

SHELDON TOWNSHIP FIRE DISTRICT  
ANNUAL AUDIT REPORT  
FOR THE YEAR ENDED JUNE 30, 2001

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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, 2001, 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 auditing standards generally accepted in the United States of America 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 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, 2001, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated January 2, 2002, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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.

*Mims, Mellen, Hazel & Co., P.A.*  
Mims, Mellen, Hazel & Co., P.A.  
January 2, 2002

SHELDON TOWNSHIP FIRE DISTRICT  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNTS GROUPS  
 JUNE 30, 2001

	GOVERNMENTAL FUND TYPES			ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)
	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	
<b>ASSETS</b>						
Cash - Unrestricted	\$ 985	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 985
Due from Beaufort County	38,929	9,159	6,771	-0-	-0-	54,859
Accounts Receivable	7,027	-0-	606	-0-	-0-	7,633
Amount Available in Debt Service Fund	-0-	-0-	-0-	-0-	6,771	6,771
Amount to be Provided for Retirement of Long-Term Debt	-0-	-0-	-0-	-0-	272,113	272,113
Property and Equipment	-0-	-0-	-0-	1,055,594	-0-	1,055,594
<b>TOTAL ASSETS</b>	<u>\$ 46,941</u>	<u>\$ 9,159</u>	<u>\$ 7,377</u>	<u>\$ 1,055,594</u>	<u>\$ 278,884</u>	<u>\$ 1,397,955</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Notes and Leases Payable	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 278,884	\$ 278,884
<b>Total Liabilities</b>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>278,884</u>	<u>278,884</u>
<b>Fund Balances</b>						
Investment in General Fixed Assets	-0-	-0-	-0-	1,055,594	-0-	1,055,594
Reserved	-0-	-0-	7,377	-0-	-0-	7,377
Unreserved	46,941	9,159	-0-	-0-	-0-	56,100
<b>Total Fund Balances</b>	<u>46,941</u>	<u>9,159</u>	<u>7,377</u>	<u>1,055,594</u>	<u>-0-</u>	<u>1,119,071</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 46,941</u>	<u>\$ 9,159</u>	<u>\$ 7,377</u>	<u>\$ 1,055,594</u>	<u>\$ 278,884</u>	<u>\$ 1,397,955</u>

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, 2001

	GOVERNMENTAL FUND TYPES			TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL	DEBT	
	FUND	REVENUE FUND	SERVICE FUND	
<b>REVENUES</b>				
Taxes	\$ 518,580	\$ -0-	\$ 46,739	\$ 565,319
Interest	-0-	178	-0-	178
Penalties	5,678	-0-	582	6,260
Merchants Inventory	253	-0-	-0-	253
Fire Impact Fees	-0-	5,419	-0-	5,419
Miscellaneous	7,903	-0-	-0-	7,903
<b>Total Revenues</b>	<u>532,414</u>	<u>5,597</u>	<u>47,321</u>	<u>585,332</u>
<b>EXPENDITURES</b>				
Current				
Public Safety	487,408	-0-	-0-	487,408
Capital Outlay	146,267	-0-	-0-	146,267
Debt Service	-0-	-0-	49,390	49,390
<b>Total Expenditures</b>	<u>633,675</u>	<u>-0-</u>	<u>49,390</u>	<u>683,065</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>( 101,261)</u>	<u>5,597</u>	<u>( 2,069)</u>	<u>( 97,733)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of Debt	130,302	-0-	-0-	130,302
Operating Transfers In	-0-	-0-	5,399	5,399
Operating Transfers Out	-0-	( 5,399)	-0-	( 5,399)
<b>Total Other Financing Sources (Uses)</b>	<u>130,302</u>	<u>( 5,399)</u>	<u>5,399</u>	<u>130,302</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	29,041	198	3,330	32,569
Fund Balances, Beginning of Year	<u>17,900</u>	<u>8,961</u>	<u>4,047</u>	<u>30,908</u>
Fund Balances, End of Year	<u>\$ 46,941</u>	<u>\$ 9,159</u>	<u>\$ 7,377</u>	<u>\$ 63,477</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, 2001

	GENERAL FUND			DEBT SERVICE FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES						
Taxes	\$ 490,884	\$ 518,580	\$ 27,696	\$ 49,900	\$ 46,739	\$( 3,161)
Penalties	-0-	5,678	5,678	-0-	582	582
Merchants Inventory	-0-	253	253	-0-	-0-	-0-
Miscellaneous	5,000	7,903	2,903	-0-	-0-	-0-
Total Revenues	<u>495,884</u>	<u>532,414</u>	<u>36,530</u>	<u>49,900</u>	<u>47,321</u>	<u>( 2,579)</u>
EXPENDITURES						
Current						
Public Safety	482,884	487,408	( 4,524)	-0-	-0-	-0-
Debt Service	-0-	-0-	-0-	55,299	49,390	5,909
Capital Outlay	143,302	146,267	( 2,965)	-0-	-0-	-0-
Total Expenditures	<u>626,186</u>	<u>633,675</u>	<u>( 7,489)</u>	<u>55,299</u>	<u>49,390</u>	<u>5,909</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>( 130,302)</u>	<u>( 101,261)</u>	<u>29,041</u>	<u>( 5,399)</u>	<u>( 2,069)</u>	<u>3,330</u>
OTHER FINANCING SOURCES (USES)						
Proceeds of Debt	130,302	130,302	-0-	-0-	-0-	-0-
Operating Transfers In	-0-	-0-	-0-	5,399	5,399	-0-
Operating Transfers Out	-0-	-0-	-0-	-0-	-0-	-0-
Total Other Financing Sources (Uses)	<u>130,302</u>	<u>130,302</u>	<u>-0-</u>	<u>5,399</u>	<u>5,399</u>	<u>-0-</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	-0-	29,041	29,041	-0-	3,330	3,330
Fund Balance, Beginning of Year	<u>17,900</u>	<u>17,900</u>	<u>-0-</u>	<u>4,047</u>	<u>4,047</u>	<u>-0-</u>
Fund Balance, End of Year	<u>\$ 17,900</u>	<u>\$ 46,941</u>	<u>\$ 29,041</u>	<u>\$ 4,047</u>	<u>\$ 7,377</u>	<u>\$ 3,330</u>

See accompanying notes and accountants' report.

SHELDON TOWNSHIP FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2001

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, 2001

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, 2001

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.
6. The budget for Miscellaneous Income and Capital Outlay were increased by \$5,000 for the donation of a car by Beaufort County.

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.

SHELDON TOWNSHIP FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2001

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2001

**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, 2001, the following changes in general fixed assets occurred:

	<u>Balance</u> <u>June 30, 2000</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2001</u>
Land and Buildings	\$ 196,038	\$ 130,302	\$ 0	\$ 326,340
Vehicles	505,742	5,000	0	510,742
Office Equipment	7,755	0	0	7,755
Fire Fighting Equipment	206,418	3,812	0	210,230
Well	527	0	0	527
Total	<u>\$ 916,480</u>	<u>\$ 139,114</u>	<u>\$ 0</u>	<u>\$ 1,055,594</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.

The liability is recorded in the Long-Term Debt account group and includes 15% for employee benefits.

**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>1999</u>	<u>2000</u>	<u>2001</u>
Total Current Year Payroll	\$ 238,487	\$261,450	\$294,347
Covered Payroll	216,587	250,561	291,972
Employee Contributions	14,078	16,285	18,979
Employee Contribution Rate (based upon salary)	6.5%	6.5%	6.5%
Employer Contributions	22,309	25,808	30,073
Employer Contribution Rate (based upon salary)	10.3%	10.3%	10.3%

SHELDON TOWNSHIP FIRE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2001

NOTE 6 PENSION PLAN OBLIGATION - Continued

SOUTH CAROLINA RETIREMENT  
CONTRIBUTION INFORMATION:

	<u>1999</u>	<u>2000</u>	<u>2001</u>
Total Current Year Payroll	\$ 0	\$ 17,810	\$ 18,770
Covered Payroll	0	12,738	18,770
Employee Contributions	0	6.0%	6.0%
Employee Contribution Rate (based upon salary)	0	764	1,126
Employer Contributions	0	6.7%	6.7%
Employer Contribution Rate (based upon salary)	0	853	1,258

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, 2001, consisted of the following:

	<u>BALANCE</u>
\$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.	\$ 143,589
\$130,302, Palmetto State Bank note, due November 17, 2001, interest at 5.19%. Note will be refinanced in November of 2001.	130,302
Compensated Absences	<u>4,993</u>
Total	<u>\$ 278,884</u>

SHELDON TOWNSHIP FIRE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2001

NOTE 7 LONG-TERM DEBT - Continued

Changes in Long-Term Debt:

	Balance			Balance
	June 30, 2000	Additions	Payments	June 30, 2001
BB&T Leasing Corporation	\$ 12,183	\$ 0	\$ 12,183	\$ 0
BB&T Leasing Corporation	157,898	0	14,309	143,589
BB&T Note Payable	11,632	0	11,632	0
Palmetto State Bank	0	<u>130,302</u>	0	<u>130,302</u>
Total	<u>\$ 181,713</u>	<u>\$ 130,302</u>	<u>\$ 38,124</u>	<u>\$ 273,891</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, 2001.

<u>Year Ended June 30</u>	<u>Amount</u>
2002	22,407
2003	22,407
2004	22,407
2005	22,407
2006	22,407
Thereafter	<u>60,303</u>
Total Minimum Lease Payments	\$ 172,338
Less Amount Representing Interest	<u>( 28,749)</u>
Net Present Value of Minimum Lease Payments	<u>\$ 143,589</u>

The following is an analysis of property under capital leases included in the general fixed asset account group at June 30, 2001.

1999 KME Cab and Chassis Fire Truck	<u>\$185,237</u>
	<u>\$185,237</u>

SHELDON TOWNSHIP FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2001

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, 2001 the assessed value was \$15,145,032. The computation of legal debt limit is as follows:

Assessed value (\$15,145,032 X 8%)	\$ 1,211,603
General obligation debt at June 30, 2001	<u>( 143,589)</u>
Excess of debt limit over general obligation debt	<u>\$ 1,068,014</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.

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, 2001

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, 2001

GENERAL FUND			
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
Taxes	\$ 490,884	\$ 518,580	\$ 27,696
Penalties	-0-	5,678	5,678
Merchants Inventory	-0-	253	253
Miscellaneous	5,000	7,903	2,903
Total Revenues	495,884	532,414	36,530
<b>EXPENDITURES</b>			
Current			
Public Safety			
Acct No.	Description		
8.	Health Insurance	20,898	20,333 565
9.	Tort Liability	800	757 43
10.	Unemployment Insurance	2,000	983 1,017
11.	Workers Compensation	8,400	10,388 ( 1,988)
12.	Audit	2,800	2,700 100
13.	Physicals	5,000	4,399 601
14.	Utilities	8,000	8,271 ( 271)
15.	Ground Maintenance	500	851 ( 351)
16.	Building Insurance	1,500	1,046 454
17.	Equipment Insurance	10,500	10,303 197
18.	Custodial	600	708 ( 108)
19.	Building Maintenance and Repair	4,000	4,094 ( 94)
20.	Equipment Maintenance and Repair	2,000	2,030 ( 30)
21.	Membership and Subscriptions	525	525 -0-
22.	Office Supplies	400	464 ( 64)
23.	Postage	400	371 29
24.	Printing	700	882 ( 182)
25.	Telephone	3,500	3,345 155
26.	Training	2,500	2,360 140
27.	Uniforms	3,000	2,942 58
28.	Vehicle Fuel and Oil	7,000	7,832 ( 832)
29.	Vehicle Maintenance and Repair	15,000	29,165 ( 14,165)
30.	Fire Prevention	500	517 ( 17)
31.	Miscellaneous	2,000	2,242 ( 242)
Total Operating Expenses	\$ 102,523	\$ 117,508	\$( 14,985)

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, 2001

		<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
Personnel				
<u>Acct No.</u>	<u>Description</u>			
1.	Salaries and Wages Full-Time	\$ 319,205	\$ 311,078	\$ 8,127
3.	Overtime (Extra Shifts)	2,000	2,038	( 38)
4.	Volunteer Per Diem	1,500	1,500	-0-
5.	Medicare	4,657	4,540	117
6.	FICA	19,915	19,413	502
7.	Retirement	<u>33,084</u>	<u>31,331</u>	<u>1,753</u>
	Total Personnel	<u>380,361</u>	<u>369,900</u>	<u>10,461</u>
	Total Public Safety	<u>482,884</u>	<u>487,408</u>	<u>( 4,524)</u>
Capital Outlay				
32.	Fire Fighting Property and Equipment	<u>143,302</u>	<u>146,267</u>	<u>( 2,965)</u>
	Total Capital Outlay	<u>143,302</u>	<u>146,267</u>	<u>( 2,965)</u>
	Total Expenditures	<u>626,186</u>	<u>633,675</u>	<u>( 7,489)</u>
	Excess (Deficiency) of Revenues Over Expenditures	<u>( 130,302)</u>	<u>( 101,261)</u>	<u>29,041</u>
OTHER FINANCING SOURCES (USES)				
	Proceeds of Debt	<u>130,302</u>	<u>130,302</u>	<u>-0-</u>
	Total Other Financing Sources (Uses)	<u>130,302</u>	<u>130,302</u>	<u>-0-</u>
	Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	-0-	29,041	29,041
	Fund Balances, Beginning of Year	<u>17,900</u>	<u>17,900</u>	<u>-0-</u>
	Fund Balances, End of Year	<u>\$ 17,900</u>	<u>\$ 46,941</u>	<u>\$ 29,041</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, 2001

	DEBT SERVICE FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes	\$ 49,900	\$ 46,739	\$( 3,161)
Penalties	-0-	582	582
Total Revenues	49,900	47,321	( 2,579)
EXPENDITURES			
Debt Service			
Principal	42,240	38,124	4,116
Interest	13,059	11,266	1,793
Total Debt Service	55,299	49,390	5,909
Excess (Deficiency) of Revenues Over Expenditures	( 5,399)	( 2,069)	3,330
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	5,399	5,399	-0-
Total Other Financing Sources (Uses)	5,399	5,399	-0-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	-0-	( 3,330)	3,330
Fund Balance, Beginning of Year	4,047	4,047	-0-
Fund Balance, End of Year	\$ 4,047	\$ 7,377	\$ 3,330

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, 2001, and have issued our report thereon dated January 2, 2002. 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.

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.

January 2, 2002