,519
Total Liabilities	6,351,588
 DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pension	493,156
Total Deferred Inflows of Resources	493,156
 NET POSITION	
Unrestricted	(2,489,822)
Restricted for Debt Service Fund	669,739
Restricted for Impact Fund	58,189
Restricted for One Percent Fund	2,383
Net Investment in Capital Assets	2,985,934
Total Net Position	1,226,423
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
	\$ 8,071,167

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, 2015**

EXPENSES

Public Safety - Fire Protection	
Personnel	\$ 4,228,052
Administration	183,039
Utilities	50,872
Maintenance	262,191
Training	37,339
Loss on Sale of Capital Assets	103,951
Depreciation	250,844
Interest	82,853
Total Program Expenses	<u>5,199,141</u>

GENERAL REVENUES

Taxes	4,710,057
Grants	11,010
Automatic Aid Agreements	388,911
Fees	79,511
Interest Income	2,818
Miscellaneous	832
Total General Revenues	<u>5,193,139</u>

Change in Net Position (6,002)

Net Position, Beginning of Year, Restated	<u>1,232,425</u>
Net Position, End of year	<u><u>\$ 1,226,423</u></u>

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

**BURTON FIRE DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	GOVERNMENTAL FUND TYPES				TOTAL
	GENERAL FUND	DEBT SERVICE FUND	IMPACT FUND	ONE PERCENT FUND	
ASSETS					
Cash	\$ 913,159	\$ -	\$ -	\$ -	\$ 913,159
Accounts Receivable	426,790	40,707	-	-	467,497
Due from Beaufort County	1,205,771	388,692	58,189	2,383	1,655,035
Total Assets	<u>\$ 2,545,720</u>	<u>\$ 429,399</u>	<u>\$ 58,189</u>	<u>\$ 2,383</u>	<u>\$ 3,035,691</u>
LIABILITIES					
Accounts Payable	\$ 3,835	\$ -	\$ -	\$ -	\$ 3,835
Payroll Liabilities	199,609	-	-	-	199,609
Total Liabilities	<u>203,444</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>203,444</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues-Property Taxes	357,804	34,127	-	-	391,931
Total Deferred Inflows of Resources	<u>357,804</u>	<u>34,127</u>	<u>-</u>	<u>-</u>	<u>391,931</u>
FUND BALANCES					
Unassigned	1,984,472	-	-	-	1,984,472
Restricted	-	395,272	58,189	2,383	455,844
Total Fund Balances	<u>1,984,472</u>	<u>395,272</u>	<u>58,189</u>	<u>2,383</u>	<u>2,440,316</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,545,720</u>	<u>\$ 429,399</u>	<u>\$ 58,189</u>	<u>\$ 2,383</u>	<u>\$ 3,035,691</u>

**BURTON FIRE DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

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

Total fund balances for governmental funds		\$ 2,440,316
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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		
Construction in Progress	600,000		
Buildings and Improvements, net of \$668,742 accumulated depreciation	1,609,014		
Furniture and Equipment, net of \$171,735 accumulated depreciation	204,276		
Vehicles, net of \$1,311,205 accumulated depreciation	2,013,698		
Total Capital Assets			4,559,681

Deferred outflows and inflows of resources represents amounts applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources:		475,795	
Related to pensions			
Deferred inflows of resources:			
Related to pensions		(493,156)	
Total deferred outflows and inflows of resources			(17,361)

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.

391,931

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, 2015 are:

Interest Payable	(36,625)		
Accrued Vacation	(234,274)		
Net Pension Liability	(4,303,497)		
Bonds and Notes Payable	(1,573,748)		
Total Long-Term Liabilities			(6,148,144)

Total net position of governmental activities		\$ 1,226,423
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The notes to the financial statements are an integral part of this statement.

BURTON FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2015

	GOVERNMENTAL FUND TYPES				TOTAL
	GENERAL	DEBT SERVICE	IMPACT FUND	ONE PERCENT FUND	
REVENUES					
Taxes	\$ 4,068,969	\$ 387,796	\$ -	\$ -	\$ 4,456,765
Grants	11,010	-	-	-	11,010
Automatic Aid Agreements	388,911	-	-	-	388,911
Fees	-	-	30,207	49,304	79,511
Interest Income	2,818	-	-	-	2,818
Insurance Proceeds	20,823	-	-	-	20,823
Miscellaneous Income	832	-	-	-	832
Total Revenues	<u>4,493,363</u>	<u>387,796</u>	<u>30,207</u>	<u>49,304</u>	<u>4,960,670</u>
EXPENDITURES					
Public Safety - Fire Protection					
Personnel	4,163,705	-	-	34,992	4,198,697
Administration	170,243	-	-	12,796	183,039
Utilities	50,872	-	-	-	50,872
Maintenance	262,191	-	-	-	262,191
Training	37,339	-	-	-	37,339
Capital Outlay	758,638	-	-	-	758,638
Debt Service					
Principal	-	247,212	-	-	247,212
Interest	-	88,053	-	-	88,053
Total Expenditures	<u>5,442,988</u>	<u>335,265</u>	<u>-</u>	<u>47,788</u>	<u>5,826,041</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(949,625)</u>	<u>52,531</u>	<u>30,207</u>	<u>1,516</u>	<u>(865,371)</u>

BURTON FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2015

	GOVERNMENTAL FUND TYPES				TOTAL
	GENERAL	DEBT SERVICE	IMPACT FUND	ONE PERCENT FUND	
OTHER FINANCING SOURCES (USES)					
Proceeds of Debt	\$ 280,000	\$ -	\$ -	\$ -	\$ 280,000
Sale of Capital Assets	63,000	-	-	-	63,000
Transfers In	180,000	-	-	-	180,000
Transfers Out	-	(100,000)	(80,000)	-	(180,000)
Total Other Financing Sources (Uses)	<u>523,000</u>	<u>(100,000)</u>	<u>(80,000)</u>	<u>-</u>	<u>343,000</u>
Net Change in Fund Balances	(426,625)	(47,469)	(49,793)	1,516	(522,371)
Fund Balances, Beginning of Year	2,411,097	442,741	107,982	867	2,962,687
Fund Balances, End of year	<u>\$ 1,984,472</u>	<u>\$ 395,272</u>	<u>\$ 58,189</u>	<u>\$ 2,383</u>	<u>\$ 2,440,316</u>

**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, 2015**

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 \$ (522,371)

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 (\$758,638) was greater than depreciation (\$250,844) in the current period. 507,794

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is a decrease in net position. (187,774)

Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. 247,368

Proceeds of debt is a revenue source in governmental funds but a liability in the statement of net position (280,000)

Interest is recorded as paid in the governmental funds but is accrued as a liability in the governmental statements.
Change in Accrued Liability 5,044

Revenues in the fund statements that do not provide current financial resources are reported as revenues in the statements of activities.
Taxes 253,291

Governmental funds report pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension contributions	\$ (371,295)	
Cost of benefits earned net of employee contributions	<u>360,702</u>	
Net change in pension contributions		(10,593)

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 (18,761)

Total change in net position of governmental activities \$ (6,002)

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

**BURTON FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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.

Reporting Entity

Burton was organized 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.

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 FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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.

**BURTON FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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, 2015**

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 - 50 years
Furniture and Equipment	5 - 20 years
Vehicles	5 - 25 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 Fire District reported deferred outflows in the statement of net position related to its pension liability.

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 Fire District reported deferred inflows in the statement of net position related to its pension liability.

**BURTON FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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, 2015**

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 15th. 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 2015 is 60.18 mills for operations and 5.74 mills for debt service.

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, 2015, the cash on deposit of \$942,460 was fully insured and collateralized with pledged securities and federal depository insurance (FDIC).

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2015 were as follows:

	Fund Statements	Government- wide Statements
Taxes Receivable	\$ 467,497	\$ 467,497
Total Accounts Receivable	\$ 467,497	\$ 467,497

The fund statements include deferred inflows of resources of \$391,931 that represents the property taxes not collected within the sixty-day receivable recognition period.

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.

**BURTON FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2015</u>
Capital assets not being depreciated				
Land and improvements	\$ 132,693	\$ -	\$ -	\$ 132,693
Construction in progress	-	600,000	-	600,000
Total capital assets, not being depreciated	<u>132,693</u>	<u>600,000</u>	<u>-</u>	<u>732,693</u>
Capital assets being depreciated				
Buildings and improvements	2,277,756	-	-	2,277,756
Furniture and equipment	248,785	133,483	6,257	376,011
Vehicles	3,760,391	25,155	460,643	3,324,903
Total capital assets, being depreciated	<u>6,286,932</u>	<u>158,638</u>	<u>466,900</u>	<u>5,978,670</u>
Less accumulated depreciation for:				
Buildings and improvements	622,876	45,866	-	668,742
Furniture and equipment	153,380	24,612	6,257	171,735
Vehicles	1,403,708	180,366	272,869	1,311,205
Total accumulated depreciation	<u>2,179,964</u>	<u>250,844</u>	<u>279,126</u>	<u>2,151,682</u>
Total capital assets being depreciated, net	<u>4,106,968</u>	<u>(92,206)</u>	<u>187,774</u>	<u>3,826,988</u>
Governmental activities capital assets, net	<u>\$ 4,239,661</u>	<u>\$ 507,794</u>	<u>\$ 187,774</u>	<u>\$ 4,559,681</u>

Depreciation expense was \$250,844 for the year ended June 30, 2015. This amount was allocated to the functional departments as follows:

Governmental Activities

Public Safety Fire Protection	<u>\$ 250,844</u>
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NOTE 6 LONG-TERM OBLIGATIONS

A schedule of changes on long-term indebtedness follows:

	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>June 30, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2015</u>	<u>One Year</u>
General Obligation Bonds	\$ 172,389	\$ -	\$ 20,118	\$ 152,271	\$ 22,352
Notes Payable	1,368,727	280,000	227,250	1,421,477	266,649
Accrued Compensated Absences	215,513	18,761	-	234,274	23,427
Net Pension Liability*	4,653,640	371,295	721,438	4,303,497	-
Total	<u>\$ 6,410,269</u>	<u>\$ 670,056</u>	<u>\$ 968,806</u>	<u>\$ 6,111,519</u>	<u>\$ 312,428</u>

* Beginning balance was restated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as discussed in Note 9.

**BURTON FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 LONG-TERM OBLIGATIONS - CONTINUED

A summary of long-term debt is as follows:

	Balance
<u>General Obligation Bonds</u>	
\$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%.	\$ 152,271
Total General Obligation Bonds	\$ 152,271

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

Year ended June 30,	Principal	Interest	Total
2016	\$ 22,352	\$ 10,224	\$ 32,576
2017	23,087	9,489	32,576
2018	25,533	7,043	32,576
2019	26,495	6,081	32,576
2020	28,382	4,194	32,576
2020-2025	26,422	6,154	32,576
	\$ 152,271	\$ 43,185	\$ 195,456

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, 2015 in the debt service fund is \$388,692 which exceeds the annual payment on Rural Development loans of \$32,576.

**BURTON FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 LONG-TERM OBLIGATIONS - CONTINUED

	Balance
<u>Notes Payable</u>	
\$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.	\$ 122,933
\$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.	587,708
\$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.	274,048
\$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.	28,799
\$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.	127,989
\$280,000 bank note payable dated August, 2020 is repayable in annual payments of \$50,000 over a six-year term including interest at 2%. Collateralized by a 2015 Pierce Pumper.	280,000
Total Notes Payable	\$ 1,421,477

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

Year ended June 30,	Principal	Interest	Total
2016	\$ 266,649	\$ 66,199	\$ 332,848
2017	245,568	57,125	302,693
2018	190,355	45,095	235,450
2019	152,991	36,923	189,914
2020	160,030	29,884	189,914
2021-2025	405,884	66,616	472,500
	\$ 1,421,477	\$ 301,842	\$ 1,723,319

**BURTON FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 LONG-TERM OBLIGATIONS - CONTINUED

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 \$234,274 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.

A summary of long-term debt is as follows:

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 2015 was \$70,694,540. The computation of legal debt limits is as follows:

Assessed value (\$70,694,540 X 8%)	\$ 5,655,563
General obligation debt at June 30, 2015	<u>(152,271)</u>
Excess of debt limit over general obligation debt	<u><u>\$ 5,503,292</u></u>

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.

Pension Plan Obligations

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Systems in conducting that review. PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the South Carolina Retirement Systems' Pension Trust Funds. The CAFR is publicly available on the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

**BURTON FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 LONG-TERM OBLIGATIONS – CONTINUED

Plan Description

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

- SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
- PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of benefit terms for each system is presented below.

- SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

**BURTON FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 LONG-TERM OBLIGATIONS – CONTINUED

- The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.
- **PORS** - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.
- The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9% of earnable compensation for SCRS and 5% for PORS. An increase in the contribution rates adopted by the board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year. Total employer contributions to the pension plan from the System were \$360,702 for the year ended June 30, 2015.

Required employee contribution rates for fiscal year 2014-2015 are as follows:

SCRS

Employee Class Two	8.00% of earnable compensation
Employee Class Three	8.00% of earnable compensation

PORS

Employee Class One	\$21 per month
Employee Class Two	8.41% of earnable compensation
Employee Class Three	8.41% of earnable compensation

**BURTON FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 LONG-TERM OBLIGATIONS – CONTINUED

Required employer contributions for fiscal year 2014-2015 are as follows:

SCRS

Employer Class Two	10.75% of earnable compensation
Employer Class Three	10.75% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

PORS

Employer Class One	7.80% of earnable compensation
Employer Class Two	13.01% of earnable compensation
Employer Class Three	13.01% of earnable compensation
Employer Incidental Death Benefit	0.20% of earnable compensation
Employer Accidental Death Program	0.20% of earnable compensation

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Net Pension Liability

At June 30, 2015, the District reported a liability of \$4,303,497 for its proportionate share of the net pension liability. The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2013. The net pension liability of each defined benefit pension plan was therefore determined based on the July 1, 2013 actuarial valuations, using membership data as of July 1, 2013, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2014, using generally accepted actuarial procedures. The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position.

For the year ended June 30, 2015, the District recognized pension expense of \$371,295. At June 30, 2015, the District reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 115,093	\$ -
Net difference between projected and actual earnings on pension plan investments	-	493,156
Contributions subsequent to the measurement date	360,702	-
Total	<u>\$ 475,795</u>	<u>\$ 493,156</u>

The contributions applied to the pension liability of \$360,702 reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The following schedule reflects the amortization of remaining deferred outflows/ (inflows) of resources at June 30, 2014. Average remaining services lives of all employees provided with pension through the pension plans at June 30, 2014 was 4.233 years for SCRS and 4.856 years for PORS.

**BURTON FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 LONG-TERM OBLIGATIONS – CONTINUED

Actuarial Assumptions and Methods

<u>Year End June 30,</u>	<u>SCRS</u>	<u>PORS</u>
2015	\$ (1,878)	\$ (91,349)
2016	(1,878)	(91,349)
2017	(1,878)	(91,349)
2018	(2,896)	(95,486)
Net Balance of Deferred Outflows/(Inflows) of Resources	<u>\$ (8,530)</u>	<u>\$ (369,533)</u>

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study is scheduled to be conducted after the June 30, 2015 annual valuation is complete.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2013, valuations for SCRS and PORS.

	SCRS	PORS
Actuarial Cost Method	Entry Age	Entry Age
Actuarial Assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	Levels off at 3.5%	Levels off at 4.0%
Includes inflation at	2.75%	2.75%
Benefits adjustments	Lesser of 1% or \$500	Lesser of 1% or \$500

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000.

Former Job Class	Males	Females
Educators and Judges	RP-2000 Males (with White Collar adjustment) multiplied by 110%	RP-2000 Females (with White Collar adjustment) multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety, Firefighters and Member of the South Carolina National Guard	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

**BURTON FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 LONG-TERM OBLIGATIONS – CONTINUED

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table on the following page. For actuarial purposes, the 7.50% assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75% real rate of return and a 2.75% inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Short Term	5.0%	0.09	0.03
Domestic Fixed Income	13.0%	7.40	0.26
Global Fixed Income	9.0%	4.90	0.27
Global Public Equity	31.0%	7.80	2.42
Global Tactical Asset Allocation	10.0%	5.10	0.51
Alternatives	32.0%	35.40	2.39
Total Expected Real Return	100.0%		5.88
Inflation for Actuarial Purposes			2.75
Total Expected Nominal Return			8.63

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The following table presents the sensitivity of the net pension liability to changes in the discount rate.

System	1.0% Decrease (6.5%)	Discount Rate (7.5%)	1.0% Increase (8.5%)
SCRS	\$ 197,396	\$ 152,540	\$ 115,144
PORS	\$ 5,800,989	\$ 4,150,957	\$ 2,785,868

Pension Plan Fiduciary Net Position

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for SCRS and PORS. The CAFR of the Pension Trust Funds is publicly available on PEBA's Retirement Benefits' website at www.retirement.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

Payables to the Pension Plan

At June 30, 2015, the District reported payables of \$42,206 that represents the amount due for the month of June.

**BURTON FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 LONG-TERM OBLIGATIONS – CONTINUED

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, 2015 is \$414,958 for both active and volunteer participants. Contributions of \$34,992 were made during the year ended June 30, 2015.

NOTE 7 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.

NOTE 8 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 9 – RESTATEMENT OF BEGINNING NET POSITION

In accordance with generally accepted accounting principles for fiscal year 2015, the District made prior period adjustments due to the adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which require the restatement of the June 30, 2014 net position. The result is a decrease in net position at July 1, 2014 of \$4,310,265.

Governmental Activities	
Net Position June 30, 2014, as Previously Reported	\$ 5,542,690
Pension Liability, Net	(4,310,265)
Net Position, July 1, 2014, as restated	\$ 1,232,425

NOTE 10 SUBSEQUENT EVENTS

Burton Fire District has assessed subsequent events through January 6, 2016; the date financial statements were available for release. On August 14, 2015, the District made a prepayment of \$350,000 to purchase a new fire truck. The \$350,000 will be paid from the following funds: \$175,000 from the general fund, \$125,000 from the debt service fund, and \$50,000 from the impact fund.

**REQUIRED SUPPLEMENTARY
INFORMATION**

BURTON FIRE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	GENERAL FUND			VARIANCE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)
REVENUES				
Taxes	\$ 4,029,051	\$ 4,029,051	\$ 4,068,969	\$ 39,918
Automatic Aid Agreements	375,000	375,000	388,911	13,911
Grants	-	-	11,010	11,010
Interest Income	-	-	2,818	2,818
Insurance Proceeds	-	-	20,823	20,823
Miscellaneous	-	-	832	832
Total Revenues	<u>4,404,051</u>	<u>4,404,051</u>	<u>4,493,363</u>	<u>89,312</u>
EXPENDITURES				
Public Safety - Fire Protection				
<u>Personnel</u>				
Salaries	2,749,161	2,749,161	2,711,385	37,776
Overtime	65,000	65,000	59,479	5,521
Volunteer Point System	1,000	1,000	320	680
Retirement	366,123	366,123	349,445	16,678
Insurance Police Group Life	11,257	11,257	10,628	629
Insurance Medical	700,000	700,000	693,050	6,950
Workmans Compensation	150,000	150,000	140,341	9,659
Medicare Payroll Taxes	40,820	40,820	29,853	10,967
Social Security Payroll Taxes	174,540	174,540	168,980	5,560
Unemployment Taxes	1,000	1,000	224	776
Total Personnel	<u>4,258,901</u>	<u>4,258,901</u>	<u>4,163,705</u>	<u>95,196</u>
<u>Administration</u>				
Printing	1,000	1,000	-	1,000
Postage	1,400	1,400	1,106	294
Telephone	15,000	15,000	7,534	7,466
Internet and Cable	14,000	14,000	13,944	56
Consulting	2,000	2,000	-	2,000
Office Supplies	4,000	4,000	4,601	(601)
Uniforms	20,000	20,000	21,593	(1,593)
Accounting and Audit	10,000	10,000	8,000	2,000
Dues and Subscriptions	3,000	3,000	2,725	275
Insurance Liability	65,000	65,000	63,433	1,567
Hurricane	2,500	2,500	2,491	9
Fire Prevention	7,500	7,500	6,669	831
Fire Inspections	3,000	3,000	1,572	1,428
Legal Fees	2,000	2,000	-	2,000
Arson K9	4,000	4,000	2,448	1,552
Miscellaneous Administration	17,500	17,500	17,488	12
Vaccinations and Physicals	19,000	19,000	16,639	2,361
Total Administration	<u>\$ 190,900</u>	<u>\$ 190,900</u>	<u>\$ 170,243</u>	<u>\$ 20,657</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, 2015

	GENERAL FUND			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<u>Utilities</u>				
Electricity	\$ 37,000	\$ 37,000	\$ 36,841	\$ 159
Water	4,000	4,000	2,977	1,023
LP and Natural Gas	8,000	8,000	7,222	778
Garbage Pick-up	4,000	4,000	3,832	168
Total Utilities	53,000	53,000	50,872	2,128
<u>Maintenance</u>				
Communications	2,000	2,000	849	1,151
Fire Extinguishers	750	750	720	30
Breathing Apparatus	6,000	6,000	3,307	2,693
Office Equipment	8,000	8,000	3,594	4,406
Building	26,000	26,000	33,467	(7,467)
Cleaning Supplies	10,000	10,000	5,901	4,099
Rescue Equipment	6,000	6,000	3,386	2,614
First Responder	10,000	10,000	10,020	(20)
Vehicle	70,000	70,000	79,265	(9,265)
Fuel	84,000	84,000	47,800	36,200
Firefighting Gear Supplies	8,000	8,000	16,348	(8,348)
Firefighting Gear Maintenance	-	-	864	(864)
Firefighting Foam	5,000	5,000	4,767	233
Equipment	-	-	51,903	(51,903)
Total Maintenance	235,750	235,750	262,191	(26,441)
<u>Training</u>				
Meals and Lodging	10,000	10,000	6,488	3,512
Training and Tuition	26,000	26,000	29,571	(3,571)
Travel Expenses	4,500	4,500	1,280	3,220
Total Training	40,500	40,500	37,339	3,161
<u>Capital Outlay</u>				
Buildings	26,000	26,000	-	26,000
Furniture & Fixtures	-	-	5,450	(5,450)
Firefighting Equipment	152,400	152,400	128,033	24,367
Vehicles	600,000	600,000	625,155	(25,155)
Total Capital Outlay	\$ 778,400	\$ 778,400	\$ 758,638	\$ 19,762

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, 2015**

	GENERAL FUND			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
Total Expenditures	\$ 5,557,451	\$ 5,557,451	\$ 5,442,988	\$ 114,463
Excess (Deficiency) of Revenues over Expenditures	(1,153,400)	(1,153,400)	(949,625)	203,775
OTHER FINANCING SOURCES (USES)				
Proceeds of Debt	300,000	300,000	280,000	(20,000)
Sale of Capital Assets	-	-	63,000	63,000
Transfers In	180,000	180,000	180,000	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	480,000	480,000	523,000	43,000
Net Change in Fund Balances	(673,400)	(673,400)	(426,625)	246,775
Fund Balances, Beginning of year	2,411,097	2,411,097	2,411,097	-
Fund Balances, End of year	<u>\$ 1,737,697</u>	<u>\$ 1,737,697</u>	<u>\$ 1,984,472</u>	<u>\$ 246,775</u>

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

BURTON FIRE DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
STATE PENSION PLAN
LAST TEN FISCAL YEARS

SCRS

Fiscal Year

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Portion of the Net Pension Liability	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.000886%
Proportionate Share of the Net Pension Liability	NA	NA	NA	NA	NA	NA	NA	NA	NA	\$ 152,540
Covered-Employee Payroll	NA	NA	NA	NA	NA	NA	NA	NA	NA	\$ 80,434
Proportionate Share of the New Pension Liability as a Percentage of Its Covered-Employee Payroll	NA	NA	NA	NA	NA	NA	NA	NA	NA	189.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	NA	NA	NA	NA	NA	NA	NA	NA	NA	59.90%

PORS

Fiscal Year

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Portion of the Net Pension Liability	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.21683%
Proportionate Share of the Net Pension Liability	NA	NA	NA	NA	NA	NA	NA	NA	NA	\$ 4,150,957
Covered-Employee Payroll	NA	NA	NA	NA	NA	NA	NA	NA	NA	\$ 2,624,451
Proportionate Share of the New Pension Liability as a Percentage of Its Covered-Employee Payroll	NA	NA	NA	NA	NA	NA	NA	NA	NA	158.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	NA	NA	NA	NA	NA	NA	NA	NA	NA	67.50%

**BURTON FIRE DISTRICT
SCHEDULE OF CONTRIBUTIONS
STATE PENSION PLAN
LAST TEN FISCAL YEARS**

SCRS

Fiscal Year

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Contractually Required Contribution	NA	NA	NA	NA	NA	NA	NA	NA	NA	\$ 8,763
Contributions in Relation to the Contractually Required Contribution	NA	NA	NA	NA	NA	NA	NA	NA	NA	8,763
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	NA	NA	NA	NA	NA	NA	NA	NA	NA	\$ 80,434
Contributions as a Percentage of Covered-Employee Payroll	NA	NA	NA	NA	NA	NA	NA	NA	NA	10.90%

PORS

Fiscal Year

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Contractually Required Contribution	NA	NA	NA	NA	NA	NA	NA	NA	NA	\$ 351,939
Contributions in Relation to the Contractually Required Contribution	NA	NA	NA	NA	NA	NA	NA	NA	NA	351,939
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	NA	NA	NA	NA	NA	NA	NA	NA	NA	\$ 2,624,451
Contributions as a Percentage of Covered-Employee Payroll	NA	NA	NA	NA	NA	NA	NA	NA	NA	13.41%

**SUPPLEMENTARY
INFORMATION**

BURTON FIRE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	DEBT SERVICE FUND		
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes	\$ 385,268	\$ 387,796	\$ 2,528
Total Revenues	<u>385,268</u>	<u>387,796</u>	<u>2,528</u>
EXPENDITURES			
Public Safety - Fire Protection			
Debt Service			
Principal	290,000	247,212	42,788
Interest	<u>95,268</u>	<u>88,053</u>	<u>7,215</u>
Total Expenditures	<u>385,268</u>	<u>335,265</u>	<u>50,003</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>52,531</u>	<u>52,531</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>-</u>	<u>(100,000)</u>	<u>100,000</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(100,000)</u>	<u>100,000</u>
Net Change in Fund Balances	-	(47,469)	(47,469)
Fund Balances, Beginning of year	442,741	442,741	-
Fund Balances, End of year	<u>\$ 442,741</u>	<u>\$ 395,272</u>	<u>\$ (47,469)</u>

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

COMPLIANCE SECTION



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

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CERTIFIED PUBLIC ACCOUNTANTS

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Member:
American Institute of CPAs
South Carolina Association of CPAs

INDEPENDENT AUDITORS' 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, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Burton Fire District's basic financial statements, and have issued our report thereon dated January 6, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Burton Fire District'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 Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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.

Compliance and Other Matters

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

Purpose of this Report

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

Crowley Wechsler & Associates LLC

Crowley Wechsler & Associates LLC
January 6, 2016

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