

DAUFUSKIE ISLAND FIRE DISTRICT

**Financial Statements
for the Year Ended
June 30, 1999**

DAUFUSKIE ISLAND FIRE DISTRICT

Table of Contents

	Page
Report of Independent Certified Public Accountants	2
Combined Balance Sheets	4
Combined Statement of Revenue, Expenditures and Changes in Fund Balances, All Governmental Fund Types	5-6
Combined Statement of Revenue, Expenditures and Changes in Fund Balances, Budget and Actual-General Fund	7-8
Notes to Financial Statements	9-15
Schedule of Changes in General Fixed Assets	16
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	17

Chris Morris & Associates, PC

Certified Public Accountants

4229 First Avenue, Suite C
Tucker, GA 30084
(770) 493-7578

P.O. Box 2544
Lilburn, GA 30226-2544
FAX (770) 491-7290

Report of Independent Certified Public Accountants

The Honorable Board of Commissioners
Daufuskie Island Fire District
Daufuskie Island, South Carolina

We have audited the accompanying general purpose financial statements of the Daufuskie Island Fire District as of and for the year ended June 30, 1999. These general purpose financial statements are the responsibility of Daufuskie Island Fire District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Daufuskie Island Fire District as of June 30, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

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

July 29, 1999

DAUFUSKIE ISLAND FIRE DISTRICT
 Combined Balance Sheets
 All Fund Types & Account Groups
 June 30, 1999

	Governmental Fund Types		Account Groups		Totals (Memorandum Only)	
	General	Debt Service	General Fixed Assets	General Long- Term Debt	June 30,	June 30,
					1999	1998
Assets:						
Cash and investments	\$206,740	--	--	--	\$206,740	\$162,060
Prepaid expense	25,732	--	--	--	25,732	3,030
Restricted -						
Cash (Beaufort County)	(184,336)	(29,175)	--	--	(213,511)	16,047
Tax receivable	6,689	856	--	--	7,545	4,305
Land	--	--	36,048	--	36,048	36,048
Buildings	--	--	930,710	--	930,710	26,967
Construction in process	--	--	--	--	--	811,825
Furniture & fixtures	--	--	19,773	--	19,773	3,985
Office equipment	--	--	4,479	--	4,479	2,758
Computer equipment	--	--	3,800	--	3,800	3,800
General equipment	--	--	170,233	--	170,233	125,258
Motor vehicles	--	--	320,439	--	320,439	320,439
Amount to be provided for retirement of general long-term debt	--	--	--	510,893	510,893	546,990
Total assets	\$54,825	(\$28,319)	\$1,485,482	\$510,893	\$2,022,881	\$2,063,512
Liabilities and Fund Equity:						
Accounts payable	\$4,445	--	--	--	\$4,445	\$4,155
Accrued payroll	10,712	--	--	--	10,712	8,065
Compensated absences payable	--	--	--	1,308	1,308	2,947
Retirement payable	1,842	--	--	--	1,842	1,086
Payroll tax liability	8,755	--	--	--	8,755	3,449
Bonds payable	--	--	--	509,585	509,585	544,043
Total liabilities	25,754	--	--	510,893	536,847	563,745
Fund Equity:						
Investment in general fixed assets	--	--	1,485,482	--	1,485,482	1,331,080
Fund balance:						
Reserved for debt service	--	(28,319)	--	--	(28,319)	(11,821)
Unreserved	29,071	--	--	--	29,071	180,508
Total fund equity	29,071	(28,319)	1,485,482	--	1,486,234	1,499,767
Total liabilities and fund equity	\$54,825	(\$28,319)	\$1,485,482	\$510,893	\$2,022,881	\$2,063,512

The accompanying notes are an integral part of these financial statements.

DAUFUSKIE ISLAND FIRE DISTRICT
Combined Statements of Revenue, Expenditures and Changes in Fund Balances
All Governmental Fund Types

For the Fiscal Year Ended June 30, 1999

	Governmental Fund Types		Totals (Memorandum Only)	
	General	Debt Service	June 30, 1999	June 30, 1998
Revenue:				
Current taxes	\$321,383	\$41,227	\$362,610	\$449,207
Homestead exemption	451	58	509	425
Delinquent taxes	11,351	1,505	12,856	22,965
Automobile taxes	10,042	1,232	11,274	5,994
Penalties	2,716	345	3,061	2,513
Motor carrier tax	259	33	292	21
Interest	4,729	--	4,729	6,661
Contributions	55,000	--	55,000	157,431
Total revenue	405,931	44,400	450,331	645,217
Expenditures:				
Current -				
Salaries	208,078	--	208,078	209,033
Employee insurance	71,088	--	71,088	62,135
Retirement	25,513	--	25,513	9,139
Payroll taxes	18,721	--	18,721	16,803
Employee medical	1,441	--	1,441	997
Liability insurance	11,694	--	11,694	18,333
Repairs and maintenance	11,740	--	11,740	8,801
Dispatch	9,000	--	9,000	9,000
Utilities	3,327	--	3,327	3,050
Fuel and oil	3,655	--	3,655	2,107
Tuition, travel, meals and lodging	5,237	--	5,237	5,352

Uniforms	3,792	--	3,792	2,530
Accounting and legal	9,083	--	9,083	5,780
Telephone	3,429	--	3,429	2,062
Supplies	5,572	--	5,572	3,195
Equipment rental	3,026	--	3,026	2,255
Dues and subscriptions	875	--	875	1,104
Other general and administrative	4,822	--	4,822	3,054
Capital outlay -				
Current expenditures	154,401	--	154,401	820,403
Debt service -				
Principal retirement	--	34,458	34,458	56,200
Interest and fiscal charges	2,874	26,440	29,314	6,698
Bond issuance costs	--	--	--	8,916
Total expenditures	<u>557,368</u>	<u>60,898</u>	<u>618,266</u>	<u>1,256,947</u>
EXCESS OF EXPENDITURES OVER REVENUE	<u>(151,437)</u>	<u>(16,498)</u>	<u>(167,935)</u>	<u>(611,730)</u>
OTHER FINANCING SOURCES:				
Proceeds from general obligation bonds	--	--	--	600,000
Sale of General Fixed Assets	--	--	--	2,998
Total Other Financing Sources	<u>--</u>	<u>--</u>	<u>--</u>	<u>602,998</u>
EXCESS OF EXPENDITURES AND OTHER USES OVER REVENUE AND OTHER FINANCING SOURCES	<u>(151,437)</u>	<u>(16,498)</u>	<u>(167,935)</u>	<u>(8,732)</u>
FUND BALANCES, July 1	<u>180,508</u>	<u>(11,821)</u>	<u>168,687</u>	<u>177,419</u>
FUND BALANCES, June 30	<u><u>\$29,071</u></u>	<u><u>(\$28,319)</u></u>	<u><u>\$752</u></u>	<u><u>\$168,687</u></u>

The accompanying notes are an integral part of these financial statements.

DAUFUSKIE ISLAND FIRE DISTRICT
Combined Statement of Revenue, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund

For the Fiscal Year Ended June 30, 1999

	General Fund		Variance- Favorable (Unfavorable)
	Actual	Budget	
Revenue:			
Taxes - Beaufort County Treasurer	\$346,202	\$474,000 *	(\$127,798)
Interest	4,729	--	4,729
Contributions	55,000	--	55,000
Total revenue	405,931	474,000	(68,069)
Expenditures:			
Current -			
Salaries	208,078	258,200	50,122
Employee insurance	71,088	64,000	(7,088)
Retirement	25,513	28,500	2,987
Payroll taxes	18,721	21,300	2,579
Employee medical	1,441	2,000	559
Liability insurance	11,694	21,600	9,906
Repairs and maintenance	11,740	12,900	1,160
Dispatch	9,000	9,000	--
Utilities	3,327	8,500	5,173
Fuel and oil	3,655	4,500	845
Tuition, travel, meals and lodging	5,237	9,175	3,938
Uniforms	3,792	4,000	208
Accounting and legal	9,083	8,000	(1,083)
Telephone	3,429	2,500	(929)

Supplies	5,572	4,300	(1,272)
Equipment rental	3,026	3,500	474
Dues and subscriptions	875	900	25
Other general and administrative	4,822	11,125	6,303
Capital outlay -			
Current expenditures	154,401 *	--	(154,401)
Debt service -			
Interest and fiscal charges	2,874	--	(2,874)
Total expenditures	<u>557,368</u>	<u>474,000</u>	<u>(83,368)</u>
EXCESS OF EXPENDITURES AND OTHER USES OVER REVENUE AND OTHER FINANCING SOURCES	(151,437)	--	(151,437)
FUND BALANCES, July 1	<u>180,508</u>	<u>--</u>	<u>180,508</u>
FUND BALANCES, June 30	<u>\$29,071</u>	<u>--</u>	<u>\$29,071</u>

* The County approved capital expenditures of \$154,401, but this is not included in the budget.

The accompanying notes are an integral part of these financial statements.

DAUFUSKIE ISLAND FIRE DISTRICT

Notes to Financial Statements
June 30, 1999

Note 1 - Summary of Significant Accounting Policies

The Daufuskie Island Fire District (The Fire District) was created by Beaufort County in 1988. The charter was put into effect in April 1989. The Fire District is governed by seven board members appointed by the Beaufort County Council.

The Daufuskie Island Fire District accounts for its financial position and results of operations in accordance with Generally Accepted Accounting Principles (GAAP) applicable to governmental units, and accordingly utilizes the encumbrance method of accounting and reporting. The Fire District also applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Accordingly, Daufuskie Island Fire District uses several funds and account groups which are described below.

A. Governmental Fund Types and Account Groups

A fund or account group is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. Daufuskie Island Fire District maintains the following fund types and account groups:

1. **Governmental Fund Types**, that include the General Fund and Debt Service Fund, are used to record the general operations of Daufuskie Island Fire District.

General Fund - The General Fund is the general operating fund of Daufuskie Island Fire District. It is used to account for all financial resources and expenditures not pertaining to the service of debt.

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

2. **General fixed assets and general long-term debt account groups** are used to account for property and equipment and long-term debt of governmental funds.

The two account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

B. Basis of Accounting

The Fire District maintains the modified accrual method of accounting. Under the modified accrual method, revenues are recognized when available and measurable. Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. Expenditures are recorded when the liability is incurred.

DAUFUSKIE ISLAND FIRE DISTRICT

Notes to Financial Statements
June 30, 1999

**Note 1 - Summary of Significant Accounting Policies
(continued)**

Major revenue sources susceptible to accrual include: property taxes and interest income.

C. Fixed Assets

Property, plant and equipment used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Asset Account Group and are not depreciated. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

D. Long-Term Debt

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

E. Totals (Memorandum Only) Columns

The combined financial statements include total columns that aggregate the financial statements of the various fund types and account groups. The columns are designated "memorandum only" because the totals are not comparable to a consolidation in that inter-fund transactions are not eliminated.

F. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Fire District's financial position and operations. However, comparative (i.e., presentation of the prior year totals by fund type) data have not been presented in the General Fund statement because their inclusion would make the statement unduly complex and difficult to read.

G. Budgets and Budgetary Accounting

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

1. Prior to May 15, the Fire Chief submits to the Fire District Board of Commissioners a proposed operating budget for the fiscal year commencing on the following July 1. The operating budget includes proposed expenditures and means of financing them.
2. After adoption by the Board of Commissioners, the budget is submitted to Beaufort County Council for approval prior to May 15.

DAUFUSKIE ISLAND FIRE DISTRICT

Notes to Financial Statements
June 30, 1999

Note 1 - Summary of Significant Accounting Policies
(continued)

3. Public hearings are conducted by Beaufort County Council to obtain taxpayer comments.
4. Prior to July 1, the budget is legally enacted through the passage of an ordinance.
5. The Fire Chief, upon approval of the Board of Commissioners, is authorized to transfer budgeted amounts between line items within the funds of the Fire District. This is accomplished through the mid-year review process of the budget procedure.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund.
7. The budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP).

H. Encumbrances

Encumbrance accounting is used for the General Fund. Encumbrances are recorded when purchase orders are issued but are not considered expenditures until liabilities for payments are incurred. Encumbrances lapse at the close of the fiscal year.

I. Tax Collection

Daufuskie Island Fire District is a component unit of Beaufort County, South Carolina, and as such, Beaufort County is responsible for collecting taxes for Daufuskie Island Fire District and for holding the cash for Daufuskie Island Fire District. Beaufort County then remits taxes to the Fire District from time to time, based on budgets approved by the Fire District's Council. Receipts received on behalf of the debt service fund are maintained in a restricted cash account by the County and expended for debt servicing on behalf of the Fire District.

Additional revenue is maintained by the County on behalf of the Fire District and is recorded in the "Restricted Cash" and "Taxes Receivable" accounts. Receipts received on behalf of the debt service fund are maintained in a restricted cash account by the County and expended for debt servicing on behalf of the Fire District.

Note 2 - Pension Costs

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

All full-time employees are eligible for and must become members of the Police Officer's Retirement System. Participants in the defined benefit plan vest after five years of plan participation. Employees defer a portion of their salary until termination, retirement, death or financial hardship. Retirement

DAUFUSKIE ISLAND FIRE DISTRICT

Notes to Financial Statements
June 30, 1999

Note 2 - Pension Costs (continued)

age is 55 with five years of service or 25 years of credited service. Disability benefits are available with five years of credited service unless the injury is job related. The normal cost is funded by contributions from the members at a rate of 6.5% of salary. The Fire District's share of normal cost is based on 10.3% of the participants' wages. No past service costs are assessed against the Fire District.

The Fire District's total payroll in fiscal year 1999 was \$208,078 while contributions were based on a payroll of \$229,812. Daufuskie Island Fire District was required to contribute \$23,670 while the employees contributed \$13,702 for fiscal year 1999.

Note 3 - Related Party Transactions

The Fire District is a component unit of Beaufort County, South Carolina, and it receives the major portion of its revenues through taxes assessed by the County. Additionally, the County appoints the Commissioners that oversee the Fire District, and the County provides all payroll tax services for the Fire District.

Note 4 - Debt Service Fund

During the year ended June 30, 1999, Beaufort County collected money to be used by the Fire District to pay its debt service on the outstanding First Wachovia bond. These funds are held in escrow by the County and are reported in the Debt Service Fund.

The Fire district's general obligation debt is limited by law to eight percent of the total assessed value of all taxable real and personal property of the Fire District. The latest projected assessed value as of June 30, 1999, was \$12,033,938. The computation of legal debt limits is as follows:

General obligation debt limit (\$12,033,938 x 8%)	\$962,715
General obligation debt at June 30, 1999	<u>509,585</u>
Excess of debt limit over general obligation debt	<u>\$453,130</u>

Note 5 - General Long-Term Debt

General Obligation Bond:

\$600,000 General Obligation Bond,
due in annual installments of \$60,898
through June 1, 2010. Payments include
interest of 4.86%, unsecured.

\$509,585

The General Obligation Bond is with Wachovia Bank of South Carolina, N.A. Their covenants require an annual governmental audit (yellow book) with both a complete report and an internal controls report. The bond is unsecured,

DAUFUSKIE ISLAND FIRE DISTRICT

Notes to Financial Statements
June 30, 1999

Note 5 - General Long-Term Debt (continued)

except by a promise to levy taxes for payment of the debt, and for a promise for Beaufort County to levy taxes should Daufuskie Island Fire District not be able to levy adequate taxes to service the debt. The bond was issued on April 1, 1998.

The total annual requirements to pay all debt outstanding as of June 30, 1999, including estimated interest are as follows:

Year(s) ended <u>June 30,</u>	Total Bond <u>Requirements</u>
2000	\$ 60,898
2001	60,898
2002	60,898
2003	60,898
2004	<u>60,898</u>
Total debt service over next 5 years	<u>304,490</u>
2005-2009	304,490
2010	<u>60,898</u>
Total debt service requirements beyond the next 5 years	<u>365,388</u>
Total debt service requirements	<u>\$669,878</u>

Note 6 - Cash

During the year ended June 30, 1999, Beaufort County collected money to be used by the Fire District for its future debt service. These funds are held in escrow by the County and are reported in the Debt Service Fund.

Note 7 - Compensated Absences

Full-time permanent employees are granted annual vacation benefits in varying amounts depending on tenure.

The estimated current portion of the liability for vested vacation benefits attributable to the Fire District's governmental fund is recorded as an expenditure and liability in the respective funds. The long-term portion is recorded in the General Long-Term Debt Account Group.

Note 8 - Tax Receivable

Beaufort County collects property taxes on behalf of Daufuskie Island Fire District. The property taxes are transferred to the general fund based on budgeted revenues. Additional receipts are maintained by the County on behalf

DAUFUSKIE ISLAND FIRE DISTRICT

Notes to Financial Statements
June 30, 1999

Note 8 - Tax Receivable (continued)

of the Fire District. Receipts received on behalf of the debt service fund are maintained in a restricted cash account by the County and expended for debt servicing on behalf of the Fire District.

During the year, Beaufort County accrued a receivable for delinquent taxes to be collected on behalf of the Fire District to pay its general fund and debt service fund on the General Obligation Bond. These funds were received within 60 days after June 30 and escrowed by the County and the revenues are reported in the General and Debt Service funds as tax receivable.

Note 9 - Claims and Judgements

The Fire District's losses are covered by commercial insurance for all major programs. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 10 - Impact Fund

Beaufort County created an Impact Fund for Daufuskie Island Fire District. This fund was set up to collect revenues from taxpayers for capital projects, such as construction of fire stations or acquisition of fire trucks. In order to access this fund, a request must be made to Beaufort County by Daufuskie Island Fire District. To date, no expenditures have been made out of this fund.

Note 11 - Contributions from Local Businesses

Local businesses on Daufuskie Island entered a pact with Beaufort County, whereby the businesses would pay \$140,000 in fiscal year 1996 to Beaufort County, and \$100,000 each year for several years thereafter, as a contribution toward the improvement of the Fire District.

The agreement is between the contractors and Beaufort County. Yet, Beaufort County has separately entered into an agreement with the Fire District to fund a fire station and fire trucks, regardless of the certainty of the contributions from the contractors. In addition, the majority of the funds contributed to the Fire District have already been spent or are in the process of being committed toward the construction of a fire station and the purchase of fire equipment. Since the Fire District is a component unit of Beaufort County, and since the County has contributed funds to the Fire District toward these acquisitions, we have recorded funds that have been committed to the Fire District as revenue when they are both available and measurable.

The developers contributed \$140,000 in 1996, \$100,000 in 1997, \$75,000 in 1998, and \$55,000 in 1999. Future contributions to Beaufort County may not be collectable. Beaufort County, in return, has contributed not only the funds received from the developers to Daufuskie Island Fire District, but has also contributed an additional \$121,569 in fiscal year 1997 towards the acquisition of a fire truck, and \$204,000 toward the acquisition of a fire station in fiscal year 1998.

DAUFUSKIE ISLAND FIRE DISTRICT

Notes to Financial Statements
June 30, 1999

Note 12 - Leases

The Fire District leases land and equipment under operating leases with unexpired terms of from one to three years. Total rental expense for leases amounted to \$2,255 and \$3,026 in fiscal years 1998 and 1999, respectively.

Minimum annual rentals for operating leases in effect at June 30, 1999, are listed below. There were no capital leases outstanding on June 30, 1999.

<u>Fiscal Year</u>	<u>Equipment</u>
2000	\$ 372
2001	-
2002	-
2003	-
2004 and thereafter	-
	<u>\$ 372</u>

DAUFUSKIE ISLAND FIRE DISTRICT
Schedule of Changes in General Fixed Assets

	Balance <u>June 1, 1998</u>	Plus: <u>Additions</u>	Less: <u>Disposals & Adjustments</u>	Balance <u>June 30, 1999</u>
Land	\$ 36,048	\$ -	\$ -	\$ 36,048
Buildings	26,968	903,742	-	930,710
Construction in Process	811,825	-	(811,825)	-
Furniture & Fixtures	3,985	15,788	-	19,773
Computer Equipment	3,800	-	-	3,800
Office Equipment	2,758	1,721	-	4,479
Motor Vehicles	320,439	-	-	320,439
Fire Fighter Equipment	<u>125,258</u>	<u>44,975</u>	<u>-</u>	<u>170,233</u>
Total	<u>\$1,331,081</u>	<u>\$966,226</u>	<u>\$(811,825)</u>	<u>\$1,485,482</u>

Chris Morris & Associates, PC

Certified Public Accountants

4229 First Avenue, Suite C
Tucker, GA 30084
(770) 493-7578

P.O. Box 2544
Lilburn, GA 30226-2544
FAX (770) 491-7290

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Board of Commissioners
Daufuskie Island Fire District
Daufuskie Island, South Carolina

We have audited the general purpose financial statements of Daufuskie Island Fire District, South Carolina, as of and for the year ended June 30, 1999, and have issued our report thereon dated July 29, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Daufuskie Island Fire District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Daufuskie Island Fire District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. (However, we noted other matters involving the internal control over financial reporting that we have reported to management of Daufuskie Island Fire District in a separate letter dated July 29, 1999.)

This report is intended solely for the information and use of the audit committee, management, others within the organization, County Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Tucker, GA
July 29, 1999