

SHELDON TOWNSHIP FIRE DISTRICT
ANNUAL AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 1999

ISSUED BY

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SHELDON TOWNSHIP FIRE DISTRICT
ANNUAL AUDIT REPORT
FOR YEAR ENDED JUNE 30, 1999

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of the Sheldon Township Fire District as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the 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 and *Governmental 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. 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 accordance with *Governmental Auditing Standards*, we have also issued our report dated October 15, 1999, on our consideration of the Sheldon Township Fire District's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

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 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 made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Sheldon Township Fire District. The information in these schedules has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and in our opinion is fairly stated in all material respects in relation to the financial statements taken as a whole.

Sheldon Township Fire District has not presented the disclosures required by Governmental Accounting Standards Board Technical Bulletin 98-1, "Disclosures About Year 2000 Issues", as amended by Government Accounting Standards Board Technical Bulletin 99-1, that the Governmental Accounting Standards Board has determined are necessary to supplement, although not be a part of, the basic financial statements. In addition, we do not provide assurance that the Sheldon Township Fire District is or will become year 2000 compliant, that the District's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Sheldon Township Fire District does business are or will become year 2000 compliant.

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

Mims, Mellen, Hazel & Co., P.A.
October 15, 1999

SHELDON TOWNSHIP FIRE DISTRICT
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNTS GROUPS
 JUNE 30, 1999

	GOVERNMENTAL FUND TYPES			ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)
	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	
ASSETS						
Cash - Unrestricted	\$ 9,630	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,630
Due from Beaufort County	64,237	9,355	7,552	0	0	81,144
Property Tax Receivable	(12,992)	0	1,661	0	0	(11,331)
Amount Available in Debt Service Fund	0	0	0	0	9,213	9,213
Amount to be Provided for Retirement of Long-Term Debt	0	0	0	0	201,013	201,013
Property and Equipment	0	0	0	890,541	0	890,541
TOTAL ASSETS	\$ 60,875	\$ 9,355	\$ 9,213	\$ 890,541	\$ 210,226	\$ 1,180,210
LIABILITIES AND FUND BALANCES						
Liabilities						
Accrued Payroll Taxes	\$ 5,582	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,582
Accrued Retirement Payable	2,929	0	0	0	0	2,929
Notes Payable	0	0	0	0	210,226	210,226
Total Liabilities	8,511	0	0	0	210,226	218,737
Fund Balances						
Investment in General Fixed Assets	0	0	0	890,541	0	890,541
Designated	0	0	9,213	0	0	9,213
Undesignated	52,364	9,355	0	0	0	61,719
Total Fund Balances	52,364	9,355	9,213	890,541	0	961,473
TOTAL LIABILITIES AND FUND BALANCES	\$ 60,875	\$ 9,355	\$ 9,213	\$ 890,541	\$ 210,226	\$ 1,180,210

See accompanying notes and accountants' report.

SHELDON TOWNSHIP FIRE DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 1999

	GOVERNMENTAL FUND TYPES			TOTALS (MEMORANDUM ONLY)
	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	
REVENUES				
Taxes	\$ 346,493	\$ 0	\$ 48,067	\$ 394,560
Interest	535	239	0	774
Penalties	3,814	0	496	4,310
Merchants Inventory	253	0	0	253
Donated Equipment	0	0	0	0
Motor Carrier Payments	211	0	29	240
Miscellaneous	3,182	0	0	3,182
Fire Impact Fees	0	5,410	0	5,410
Total Revenues	<u>354,488</u>	<u>5,649</u>	<u>48,592</u>	<u>408,729</u>
EXPENDITURES				
Current				
Public Safety	368,936	0	0	368,936
Capital Outlay	188,256	0	0	188,256
Debt Service	0	0	48,534	48,534
Total Expenditures	<u>557,192</u>	<u>0</u>	<u>48,534</u>	<u>605,726</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(202,704)</u>	<u>5,649</u>	<u>58</u>	<u>(196,997)</u>
OTHER FINANCING SOURCES (USES)				
Bank Loans	<u>172,103</u>	<u>0</u>	<u>0</u>	<u>172,103</u>
Total Other Financing Sources (Uses)	<u>172,103</u>	<u>0</u>	<u>0</u>	<u>172,103</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(30,601)</u>	<u>5,649</u>	<u>58</u>	<u>(24,894)</u>
Fund Balances, Beginning of Year	<u>82,965</u>	<u>3,706</u>	<u>9,155</u>	<u>95,826</u>
Fund Balances, End of Year	<u>\$ 52,364</u>	<u>\$ 9,355</u>	<u>\$ 9,213</u>	<u>\$ 70,932</u>

See accompanying notes and accountants' report.

SHELDON TOWNSHIP FIRE DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 1999

	GENERAL FUND			DEBT SERVICE FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES						
Taxes	\$ 356,060	\$ 346,493	\$(9,567)	\$ 46,900	\$ 48,067	\$ 1,167
Interest	0	535	535	0	0	0
Penalties	0	3,814	3,814	0	496	496
Merchants Inventory	0	253	253	0	0	0
Donated Equipment	0	0	0	0	0	0
Motor Carrier Payments	0	211	211	0	29	29
Miscellaneous	0	3,182	3,182	0	0	0
Total Revenues	<u>356,060</u>	<u>354,488</u>	<u>(1,572)</u>	<u>46,900</u>	<u>48,592</u>	<u>1,692</u>
EXPENDITURES						
Current						
Public Safety	377,114	368,936	8,178	0	0	0
Debt Service	0	0	0	49,400	48,534	866
Capital Outlay	179,903	188,256	(8,353)	0	0	0
Total Expenditures	<u>557,017</u>	<u>557,192</u>	<u>(175)</u>	<u>49,400</u>	<u>48,534</u>	<u>866</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(200,957)</u>	<u>(202,704)</u>	<u>(1,747)</u>	<u>(2,500)</u>	<u>58</u>	<u>2,558</u>
OTHER FINANCING SOURCES (USES)						
Bank Loans	172,103	172,103	0	0	0	0
Total Other Financing Sources (Uses)	<u>172,103</u>	<u>172,103</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(28,854)</u>	<u>(30,601)</u>	<u>(1,747)</u>	<u>(2,500)</u>	<u>58</u>	<u>2,558</u>
Fund Balance, Beginning of Year	<u>82,965</u>	<u>82,965</u>	<u>0</u>	<u>9,155</u>	<u>9,155</u>	<u>0</u>
Fund Balance, End of Year	<u>\$ 54,111</u>	<u>\$ 52,364</u>	<u>\$(1,747)</u>	<u>\$ 6,655</u>	<u>\$ 9,213</u>	<u>\$ 2,558</u>

See accompanying notes and accountants' report.

SHELDON TOWNSHIP FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 1 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:

A. NATURE OF ACTIVITIES

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

B. REPORTING ENTITY

Generally accepted accounting principles, as established by the Governmental Accounting Standards Board, require that the financial reporting entity's financial statements include the financial operation of the primary government organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The basic criteria for including organizations as component units within the reporting entity include legal separation of the organization, selection of governing authority, designation of management, ability to influence operations, accountability for fiscal matters, and financial interdependency. Based on the above reporting criteria, all activities or organizations considered to be part of the Sheldon Township Fire District are included in the financial statements.

C. 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. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. 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.

1. Governmental Funds

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

SHELDON TOWNSHIP FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. BASIS OF PRESENTATION - FUND ACCOUNTING - Continued

1. Governmental Funds - Continued

Special Revenue Fund - Special Revenue Funds are used to account for the specific revenue sources that are legally restricted to expenditures for specific purposes. This fund is used to account for fire impact fees assessed on new development and will be expended on major capital acquisitions.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for and the payment of general long-term debt.

2. Account Groups

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheets.

Sheldon Township Fire District's reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

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

General Fixed Assets Account Group -- This group of accounts is established to account for all fixed assets of the Fire District. Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings and equipment (e.g. roadways, pathways, etc.) are not capitalized along with other general fixed assets. No depreciation is provided on general fixed assets.

General Long-Term Debt Account Group -- This group of accounts is established to account for all long-term obligations of the Fire District. Long-term liabilities expected to be repaid from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

SHELDON TOWNSHIP FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. BASIS OF ACCOUNTING

The Sheldon Township 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 and interest on long-term debt are considered to be expenditures when paid.

E. BUDGETS AND BUDGETARY ACCOUNTING

The Sheldon Township Fire District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to May 1, the commission submits to the Beaufort County Council a proposed operating budget for its General Fund for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the County levies taxes to meet the approved expenditures.
2. Public hearings are conducted to obtain taxpayer comments as required by Section 4-9-130 of the South Carolina statutes.
3. Prior to July 1, the budget is legally enacted through passage of an ordinance.
4. The Treasurer is authorized to transfer budgeted amounts between accounts within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the County Council. It is unlawful to expend or contract for an expenditure in any fiscal year more than the amount budgeted in each fund pursuant to Section 4-9-140 of the South Carolina statutes.
5. Revenues in excess of the current budget ordinance may be expended as directed by the revenue source or for the express purpose for which the funds were generated without further approval by the County Council.

F. 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 and interest is not capitalized.

G. LONG-TERM DEBT

Long-term debt for the General Fund is included in the Long-term Debt Account Group.

SHELDON TOWNSHIP FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999

H. FUND BALANCES

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.

I. ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principals requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

J. TOTALS (MEMORANDUM ONLY) COLUMNS

In the accompanying financial statements, the "Totals (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 2 CASH

The Sheldon Township Fire District maintains cash balances in a local bank and is fully covered by FDIC insurance.

NOTE 3 DUE FROM BEAUFORT COUNTY

The 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 institutions in the County's name.

SHELDON TOWNSHIP FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 4 PROPERTY AND EQUIPMENT

Changes in General Fixed Assets - As more fully explained in Note 1, the Sheldon Township Fire District records its property and equipment at cost. During the year ended June 30, 1999, the following changes in general fixed assets occurred:

	Balance <u>June 30, 1998</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 1999</u>
Land and Buildings	\$ 196,038	\$ 0	\$ 0	\$ 196,038
Vehicles	298,783	185,327	0	484,110
Office Equipment	4,382	3,374	0	7,756
Fire Fighting Equipment	194,088	8,022	0	202,110
Well	<u>527</u>	<u>0</u>	<u>0</u>	<u>527</u>
Total	<u>\$ 693,818</u>	<u>\$196,723</u>	<u>\$ 0</u>	<u>\$ 890,541</u>

NOTE 5 ACCRUED COMPENSATED ABSENCES

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

No provision for compensated absences has been recorded. The amount is insignificant to the overall financial statements.

NOTE 6 PENSION PLAN OBLIGATION

The Fire District participates in the South Carolina Retirement System. The South Carolina Retirement System is a cost-sharing multi-employer defined benefit pension plan administered by the Retirement Division of the State Budget and Control Board.

Both employees and employers are required to contribute to the plan under authority of Title 9 of the South Carolina Code of Laws. All employers contribute at the actuarially required contribution rates. A summary of the required contribution rates and the amounts contributed to the plan follows:

**SOUTH CAROLINA POLICE OFFICERS
CONTRIBUTION INFORMATION:**

	<u>1997</u>	<u>1998</u>	<u>1999</u>
Total Current Year Payroll	\$ 176,111	\$ 201,942	\$ 238,487
Covered Payroll	166,526	182,143	216,587
Employee Contributions	10,824	11,761	14,078
Employee Contribution Rate (based upon salary)	6.5%	6.5%	6.5%
Employer Contributions	17,152	18,761	22,309
Employer Contribution Rate (based upon salary)	10.3%	10.3%	10.3%
Death Benefit Contributions	666	729	866
Death Benefit Contributions Rate (based upon salary)	.4%	.4%	.4%

SHELDON TOWNSHIP FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 6 PENSION PLAN OBLIGATION - Continued

The South Carolina Police Officers Retirement System offers retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits, and survivor benefits. The plan's provisions are established under Title 9 of the South Carolina Code of Laws.

A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System is issued and publicly available by writing the South Carolina Retirement System, Post Office Box 11970, Columbia, South Carolina 29211-1970.

NOTE 7 LONG-TERM DEBT

Long-term debt at June 30, 1999, consisted of the following:

	<u>BALANCE</u>
1. \$60,359, BB&T Leasing Corporation, payable at \$10,839 per year including interest at a rate of 5.39% with payments due each August 31 until final payment on August 31, 2000. Collateralized by 1995 Ford with Ranger Rescue body.	\$ 25,135
2. \$172,103, BB&T Leasing Corporation, payments of \$22,407 due July annually including interest of 5.11% that balloons on year 2005. Collateralized by pumper fire truck.	172,103
3. \$52,020, BB&T, interest at a rate of 5.1% with principal payment of \$7,431.43 due each January, interest adjusted annually at maturity. Collateralized by 1975 FMC Pumper.	<u>12,988</u>
Total	<u>\$ 210,226</u>

SHELDON TOWNSHIP FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 7 LONG-TERM DEBT - Continued

Changes in Long-Term Debt:

	<u>Balance</u> <u>June 30, 1998</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 1999</u>
BB&T Leasing Corporation	\$ 38,097	\$ 0	\$ 12,962	\$ 25,135
BB&T Leasing Corporation	0	172,103	0	172,103
BB&T Note Payable	26,604	0	26,604	0
BB&T Note Payable	<u>22,296</u>	<u>0</u>	<u>9,308</u>	<u>12,988</u>
Total	<u>\$ 86,997</u>	<u>\$ 172,103</u>	<u>\$ 48,874</u>	<u>\$ 210,226</u>

The total requirements to pay the notes payable as of June 30, 1999, including interest payments, are as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$ 7,431	\$ 758	\$ 8,189
2001	<u>5,557</u>	<u>283</u>	<u>5,840</u>
Total	<u>\$ 12,988</u>	<u>\$ 1,041</u>	<u>\$ 14,029</u>

The Fire District has entered into various lease purchase agreements to purchase fire truck and equipment with a lease term of five to seven years. The following is a schedule of future minimum lease payments under Capital Leases, together with the present value of net minimum lease payments at June 30, 1999.

<u>Year Ended June 30</u>	<u>Amount</u>
2000	\$ 36,807
2001	35,247
2002	22,407
2003	22,407
2004	22,407
Thereafter	<u>105,710</u>
Total Minimum Lease Payments	\$ 244,985
Less Amount Representing Interest	<u>(47,747)</u>
Net Present Value of Minimum Lease Payments	<u>\$ 197,238</u>

The following is an analysis of property under capital leases included in the General fixed asset account group at June 30, 1999.

1995 Ford with Ranger Rescue Body	\$ 60,359
1999 KME Cab and Chassis Fire Truck	<u>185,237</u>
	<u>\$245,596</u>

SHELDON TOWNSHIP FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 8 DEBT LIMITATION

The Sheldon Township Fire District's general obligation debt is limited by law to eight percent of the total assessed value. As of March, 1999 the assessed value was \$15,484,324. The computation of legal debt limit is as follows:

Assessed value (\$15,484,324 X 8%)	\$ 1,238,746
General obligation debt at June 30, 1999	<u>(0)</u>
Excess of debt limit over general obligation debt	<u>\$ 1,238,746</u>

NOTE 9 DESIGNATED FUND BALANCE

The designated fund balance in the debt service fund is for the payment of principal and interest on long-term debt.

NOTE 10 RISK MANAGEMENT

The Fire District is exposed to various types of risk of loss and maintains elements of both self-insurance and purchased insurance policies divided into coverage of workers' compensation, property and casualty, and employee health insurance. 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.

Several state funds accumulate assets and the State of South Carolina itself assumes substantially all risks for the following:

1. Claims of covered public employees for health and dental insurance benefits (Office of Insurance Services),
2. Claims of covered public employees for long-term disability and group-life insurance benefits (Retirement System), and
3. Property and casualty insurance on buildings, equipment, and vehicles owned by the Fire District as well as tort liability on Fire District employees (South Carolina Insurance Fund).

The Fire District 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.

In management's opinion, supplemental premium assessments, if any, would not be significant enough to have a material adverse effect on the financial position of the Fire District.

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

SHELDON TOWNSHIP FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 11 RELATED PARTY TRANSACTIONS

The Sheldon Township 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.

SUPPLEMENTAL
INFORMATION
SECTION

SHELDON TOWNSHIP FIRE DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 1999

		GENERAL FUND		
		BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Taxes		\$ 356,060	\$ 346,493	\$(9,567)
Interest		0	535	535
Penalties		0	3,814	3,814
Merchants Inventory		0	253	253
Donated Equipment		0	0	0
Motor Carrier Payments		0	211	211
Miscellaneous		<u>0</u>	<u>3,182</u>	<u>3,182</u>
Total Revenues		<u>356,060</u>	<u>354,488</u>	<u>(1,572)</u>
EXPENDITURES				
Current				
Public Safety				
<u>Acct No.</u>	<u>Description</u>			
8.	Health Insurance	12,300	10,743	1,557
9.	Tort Liability	2,300	2,281	19
10.	Unemployment Insurance	2,000	538	1,462
11.	Workers Compensation	11,000	7,954	3,046
12.	Audit	2,800	2,773	27
13.	Physicals	3,000	2,339	661
14.	Utilities	7,000	6,178	822
15.	Ground Maintenance	500	530	(30)
16.	Building Insurance	650	434	216
17.	Equipment Insurance	8,000	8,183	(183)
18.	Custodial	600	591	9
19.	Building Maintenance and Repair	4,000	3,978	22
20.	Equipment Maintenance and Repair	1,700	1,829	(129)
21.	Membership and Subscriptions	525	500	25
22.	Office Supplies	400	535	(135)
23.	Postage	300	300	0
24.	Printing	700	829	(129)
25.	Telephone	2,500	2,804	(304)
26.	Training	2,000	1,893	107
27.	Uniforms	2,000	2,187	(187)
28.	Vehicle Fuel and Oil	7,000	5,691	1,309
29.	Vehicle Maintenance and Repair	22,854	21,949	905
30.	Fire Prevention	500	494	6
31.	Miscellaneous	<u>2,000</u>	<u>2,863</u>	<u>(863)</u>
Total Operating Expenses		<u>\$ 96,629</u>	<u>\$ 88,396</u>	<u>\$ 8,233</u>

See accountants' report.

SHELDON TOWNSHIP FIRE DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - GENERAL FUND - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 1999

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
Personnel			
<u>Acct No. Description</u>			
1. Salaries and Wages Full-Time	\$ 218,374	\$ 218,640	\$(266)
2. Salaries and Wages Part-Time	18,246	18,261	(15)
3. Overtime (Extra Shifts)	1,500	1,587	(87)
4. Volunteer Per Diem	1,500	1,500	0
5. Medicare	3,453	3,458	(5)
6. FICA	14,764	14,786	(22)
7. Retirement	<u>22,648</u>	<u>22,308</u>	<u>340</u>
Total Personnel	<u>280,485</u>	<u>280,540</u>	<u>(55)</u>
Total Public Safety	<u>377,114</u>	<u>368,936</u>	<u>8,178</u>
Capital Outlay			
32. Fire Fighting Equipment	<u>179,903</u>	<u>188,256</u>	<u>(8,353)</u>
Total Capital Outlay	<u>179,903</u>	<u>188,256</u>	<u>(8,353)</u>
Total Expenditures	<u>557,017</u>	<u>557,192</u>	<u>(175)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(200,957)</u>	<u>(202,704)</u>	<u>(1,747)</u>
OTHER FINANCING SOURCES (USES)			
Bank Loans	<u>172,103</u>	<u>172,103</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>172,103</u>	<u>172,103</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(28,854)</u>	<u>(30,601)</u>	<u>(1,747)</u>
Fund Balances, Beginning of Year	<u>82,965</u>	<u>82,965</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 54,111</u>	<u>\$ 52,364</u>	<u>\$(1,747)</u>

See accountants' report.

SHELDON TOWNSHIP FIRE DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 1999

	DEBT SERVICE FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes	\$ 46,900	\$ 48,067	\$ 1,167
Penalties	0	496	496
Motor Carrier Payments	0	29	29
Total Revenues	46,900	48,592	1,692
EXPENDITURES			
Debt Service			
Principal	44,954	44,211	743
Interest	4,446	4,323	123
Total Debt Service	49,400	48,534	866
Excess (Deficiency) of Revenues Over Expenditures	(2,500)	58	2,558
Fund Balance, Beginning of Year	9,155	9,155	0
Fund Balance, End of Year	\$ 6,655	\$ 9,213	\$ 2,558

See accountants' report.

COMPLIANCE SECTION

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

To the Board of Commissioners
Sheldon Township Fire District
Sheldon, SC 29941

We have audited the financial statements of Sheldon Township Fire District as of and for the year ended June 30, 1999, and have issued our report thereon dated October 15, 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 Sheldon Township Fire District's 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 statements 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 Sheldon Township Fire District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the 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 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.

This report is intended for the information of the audit committee, management 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.

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

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

October 15, 1999