

Sheldon  
Fire  
District

6/30/91

MIMS, TRASK, MELLEN & CO., P.A.  
603 Scotts Street  
Beaufort, SC 29902

**SHELDON TOWNSHIP FIRE DISTRICT**  
**ANNUAL AUDIT REPORT**  
**FOR YEAR ENDED JUNE 30, 1991**

SHELDON TOWNSHIP FIRE DISTRICT

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FOR THE YEAR ENDED JUNE 30, 1991

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# MIMS, TRASK, MELLEN & CO., P.A.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Sheldon Township Fire District  
Sheldon, South Carolina

We have audited the accompanying general purpose financial statements of the Sheldon Township Fire District, South Carolina, as of June 30, 1991, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of Sheldon Township 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 general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Sheldon Township Fire District, South Carolina, as of June 30, 1991, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

*Mims, Trask, Mellen & Co.*  
Mims, Trask, Mellen & Co., P.A.

October 31, 1991

SHELDON TOWNSHIP FIRE DISTRICT  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS

	<u>Governmental Fund Types General Fund</u>	<u>Account Groups General Fixed Assets</u>	<u>Totals (Memorandum Only)</u>
<b>ASSETS</b>			
Cash-Unrestricted	\$ 45,413	\$	\$ 45,413
Due from Beaufort County	24,803		24,803
Prepaid Insurance	2,590		2,590
Land and Buildings		70,013	70,013
Vehicles		129,232	129,232
Fire Fighting Equipment		130,400	130,400
Well		527	527
<b>TOTAL ASSETS</b>	<u>\$ 72,806</u>	<u>\$ 330,172</u>	<u>\$ 402,978</u>
 <b>LIABILITIES &amp; FUND EQUITY</b>			
Liabilities:			
Accounts Payable	\$ 2,712	\$	\$ 2,712
Accrued Interest Payable	615		615
Accrued Federal & State Withholding	312		312
Accrued Payroll Taxes			
Notes Payable - SC National Bank	<u>25,000</u>		<u>25,000</u>
<b>Total Liabilities</b>	<u>28,639</u>	<u>-0-</u>	<u>28,639</u>
 Fund Balance:			
Investment in Fixed Assets		330,172	330,172
Fund Balances Unreserved	<u>44,167</u>		<u>44,167</u>
<b>Total Fund Balance</b>	<u>44,167</u>	<u>330,172</u>	<u>374,339</u>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<u>\$ 72,806</u>	<u>\$ 330,172</u>	<u>\$ 402,978</u>

See Accompanying Notes and Accountants' Report.

SHELDON TOWNSHIP FIRE DISTRICT  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES & CHANGES  
 IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 1991

Revenues

Taxes	\$ 152,805
Interest	1,282
Private Contributions	1,018
Miscellaneous	<u>1,586</u>
Total Revenue	<u>156,691</u>

Expenditures

Salaries and Wages	32,862
Retirement	3,399
Payroll Taxes	2,983
Office Supplies & Postage	2,675
Insurance	9,688
Utilities	4,234
Building Maintenance	2,340
Professional	450
Tools and Equipment	21
Operation of Motor Vehicles	11,063
Fire Fighting Equipment and Supplies	11,128
Miscellaneous Supplies	735
Training	-0-
Travel	678
Interest on Debt	4,412
Payment on Substation	<u>-0-</u>
Total Expenditures	<u>86,668</u>
 Excess of Revenues Over (Under) Expenditures	 70,023
Fund Balance, Beginning of Year (Deficit)	<u>( 25,856)</u>
Fund Balance, End of Year	<u>\$ 44,167</u>

See Accompanying Notes and Accountants' Report.

SHELDON TOWNSHIP FIRE DISTRICT  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 1991

	<u>General Fund</u>		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
<b>Revenues:</b>			
Taxes	\$ 128,002	\$ 152,805	\$ 24,803
Interest	1,000	1,282	282
Donations	-0-	1,018	1,018
Miscellaneous	-0-	1,586	1,586
Total Revenue	129,002	156,691	27,689
<b>Expenditures:</b>			
Salaries	33,105	32,862	243
Retirement	3,694	3,399	295
Payroll Taxes	2,584	2,983	( 399)
Office Supplies and Postage	1,600	2,675	( 1,075)
Insurance	13,000	9,688	3,312
Utilities	4,000	4,234	( 234)
Building Repairs and Pest Control	1,700	2,340	( 640)
Professional	250	450	( 200)
Tools and Equipment	125	21	104
Operation of Motor Vehicles	8,250	11,063	( 2,813)
Fire Fighting Equipment, Supplies	10,844	11,128	( 284)
Miscellaneous Supplies	700	735	( 35)
Training	1,000	-0-	1,000
Travel	150	678	( 528)
Debt Reduction (Note H)	30,000	4,412	25,588
Payment on Substation	18,000	-0-	18,000
Total Expenditures	129,002	86,668	42,334
Excess of Revenues Over Expenditures	\$ -0-	70,023	\$ 70,023
Fund Balance July 1, 1990 (Deficit)		( 25,856)	
Fund Balance June 30, 1991		\$ 44,167	

See Accompanying Notes and Accountants' Report.

SHELDON TOWNSHIP FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1991

NOTE A      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

1.      Basis of Presentation - Fund Accounting

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

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

Governmental Funds

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

Account Groups

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

2.      Basis of Accounting

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

3.      Fixed Assets

General fixed assets are recorded at original cost or appraised value for donated assets. No depreciation has been recorded on general fixed assets.



SHELDON TOWNSHIP FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1991

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: Cont'd

4. Fund Balance

The amounts shown in the fund balance section of the Balance Sheet reflects fund balance as defined by "generally accepted accounting principles" in NCGA Statement #1.

5. Total (Memorandum Only) Columns

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

NOTE B RELATED PARTY TRANSACTIONS:

The Fire District has a related party transaction with Beaufort County, South Carolina because it receives the major portion of its revenues through property taxes assessed by Beaufort County.

NOTE C SHORT - TERM DEBT:

Short term debt at June 30, 1991, consisted of the following:

\$25,000, South Carolina National Bank, interest rate 8.50%, due December 31, 1991

NOTE D HISTORY:

The Fire District was established on August 24, 1977, for the purpose of providing fire protection for the residents of Sheldon and surrounding areas.

NOTE E ACCRUED COMPENSATED ABSENCES:

Regular employees who are separated from the Fire District will be paid for all accrued unused vacation hours. The Fire District has no financial liability for its unused sick leave.

The accumulated unpaid vacation earned, but not taken as of June 30, 1991 totaled \$624, based on the number of hours earned but not taken, computed at each employee's pay rate.

SHELDON TOWNSHIP FIRE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 1991

NOTE F PENSION PLAN OBLIGATIONS

Substantially all, Fire District full time, permanent employees are required by law to participate in statewide, multiple-employer public employee retirement systems.(PERS). Generally, all employees, with the exception of law enforcement personnel and limited others, participate in the South Carolina Retirement System (SCRS). Law enforcement personnel and fire fighting employees participate in the South Carolina Police Officers Retirement System (SCPORS). Both are cost-sharing multiple employer PERS.

A summary of plan contribution rates and retirement consideration follows:

<u>CONTRIBUTION INFORMATION:</u>	<u>SCPORS</u>
Total Current Year Payroll	\$ 32,862
Covered Payroll	32,862
Employee Contributions	1,972
Employee Contribution Rate (based upon salary)	6.0
Employer Contributions	3,399
Employer Contribution Rate (based upon salary)	10.7

RETIREMENT BENEFITS: - Retirement benefits of participants in the SCRS and the SCPORS are determined as follows:

SCRS - The retirement benefit at age 65 is generally determined by the following formula:

- (1) Average the 12 highest consecutive quarters of salary
- (2) Multiply the amount by 1.82%
- (3) Add the total of the above (2) steps and multiply times the number of years of credited service.

SCPORS - The retirement benefit at age 55 is generally determined consistent with the aforementioned SCRS formula; except that the average salary is multiplied by 2.14%.

Benefit provisions are established under the authority of Title 9 of the SC code of laws. Both employees and employers are required to contribute to the plan at rates established under authority of Title 9 of the Code of Laws.

SHELDON TOWNSHIP FIRE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 1991

NOTE F PENSION PLAN OBLIGATIONS Cont'd

STATEWIDE PLAN ACTUARIAL INFORMATION - As of July 1, 1990, the following statewide plan actuarial information is provided:  
 (amounts in millions)

	SCRS	SCPORS
Pension benefit obligation	\$ 9,496.7	\$ 808.9
Amortized cost of assets available	6,813.7	666.7
Unfunded Pension Benefit Obligation	\$ 2,683.0	\$ 142.2

The total actual contributions for all employees for the year ended June 30, 1990 are:

	(amounts in millions)	
	SCRS	SCPORS
Employee contributions	\$ 233.2	\$ 26.6
Employer contributions	286.8	43.2

Actuarially determined contribution requirements are equal to the actual contributions made to the systems.

The present value of prospective benefits payable is a measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure, which is an actuarial present value of credited benefits, is intended to help users assess the system funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems. The system does not make separate measurements of assets and benefits payable for individual employers. The Fire District's 1991 contribution represented less than .001% of total contributions to the systems. Retirement costs are funded as accrued to the state system.

Ten year historical trend information is available in the CAFR issued annually by the SC retirement system.

SHELDON TOWNSHIP FIRE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 1991

NOTE G PROPERTY AND EQUIPMENT:

1. Changes in General Fixed Assets - as more fully explained in Note C, the Fire District records its property and equipment at cost. During the year ended June 30, 1991, the following changes in general fixed assets occurred:

	<u>Balance</u> <u>July 1, 1990</u>	<u>Additions</u>	<u>Adjustments &amp;</u> <u>Retirements</u>	<u>Balance</u> <u>June 30, 1991</u>
Land and Buildings \$	70,013	\$	\$	\$ 70,013
Vehicles	126,732	2,500		129,232
Fire Fighting Equipment	123,588	6,812		130,400
Well	<u>527</u>			<u>527</u>
	<u>\$ 320,860</u>	<u>\$ 9,312</u>	<u>\$ -0-</u>	<u>\$ 330,172</u>

NOTE H EXPENDITURES:

During the year ended June 30, 1991, \$26,600 was paid on the principal of a short-term loan from South Carolina National Bank.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
STRUCTURE RELATED MATTERS NOTED IN A FINANCIAL  
STATEMENT AUDIT CONDUCTED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Sheldon Township Fire District  
Sheldon, South Carolina

We have audited the general purpose financial statements of Sheldon Township Fire District, South Carolina, for the year ended June 30, 1991, and have issued our report thereon dated October 31, 1991.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement.

In planning and performing our audit of the general purpose financial statements of Sheldon Township Fire District, South Carolina, for the year ended June 30, 1991, we considered its internal control structure 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 structure.

The management of Sheldon Township Fire District, South Carolina, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

- Accounting Applications
  - Cash Receipts
  - Purchasing
  - Accounts Payable
  - Cash Disbursements
  - Payroll
  - Property and Equipment
  - General Ledger

For all of the control categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. Following is a summary of reportable conditions:

Condition - The budget is not integrated into the accounting system. This condition can lead to overexpenditure of the budget.

Recommendation - The approved budget should be made a part of the accounting system so that comparisons can be made as expenditures are made.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of the Sheldon Township Fire District and management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Mims, Trask, Mellen & Co.*

Mims, Trask, Mellen & Co., P.A.

October 31, 1991

**COMPLIANCE REPORT BASED ON AN AUDIT OF GENERAL  
PURPOSE OR BASIC FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the general purpose financial statements of Sheldon Township Fire District, South Carolina, as of and for the year ended June 30, 1991, and have issued our report thereon dated October 31, 1991.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Sheldon Township Fire District, South Carolina, is the responsibility of Sheldon Township Fire District, South Carolina, management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the Fire District's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that with respect to the items tested, Sheldon Township Fire District, South Carolina complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Fire District had not complied, in all material respects, with those provisions.

This report is intended for the information of the audit committee and management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Mims, Trask, Mellen & Co*  
Mims, Trask, Mellen & Company, P.A.

October 31, 1991