

**LADY'S ISLAND - ST. HELENA ISLAND**

**FIRE DISTRICT**

**FINANCIAL STATEMENTS**

**AND**

**AUDITOR'S REPORT**

**JUNE 30, 1989**

LADY'S ISLAND - ST. HELENA ISLAND  
 FIRE DISTRICT  
 FINANCIAL STATEMENTS  
 AND AUDITOR'S REPORT  
 JUNE 30, 1989

EXHIBIT	TABLE OF CONTENTS ITEM	PAGE
	Report of Auditor	1
	Combined Financial Statements:	
A	Combined Statements of Financial Position - All Fund Types and Account Groups	2 - 3
B	Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Government Fund Types	4
C	Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	5
	Notes to Financial Statements	6 - 9
 <b><u>SCHEDULE</u></b>		
1	Schedule of Changes in General Fixed Assets	10
2	Schedule of Changes in General Long-Term Debt	11 - 12
	Required Supplemental Letter	13 - 14

J. PATRICK VANDERHOOF, CPA, P.A.

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

The Board of Commissioners  
Lady's Island - St. Helena Island  
Beaufort, SC 29902

We have examined the combined financial statements of the Lady's Island - St. Helena Island Fire District, as of, and for the year ended June 30, 1989, as listed in the table of contents. These financial statements are the responsibility of the Fire 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements listed in the aforementioned table of contents, present fairly the financial position of the Lady's Island - St. Helena Island Fire District at June 30, 1989, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

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

  
J. Patrick Vanderhoof, CPA, PA

October 7, 1989

LADY'S ISLAND - ST. HELENA ISLAND FIRE DISTRICT

COMBINED STATEMENT OF FINANCIAL POSITION -  
ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1989 AND 1988

**ASSETS**

**Governmental Fund Types**  
**General**  
**Fund**

Cash - Unrestricted	\$185,673
Prepaid Insurance	8,514
Accrued Interest Receivable	256
Due from Beaufort County Treasurer	30,108
Cash - FHA Escrow Account	12,783
Capital Expenditures	-
Unamortized Bond Issue Cost	1,097
Amounts to be provided for:	
Series A Bond	-
Series B Bond	-
Land & Buildings	-
Fixtures & Appliances	-
Vehicles	-
Fire Fighting Equipment	-
Office Equipment	-
Communications Equipment	-
TOTAL	<u>\$238,431</u> =====

**LIABILITIES & FUND EQUITY**

Accounts Payable	\$ 33,962
Accrued Interest Payable	1,449
Bond and Notes Payable	
Series A Bond	-
Series B Bond	-
Fund Equity -	
Investment in Fixed Assets	-
Fund Balances -	
Unreserved	190,237
Reserved	<u>12,783</u>
TOTAL	<u>\$238,431</u> =====

See Accompanying Notes

EXHIBIT A

<u>Account Groups</u>		<u>Totals (Memo Only)</u>	
<u>General Fixed</u>	<u>General Long-Term</u>	<u>June 30</u>	
<u>Assets</u>	<u>Debt</u>	<u>1989</u>	<u>1988</u>
\$ -	\$ -	\$ 185,673	\$ 87,260
-	-	8,514	7,406
-	-	256	143
-	-	30,108	34,308
-	-	12,783	11,852
-	-	-	-
-	-	1,097	1,203
-	23,619	23,619	24,177
-	44,850	44,850	49,460
242,684	-	242,684	242,684
14,488	-	14,488	12,299
490,723	-	490,723	517,723
82,956	-	82,956	74,204
13,779	-	13,779	5,312
48,056	-	48,056	48,056
<u>\$ 892,686</u>	<u>\$ 68,469</u>	<u>\$1,199,586</u>	<u>\$1,116,087</u>
=====	=====	=====	=====
\$ -	\$ -	\$ 33,962	\$ 10,119
-	-	1,449	1,569
-	23,619	23,619	24,177
-	44,850	44,850	49,460
892,686	-	892,686	900,278
-	-	190,237	118,632
-	-	12,783	11,852
<u>\$ 892,686</u>	<u>\$ 68,469</u>	<u>\$1,199,586</u>	<u>\$1,116,087</u>
=====	=====	=====	=====

**COMBINED STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND  
BALANCE - ALL GOVERNMENTAL FUND TYPES**

	FOR THE YEAR ENDED JUNE 30, 1989		
	General	Year Ended June 30	
	Fund	1989	1988
<b>Revenues</b>			
Funds from Beaufort County	\$403,003	\$403,003	\$325,879
Interest	11,387	11,387	14,811
Insurance Recovery	-	-	3,878
Reimbursements	-	-	1,636
Sale of Assets	863	863	3,528
Miscellaneous	291	291	390
Total Revenues	<u>415,544</u>	<u>415,544</u>	<u>350,122</u>
<b>Expenditures</b>			
Operations/Maintenance of			
Vehicles	11,192	11,192	4,787
Repairs/Maintenance - General	10,086	10,086	13,329
Repairs/Maintenance - Fire			
Station	4,755	4,755	3,607
Insurance	13,621	13,621	12,530
Utilities & Telephone	8,261	8,261	9,706
Annual Audit	1,650	1,650	1,125
Administration & Training	4,640	4,640	3,887
Dispatch Service	32,415	32,415	30,871
Hydrant Rental	16,243	16,243	16,243
Personnel Salaries	179,165	179,165	142,183
Fringe, Including Retirement	32,536	32,536	25,016
Reserves - FHA	930	930	923
Debt Service - Principal	5,370	5,370	5,114
- Interest	3,562	3,562	3,835
Capital Outlay	19,408	19,408	310,396
Amortization Bond Issue Cost	105	105	105
Total Expenditures	<u>343,939</u>	<u>343,939</u>	<u>583,657</u>
Excess of Revenues Over(Under)			
Expenditures	71,606	71,605	(233,535)
Other Financing Services (Uses)			
Operating Transfers - In	-	-	50,000
Operating Transfers - Out	-	-	-
Excess of Revenues and Other Sources			
Over(Under) Expenditures &			
Other Uses	71,605	71,605	(183,535)
Fund Balance, Beginning of Year	<u>118,632</u>	<u>118,632</u>	<u>302,167</u>
Fund Balance, End of Year	<u>\$190,237</u>	<u>\$190,237</u>	<u>\$118,632</u>

See Accompanying Notes

**COMBINED STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL - GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 1989

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<b>Revenues</b>			
Funds from Beaufort County	\$369,270	\$403,003	\$ 33,733
Interest	-	11,387	11,387
Sale of Assets	-	863	863
Miscellaneous	-	291	291
<b>Total Revenues</b>	<u>369,270</u>	<u>415,544</u>	<u>46,274</u>
<b>Expenditures</b>			
Operation/Maintenance of Vehicle	12,000	11,192	808
Repairs/Maintenance - General	11,201	10,086	1,115
Operation/Repair & Maintenance - Fire Station	5,000	4,755	245
Insurance	11,000	13,621	(2,621)
Utilities & Telephone	10,600	8,261	2,339
Audit	1,625	1,650	(25)
Administration & Training	4,500	4,640	(140)
Dispatch Service	32,415	32,415	-
Hydrant Rental	16,243	16,243	-
Personnel Services	202,771	179,165	23,606
Fringe, Including Retirement	39,488	32,536	6,952
Reserves - FHA	-	930	(930)
Debt Service - Principal	5,370	5,370	-
- Interest	3,682	3,562	120
Capital Outlay	17,000	19,408	(2,408)
Amortization Bond Issue Cost	-	105	(105)
<b>Total Expenditures</b>	<u>372,895</u>	<u>343,939</u>	<u>28,956</u>
<b>Excess of Revenues Over(Under) Expenditures</b>	<b>(3,625)</b>	<b>71,605</b>	<b>75,230</b>
<b>Other Financing Services (Uses)</b>			
Fund Balance Transfers - In	<u>3,625</u>	<u>-</u>	<u>(3,625)</u>
<b>Excess of Revenues and Other Sources Over(Under) Expenditures &amp; Other Uses</b>	<b>\$ -</b>	<b>71,605</b>	<b>\$ 71,605</b>
<b>Fund Balance, Beginning of Year</b>		<u>118,632</u>	
<b>Fund Balance, End of Year</b>		<u>\$190,237</u>	

See Accompanying Notes

**LADY'S ISLAND - ST. HELENA ISLAND FIRE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 1989

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**Note A - Summary of Significant Accounting Policies:**

The accounting policies of the Lady's Island - St. Helena Island Fire District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

**(a) Basis of Presentation - Fund Accounting**

The accounts of the Lady's Island - St. Helena Island Fire District are organized and operated on a fund basis. A fund is an independent fiscal accounting entity with a self-balancing set of accounts recording its assets, liabilities, fund balance, revenues and expenditures. The minimum number of funds are maintained consistent with the requirements of the law.

The various funds are summarized by type in the financial statements. The following fund types and account groups are used by the Lady's Island - St. Helena Island Fire District.

**GOVERNMENTAL FUNDS**

**General Fund** - The General Fund is the general operating fund of the Lady's Island - St. Helena Island Fire District. It is used to account for all financial resources except those required to be accounted for in another fund. The unamortized cost of the bonds issued in 1977 have been transferred to the General Fund.

**Account Groups**

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

**General Long-Term Debt Account Group** - This group of accounts is established to account for all long-term debts of the Fire District.



**LADY'S ISLAND - ST. HELENA ISLAND FIRE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 1989

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**Note A - Summary of Significant Accounting Policies: (continued)**

**(b) Basis of Accounting**

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

**(c) Fixed Assets**

General fixed assets are recorded at original cost or appraised value at the time of donation. No depreciation has been recorded on general fixed assets.

**(d) Long-Term Debt**

Long-term debt for the General Fund is included in the Long-Term Debt account group.

**(e) Fund Balance**

The amounts shown in the fund balance section of the Statement of Financial Position reflect fund balance as defined by "generally accepted accounting principles" in NCGA Statement 1.

**(f) Total (Memorandum Only) Columns**

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

**(g) 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.

LADY'S ISLAND - ST. HELENA ISLAND FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 1989

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**Note B - Pension Costs:**

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

All full-time employees 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 5%. The Fire District's share of normal cost is based on 10.3% of the members wages.

No past service cost are assessed against the Fire District. The Fire District's contributions for the fiscal year ended June 30, 1989 were \$18,332.

**Note C - 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.

**Note D - Debt Limitation:**

The Fire District's general obligation debt is limited by law to eight percent of the total assessed value of all taxable real and personal property of the district. The latest projected assessed value as of 1988 - 1989 was \$26,025,781. The computation of legal debt limits is as follows:

General obligation debt limit (\$26,025,781 X 8%)	\$2,082,062
General obligation debt at June 30, 1989	<u>68,469</u>
Excess of debt limit over general obligation debt	\$2,013,593 =====

LADY'S ISLAND - ST. HELENA ISLAND FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 1989

Note E - Long-Term Debt:

Long-term debt at June 30, 1989 consisted of the following:

General Obligation Bonds:

\$30,000 General Obligation Bond,  
Series A of 1977 due in annual  
installments of \$1,749 beginning  
January 26, 1978 through January 26,  
2017 - Payments include interest of 5% \$23,619

\$91,000 General Obligation Bonds,  
Series B of 1977 due in annual  
installments of \$7,303 beginning  
January 26, 1978 through January 26, 1997  
Payments include interest of 5% 44,850

\$68,469  
=====

The total requirements to pay all debt outstanding as of June 30, 1989, including estimated interest payments of \$38,927 are as follows:

<u>Year Ended June 30</u>	<u>Total Bond Requirements</u>
1990 through 1997	\$ 72,416
1998 through 2007	17,490
2008 through 2017	<u>17,490</u>
	\$107,396 =====

Note F - Cash Restricted:

The Fire District has reserved \$12,783 for the purpose of meeting FHA bond requirements.

Note G - History:

The Fire District was established on March 31, 1972 for the purpose of providing fire protection for the residents of Lady's Island and St. Helena Island.

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**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS**


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FOR THE YEAR ENDED JUNE 30, 1989

	Balance <u>July 1, 1988</u>	<u>Additions</u>	Adjustments and <u>Retirements</u>	Balance June 30, <u>1989</u>
Land & Buildings	\$242,684	\$ -	\$ -	\$242,684
Vehicles	517,723	-	27,000 (1)	490,723
Fire Fighting Equipment	74,204	8,752	-	82,956
Communications Equipment	48,056	-	-	48,056
Fixtures and Appliances	12,299	2,189	-	14,488
Office Equipment & Furniture	<u>5,312</u>	<u>8,467</u>	<u>-</u>	<u>13,779</u>
	<u>\$900,278</u> =====	<u>\$ 19,408</u> =====	<u>\$ 27,000</u> =====	<u>\$892,686</u> =====

(1) Not on inventory

LADY'S ISLAND - ST. HELENA ISLAND FIRE DISTRICT

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SCHEDULE OF CHANGES IN LONG-TERM DEBT FOR YEAR ENDED JUNE 30, 1989

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	<u>Interest Rate</u>	<u>Date Issued</u>	<u>Outstanding June 30, 1988</u>
<b>General Obligations Fire Protection Bonds:</b>			
<b>Series A Bonds</b>	5%	December 26, 1977	\$ 24,177
<b>Series B Bonds</b>	5%	December 26, 1977	49,460
			<hr/>
			\$ 73,637
			<hr/> <hr/>

SCHEDULE 2

<u>Changes</u>		<u>Outstanding</u> <u>June 30, 1989</u>	<u>Debt Service Requirements</u> <u>Next Fiscal Year</u>	
<u>Issued</u>	<u>Retired</u>		<u>Principal</u>	<u>Interest</u>
\$ -	\$ 540	\$ 23,619	\$ 568	\$ 1,181
-	18 (1)			
-	4,830	44,850	5,060	2,243
	(220) (1)			
<u>\$ -</u>	<u>\$ 5,168</u>	<u>\$ 68,469</u>	<u>\$ 5,628</u>	<u>\$ 3,424</u>

(1) Adjustment for prior balance differences

## REQUIRED SUPPLEMENTAL LETTER

The Board of Commissioners  
Lady's Island - St. Helena Island Fire District  
Beaufort, South Carolina 29902

In accordance with the requirements of the Farmers Home Administration and the American Institute of Certified Public Accountants, the following supplemental letter is written to acquaint you with certain aspects of the Fire District which are not disclosed in the financial statements.

### A - Scope of Examination

Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

### B - Review of the System of Internal Control

In connection with our examination, we reviewed the system of internal control of the operation and made certain observations relative to the records maintained and the accounting procedures in effect. We now submit for your consideration our comments and suggestions with respect to those matters which we believe will be of most interest to management.

We recognize that with a limited number of accounting personnel, an ideal form of internal control is not possible. However, we believe an effort should be made to improve internal control where practicable.

## RECOMMENDATIONS ON ACCOUNTING SYSTEM

### FIXED ASSETS

The Fire District should formalize its fixed asset records to afford stronger controls over property. We encourage following up on this recommendation so that controls are improved. Assets should be recorded at total cost, including sales tax and freight, where applicable.

The foregoing matters are worthy of your attention and we believe that their institution will strengthen your internal control system.

**LADY'S ISLAND - ST. HELENA ISLAND FIRE DISTRICT**

**RECOMMENDATIONS ON ACCOUNTING SYSTEM**

**C - Insurance Coverage**

22VP630929 Volunteer Fire Fighters Blanket Accident Policy

Accidental Death and Dismemberment  
Person \$15,000

Accidental Medical Expense 2,500

Accidental Total Disability Benefit  
Weekly Benefit 100

Maximum Payment Period Up to Age 65

Accidental Partial Disability Benefit 50

Division of General Services T00485 General Tort Liability  
No Limit Stated

Division of General Services C00849 Automobile Comprehensive & Collision  
No Limit Stated

Division of General Services L09999 Automobile Liability  
\$1,000,000 Combined Single Limit  
Each Person  
\$1,000 Basic Economic Loss  
Uninsured Motorist

Division of General Services M00560 Inland Marine  
No Limit Stated

Division of General Services F01338 Fire and Extended Coverage  
No Limit Stated

**D - General**

1. The financial reports included in the audit report are in agreement with the records of the Fire District.
2. Funds are deposited in institutions insured by the Federal Government.
3. The Fire District is exempt from Federal Income Tax.
4. The Fire District is not exempt from state sales and use tax, and should be reporting and paying use tax on all purchases of goods out-of-state.