

REPORT TO THE BOARD OF COMMISSIONERS

BELMONT FIRE AND SANITATION DISTRICT

JUNE 30, 2024

BELMONT FIRE AND SANITATION DISTRICT

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AUDITOR COMMUNICATIONS

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We have audited the financial statements of the governmental activities and each major fund, and the aggregate remaining fund information of Belmont Fire and Sanitation District (the “District”) for the year ended June 30, 2024, and have issued our report thereon dated December 2, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 13, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Belmont Fire and Sanitation District are described in Note 1 to the financial statements.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

The most significant estimate at June 30, 2024 is related to depreciation expense. We evaluated the methods, assumptions, and data used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure regarding the determination of the net pension liability in Note 6 to the financial statements describes the source of information and related assumptions used to estimate the liability.

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The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Audit Adjustments

The following adjustments detected as a result of audit procedures were recorded by management:

<i>Adjust Greenville County cash</i>	\$	2,931
<i>Adjust accounts receivable</i>		25,197
<i>Adjust deferred revenue</i>		(4,315)
<i>Net increase in net position</i>	\$	<u>23,813</u>

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 2, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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Other Matters

We applied certain limited procedures to the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, Schedule of Pension Plan Contributions – South Carolina Retirement System and Police Officer Retirement System, and Schedule of Proportionate Share of Pension Liability – South Carolina Retirement System and Police Officer Retirement System, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

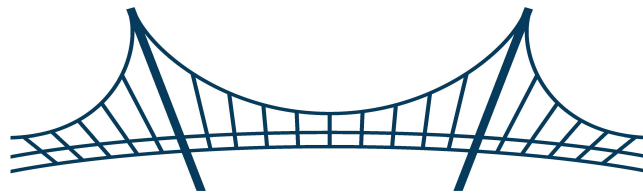
Restriction on Use

This information is intended solely for the use of the Board of Commissioners and management of Belmont Fire and Sanitation District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Phillips CPAs and Advisors

Greenville, South Carolina
December 2, 2024



Phillips CPAs and Advisors

COMMUNICATIONS WITH MANAGEMENT

Board of Commissioners
Belmont Fire and Sanitation District
Greenville, South Carolina

Thank you for the cooperation given during our engagement with Belmont Fire and Sanitation District (the "District").

For the year ended June 30, 2024, we present the following observations and recommendations relating to the accounting operations of Belmont Fire and Sanitation District.

Review of Financial Statements

Our report for the 2024 audit expresses an **unmodified opinion** on the fair presentation of the financial statements, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

Organizational Structure

In planning and performing our audit of the financial statements of the governmental activities and each major fund of the District in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we noted certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the District's internal control to be significant deficiencies:

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A fundamental concept in a good system of internal control is the segregation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Commissioners remain involved in the financial affairs of the District to provide oversight and independent review functions.

Absolute segregation of duties is rarely accomplished within small-to-medium-sized organizations simply because the justification for the additional cost necessary for proper segregation of duties is not cost beneficial. In the absence of absolute segregation of duties, management does, however, implement additional procedures which reduce the likelihood of a material misstatement. We understand that in most cases, the added cost of providing absolute segregation of duties will outweigh the projected benefits of the added internal controls and therefore, may be considered unjustified. However, we are obligated by auditing standards to bring this to your attention. The District is obligated to consider the validity of these comments in light of the circumstances surrounding this condition and respond as you consider necessary.

Our comments are based upon conditions noted during our audit and are not intended to be all-inclusive. They are submitted to you as constructive suggestions to assist you in strengthening controls and procedures and are not intended to reflect on the honesty or integrity of any employee.

This communication is intended solely for the information and use of the Board of Commissioners, management, and others within the District and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to present these comments and recommendations for your consideration, and are prepared to discuss them further at your convenience and provide any implementation assistance for changes or improvements you may require.

Respectfully submitted,

Phillips CPAs and Advisors
Greenville, South Carolina
December 2, 2024