

**HILTON HEAD ISLAND FIRE DISTRICT**

**Financial Statements and Schedules  
for year ended  
June 30, 1990**

HILTON HEAD ISLAND FIRE DISTRICT

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**Report of Independent Certified Public Accountants**

The Board of Commissioners  
Hilton Head Island Fire District  
Hilton Head Island, South Carolina

We have examined the combined financial statements of the Hilton Head Island Fire District as of and for the year ended June 30, 1990, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly the financial position of the Hilton Head Island Fire District at June 30, 1990, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

*Cherry, Bekaert & Holland*

Hilton Head Island, South Carolina  
August 1, 1990

HILTON HEAD ISLAND FIRE DISTRICT

Combined Statement of Financial Position -  
All Fund Types and Account Groups

June 30, 1990

	Governmental Fund Types	
	General	Debt Service
<b>Assets</b>		
Cash	\$1,463,513	\$ 80,798
Accounts receivable	14,876	-
Property and equipment	-	-
Amount available in Debt Service Fund	-	-
Amount to be provided for retirement of general long-term debt	-	-
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<b>Total assets</b>	<b>\$1,478,389</b>	<b>\$ 80,798</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 129,629	\$ -
Bonds payable	-	-
Capitalized lease obligations	-	-
Workmen's compensation insurance	-	-
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>129,629</b>	<b>-</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Fund Equity</b>		
Investment in general fixed assets	-	-
Fund balances:		
Reserved for debt service	-	80,798
Unreserved		
Designated for truck refurbishment	-	-
Designated for fire engine replacement	190,000	-
Designated for building renovation	152,589	-
Designated for bond retirement	429,040	-
Designated for capital improvement	-	-
Undesignated	577,131	-
	<hr/>	<hr/>
<b>Total fund equity</b>	<b>1,348,760</b>	<b>80,798</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Total liabilities and fund equity</b>	<b>\$1,478,389</b>	<b>\$ 80,798</b>
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See notes to financial statements.

## HILTON HEAD ISLAND FIRE DISTRICT

Combined Statement of Financial Position -  
All Fund Types and Account Groups

June 30, 1990

Account Groups		Totals (Memorandum Only)	
General Fixed Assets	General Long- Term Debt	June 30, 1990	1989
\$ -	\$ -	\$ 1,544,311	\$ 896,230
-	-	14,876	-
2,091,950	-	2,091,950	2,076,616
-	80,798	80,798	78,798
-	942,588	942,588	1,040,995
<u>\$ 2,091,950</u>	<u>\$ 1,023,386</u>	<u>\$ 4,674,523</u>	<u>\$ 4,092,639</u>
\$ -	\$ -	\$ 129,629	\$ 37,983
-	750,000	750,000	800,000
-	246,001	246,001	282,408
-	27,385	27,385	37,385
-	1,023,386	1,153,015	1,157,776
2,091,950	-	2,091,950	2,076,616
-	-	80,798	78,798
-	-	-	9,944
-	-	190,000	-
-	-	152,589	98,872
-	-	429,040	-
-	-	-	60,000
-	-	577,131	610,633
<u>2,091,950</u>	<u>-</u>	<u>3,521,508</u>	<u>2,934,863</u>
<u>\$ 2,091,950</u>	<u>\$ 1,023,386</u>	<u>\$ 4,674,523</u>	<u>\$ 4,092,639</u>

## HILTON HEAD ISLAND FIRE DISTRICT

Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
All Governmental Fund Types

Year ended June 30, 1990

	Governmental Fund Types		Totals (Memorandum Only)	
	General	Debt Service	Year ended June 30, 1990                      1989	
<b>Revenues</b>				
Taxes	\$ 2,497,518	\$ 144,055	\$ 2,641,573	\$ 2,083,653
Interest income	93,311	5,901	99,212	58,488
Rent income	4,288	-	4,288	4,278
Airport income	186,773	-	186,773	148,660
<b>Total revenues</b>	<b>2,781,890</b>	<b>149,956</b>	<b>2,931,846</b>	<b>2,295,079</b>
<b>Expenditures</b>				
Personnel	1,521,608	-	1,521,608	1,360,127
Facilities and equipment	234,754	-	234,754	169,598
General and administrative	128,575	-	128,575	136,246
Airport	185,587	-	185,587	148,660
Retirement of debt principal	-	50,000	50,000	50,000
Interest	-	97,550	97,550	110,778
Agency fees	-	406	406	474
Capital outlay	142,055	-	142,055	2,993
<b>Total expenditures</b>	<b>2,212,579</b>	<b>147,956</b>	<b>2,360,535</b>	<b>1,978,876</b>
<b>Excess of revenues over expenditures</b>	<b>569,311</b>	<b>2,000</b>	<b>571,311</b>	<b>316,203</b>
<b>Fund balance, beginning of period</b>	<b>779,449</b>	<b>78,798</b>	<b>858,247</b>	<b>542,044</b>
<b>Fund balance, end of period</b>	<b>\$ 1,348,760</b>	<b>\$ 80,798</b>	<b>\$ 1,429,558</b>	<b>\$ 858,247</b>

See notes to financial statements.

## HILTON HEAD ISLAND FIRE DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - General Fund

Year ended June 30, 1990

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$ 2,010,518	\$ 2,497,518	\$ 487,000
Interest income	-	93,311	93,311
Rent income	-	4,288	4,288
Airport income	169,081	186,773	17,692
<b>Total revenues</b>	<u>2,179,599</u>	<u>2,781,890</u>	<u>602,291</u>
<b>Expenditures</b>			
Personnel	1,505,309	1,521,608	(16,299)
Facilities and equipment	183,310	234,754	(51,444)
General and administrative	230,445	128,575	101,870
Airport	169,081	185,587	(16,506)
Capital outlay	144,161	142,055	2,106
Interest	7,293	-	7,293
<b>Total expenditures</b>	<u>2,239,599</u>	<u>2,212,579</u>	<u>27,020</u>
<b>Excess of revenues over   (under) expenditures</b>	<u>(60,000)</u>	<u>569,311</u>	<u>629,311</u>
<b>Fund balance, beginning of year</b>	<u>779,449</u>	<u>779,449</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 719,449</u></u>	<u><u>\$1,348,760</u></u>	<u><u>\$ 629,311</u></u>

See notes to financial statements.

## HILTON HEAD ISLAND FIRE DISTRICT

## Notes to Financial Statements

June 30, 1990

**Note 1 - Summary of significant accounting policies**

The Hilton Head Island Fire District was created by the General Assembly of the State of South Carolina on July 7, 1971, and amended on April 13, 1972. The Fire District is directed by five commissioners appointed by the Governor of the State of South Carolina.

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

**Basis of Presentation - Fund Accounting**

The accounts of the Fire District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into generic fund types and broad fund categories as follows:

**GOVERNMENTAL FUNDS**

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

**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 principal, interest, and related costs.

**Fixed Assets and Long-term Liabilities**

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 their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present



## HILTON HEAD ISLAND FIRE DISTRICT

## Notes to Financial Statements - (Continued)

June 30, 1990

## Note 1 - Summary of significant accounting policies - continued

## Fixed Assets and Long-Term Liabilities - continued

increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

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. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical costs or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

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

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

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.

## HILTON HEAD ISLAND FIRE DISTRICT

## Notes to Financial Statements - (Continued)

June 30, 1990

## Note 1 - Summary of significant accounting policies - continued

## Basis of Accounting - continued

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued; and (2) principal and interest on general long-term debt which is recognized when due.

## Budgets and Budgetary Accounting

The Beaufort County Council generally enacts an operating budget by ordinance by July 1 of each year for the General and Debt Service Funds. The budgets are adopted on a modified accrual basis consistent with generally accepted accounting principles. Any increases in total appropriations above the original enacted budget must be approved by the County Council. During the year ended June 30, 1990, the county approved the District's request for \$487,000 in additional monies to be used toward the early retirement of bonds in 1991 and capital expenditures. Additionally, the District received some of these monies for Hurricane Hugo expenditures.

## Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Fire District's financial position and operations.

## Total (Memorandum Only) Columns

Data in the total columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

## Note 2 - Property and Equipment

Amounts reported on the combined balance sheets as property and equipment consisted of the following classifications and amounts:

Buildings	\$ 847,442
Automotive equipment	985,093
Radios	55,417
Hoses	15,365
Equipment	95,958
Office equipment	29,260
Furnishings	63,415

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\$2,091,950

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## HILTON HEAD ISLAND FIRE DISTRICT

## Notes to Financial Statements - (Continued)

June 30, 1990

## Note 2 - Property and Equipment - continued

By deed dated December 4, 1972, the Hilton Head Volunteer Fire Department deeded to Hilton Head Island Fire District a tract of land on Spanish Wells Road and a parcel of land on Mathews Drive. In February, 1980, the District received a commitment from Palmetto Dunes Resort to provide a parcel of land on which a fire station has been constructed. The District has also received offers from the Hilton Head Plantation Company, Inc. for a parcel of land at the entrance to Hilton Head Plantation, and from the Hilton Head Company for a parcel of land on Spanish Wells Road. The above deeds, commitments, and offers all contain restrictions which state that should the Hilton Head Island Fire District cease to use the land for its business, the property will revert to the grantor. Because of these restrictions, no entries for investment in land have been made in the general fixed asset group.

## Note 3 - Changes in Long-Term Debt

GENERAL OBLIGATION BONDS

\$1,000,000 1982 serial bonds are due in annual installments of \$50,000 to \$100,000 through May 1, 2000; the interest rates range from 11.25% to 12.50%. The bonds maturing subsequent to May 1, 1991 are subject to redemption at the option of the District upon payment of a premium.

DEBT SERVICE REQUIREMENTS TO MATURITY

The total annual debt service requirements for the bonds outstanding as of June 30, 1990 consisting of interest payments of \$750,000 and principal payments of \$572,325 are as follows:

<u>Year ended June 30</u>	<u>Amount</u>	<u>Coupon Rate</u>
1991	\$ 140,925	11.25%
1992	135,300	11.40%
1993	129,600	11.60%
1994	148,800	11.80%
1995	139,950	12.00%
1996	130,950	12.20%
1997 - 2000	496,800	12.20% - 12.50%
	<u>\$1,322,325</u>	

## HILTON HEAD ISLAND FIRE DISTRICT

## Notes to Financial Statements - (Continued)

June 30, 1990

## Note 3 - Changes in Long-Term Debt - continued

DEBT SERVICE REQUIREMENTS TO MATURITY - Continued

The General Long-Term Debt Group of Accounts consisted of the following at June 30, 1990:

General Obligation Bonds	\$ 750,000
Capitalized Leases	246,001
Workmen's Compensation Insurance	27,385
	<hr/>
	\$1,023,386
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## Note 4 - Capitalized Leases

The District has entered into two long-term lease agreements for equipment. Although the leases contain clauses enabling the District to exercise a purchase option on each anniversary date, the leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases" and National Council on Governmental Accounting Statement No. 5 "Accounting and Financial Reporting Principles for Lease Agreements of State and Local Governments".

Future minimum lease payments under capital leases consisted of the following at June 30, 1990:

<u>Year ending</u>	<u>Amount</u>
June 30, 1991	\$ 58,667
June 30, 1992	58,667
June 30, 1993	58,667
June 30, 1994	58,667
June 30, 1995	58,667
Thereafter	13,736
	<hr/>
Total minimum lease payments	307,071
Amount representing interest	61,070
	<hr/>
Present value of minimum lease payments	\$ 246,001
	<hr/> <hr/>

## HILTON HEAD ISLAND FIRE DISTRICT

## Notes to Financial Statements - (Continued)

June 30, 1990

## Note 4 - Capitalized Leases - continued

The present value of minimum lease payments remaining is recorded as a liability in the General Long-Term Debt Group of Accounts. The following is a summary of activity related to capitalized leases in the Long-Term Debt Group of Accounts for the year ended June 30, 1990:

Balance, July 1, 1989	\$ 282,408
Additions to capital leases	4,749
Principal reductions	41,156
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Balance, June 30, 1990	\$ 246,001
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## Note 5 - Pension Cost

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

All full-time employees, except the clerical staff, are eligible for and must become members of the Police Officer's Retirement System. The normal cost is funded by contributions from the members at a rate of 6.5% of the members wages. The Fire District's share of normal cost is based on 10.5% of the members wages.

No past service costs are assessed against the Fire District. The Fire District's contribution for the fiscal year ended June 30, 1990 totaled \$127,179.

## Note 6 - Related Party Transactions

The Fire District is related to Beaufort County, South Carolina in that it received the major portion of its revenues through property taxes assessed by Beaufort County.



**Report of Independent Certified Public Accountants  
on Accompanying Information**

The Board of Commissioners  
Hilton Head Island Fire District  
Hilton Head Island, South Carolina

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

*Cherry, Bekaert & Holland*

Hilton Head Island, South Carolina  
August 1, 1990

HILTON HEAD ISLAND FIRE DISTRICT

Schedule of Expenditures - Budget and Actual -  
General Fund

Year ended June 30, 1990

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Expenditures</b>			
<b>Personnel</b>			
Salaries - elected officials	\$ 13,200	\$ 12,800	\$ 400
Salaries - administrative	213,354	204,714	8,640
Salaries - hourly staff	851,535	881,505	(29,970)
Overtime - F.L.S.A.	15,017	15,958	(941)
Overtime - extra shifts	5,137	7,208	(2,071)
Workmen's compensation	54,214	53,417	797
FICA tax	81,487	84,162	(2,675)
Unemployment tax	7,840	5,830	2,010
Group medical insurance	145,243	136,969	8,274
Disability insurance	4,200	4,682	(482)
Retirement contribution	110,882	113,408	(2,526)
Employee relations	3,200	955	2,245
<b>Total personnel expenditures</b>	<b>1,505,309</b>	<b>1,521,608</b>	<b>(16,299)</b>
<b>Facilities and equipment</b>			
<b>Repairs and maintenance</b>			
Building	16,000	29,110	(13,110)
Equipment	11,254	14,262	(3,008)
Communications	3,875	2,427	1,448
Garage	22,000	37,696	(15,696)
Refurbish trucks	-	26,749	(26,749)
Maintenance contracts	4,699	5,305	(606)
Equipment rentals - general	2,329	2,515	(186)
Equipment rentals - vehicles	58,668	58,668	-
Tires and batteries	6,450	6,760	(310)
Lubricants, oil, antifreeze	3,550	1,298	2,252
<b>Insurance:</b>			
Vehicles	19,056	18,328	728
Equipment	2,929	3,282	(353)
Building	9,509	8,347	1,162

HILTON HEAD ISLAND FIRE DISTRICT

Schedule of Expenditures - Budget and Actual -  
General Fund - (Continued)

Year ended June 30, 1990

Expenditures (continued)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Facilities and equipment (cont'd)</b>			
Fuel	\$ 17,891	\$ 14,690	\$ 3,201
Building maintenance supplies	5,100	5,317	(217)
<b>Total facilities and equipment expenditures</b>	<b>183,310</b>	<b>234,754</b>	<b>(51,444)</b>
<b>General and administrative</b>			
Uniforms & protective clothing	15,177	12,315	2,862
Medical and rescue equipment	4,558	2,143	2,415
Tort liability	1,342	1,343	(1)
Elected official bonding	2,333	2,861	(528)
Physical exams	5,240	2,868	2,372
Consulting fee	1,600	1,188	412
Office supplies	4,885	3,927	958
Administrative	4,600	3,167	1,433
Printing	2,320	1,575	745
Telephone	9,000	7,287	1,713
Photo supplies	800	355	445
Audit	5,830	6,000	(170)
Legal fees	5,000	1,727	3,273
Subscriptions and memberships	2,200	2,322	(122)
Postage	1,500	994	506
Utilities	22,760	24,301	(1,541)
Fire prevention	4,570	2,566	2,004
Dispatch services	40,950	37,686	3,264
Education training aids	3,880	2,724	1,156
Bank charges	100	-	100
Contingency	80,000	-	80,000
Travel, meetings, and schools	11,800	11,226	574
<b>Total general and adminis- trative expenditures</b>	<b>230,445</b>	<b>128,575</b>	<b>101,870</b>



HILTON HEAD ISLAND FIRE DISTRICT

Schedule of Expenditures - Budget and Actual -  
General Fund - (Continued)

Year ended June 30, 1990

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures (continued)</b>			
<b>Airport:</b>			
Salaries	\$ 120,446	\$ 124,844	\$ (4,398)
Overtime	1,600	5,521	(3,921)
Workmen's compensation	5,940	6,200	(260)
Unemployment taxes	608	989	(381)
FICA taxes	8,805	9,940	(1,135)
Retirement contribution	12,311	13,771	(1,460)
Uniforms and protective clothing	3,310	7,672	(4,362)
Group medical insurance	13,061	8,985	4,076
Miscellaneous operating expense	3,000	7,665	(4,665)
<b>Total airport expenditures</b>	<b>169,081</b>	<b>185,587</b>	<b>(16,506)</b>
<b>Other expenditures</b>			
Capital outlay	144,161	142,055	2,106
Interest	7,293	-	7,293
<b>Total other expenditures</b>	<b>151,454</b>	<b>142,055</b>	<b>9,399</b>
<b>Total expenditures</b>	<b>\$2,239,599</b>	<b>\$2,212,579</b>	<b>\$ 27,020</b>

HILTON HEAD ISLAND FIRE DISTRICT

Schedule of Changes in General Fixed Assets

Year ended June 30, 1990

	<u>Balance July 1, 1989</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1990</u>
Buildings/improvements	\$ 844,892	\$ 2,550	\$ -	\$ 847,442
Automotive equipment	981,034	28,853	24,794	985,093
Radios	55,417	-	-	55,417
Hoses	15,365	-	-	15,365
Equipment	88,712	7,246	-	95,958
Office equipment	28,757	804	301	29,260
Furnishings	62,439	1,526	550	63,415
	<u>\$2,076,616</u>	<u>\$ 40,979</u>	<u>\$ 25,645</u>	<u>\$2,091,950</u>