

**MURRELLS INLET-GARDEN CITY  
FIRE DEPARTMENT**

**FINANCIAL STATEMENTS**

**Year Ended December 31, 2014**



**MURRELLS INLET-GARDEN CITY FIRE DEPARTMENT**  
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**December 31, 2014**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Murrells Inlet-Garden City Fire Department  
Murrells Inlet, South Carolina

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Murrells Inlet-Garden City Fire Department, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Murrells Inlet-Garden City Fire Department's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

*Smith Sapp Bookhout Crumpler & Calliham*  
*A Professional Association of Certified Public Accountants & Consultants*

South Carolina Association of Certified Public Accountants  
American Institute of Certified Public Accountants - Private Companies Practice Section

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Murrells Inlet-Garden City Fire Department, as of December 31, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Prior Period Adjustments

As described in Note 12 to the financial statements, prior period adjustments were made to correct various accounting errors. Our opinion is not modified with respect to that matter.

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 - 8) and budgetary comparison information (pages 27 - 29) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



SMITH SAPP BOOKHOUT CRUMPLER & CALLIHAM  
*Professional Association of Certified Public Accountants*

Myrtle Beach, South Carolina  
October 6, 2018

**MURRELLS INLET-GARDEN CITY FIRE DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2014**

Management's discussion and analysis of the Murrells Inlet-Garden City Fire Department's (the Department) financial performance provides an overview of the Department's financial activities for the year ended December 31, 2014. Please read it in conjunction with the Department's financial statements, which begin on page 9.

**Financial Highlights**

- The assets of the Department exceeded its liabilities at the close of the most recent fiscal year by \$7,168,938 (net position).
- The Department's total net position increased by \$1,196,388 or 20.0%, during the year ended December 31, 2014.
- During the year ended December 31, 2014, the Department's total revenues amounted to \$4,075,694, an increase of 8.3%.
- During the year ended December 31, 2014, the Department's total expenses amounted to \$4,037,810, an increase of 6.1%.
- At December 31, 2014, the Department's governmental funds reported combined fund balances of \$3,188,193, an increase of \$827,048 in comparison to the prior year.
- There was a net increase in the Department's investment in capital assets for the current fiscal year in the amount of \$47,149, or 1.1%.
- At year-end, the Department had \$526,928 in outstanding notes payable compared to \$494,432 last year, an increase of 6.6%.

**Using This Annual Report**

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (on pages 9 - 10) provide information about the activities of the Department as a whole and present a longer-term view of the Department's finances. Fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Department's operations in more detail than the government-wide statements by providing information about the Department's funds. The fiduciary fund financial statement on page 15 provides financial information about an activity for which the Department acts as an agent on behalf of the Department's firemen. The notes to the financial statements are an integral part of the financial statements and begin on page 16. This report also contains other information in addition to the basic financial statements.

***Reporting the Department as a Whole***

Our analysis of the Department as a whole begins on page 5. One of the most important questions asked about the Department's finances is, "Is the Department as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the Department

as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Department's net position and changes in them. You can think of the Department's net position, which is the difference between assets and liabilities, as one way to measure the Department's financial health, or financial position. Over time, increases or decreases in the Department's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, to assess the overall health of the Department.

In the statement of net position and the statement of activities, the Department's governmental activities include fire department and rescue squad operations. Property taxes, impact fees and charges for services are the primary financing sources for these activities.

### ***Reporting the Department's Funds***

Our analysis of the Department's funds begins on page 7. The fund financial statements begin on page 11 and provide detailed information about the funds, not the Department as a whole. The Board of Directors establishes funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain grants and other money.

The Department's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the "modified accrual basis of accounting", which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Department's operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Department's programs. The relationship between governmental activities (reported in the statement of net position and the statement of activities) and the governmental funds is presented in a reconciliation following each governmental fund financial statement.

### ***The Department as an Agent***

The Department is an agent, or fiduciary, for certain funds held on behalf of the Department's firemen. The fiduciary fund financial statement can be found on page 15 of this report. We exclude this activity from the Department's other financial statements because the Department cannot use these assets to finance its operations. The Department is responsible for ensuring that the assets reported in this fund are used for their intended purposes.

### ***Notes to the Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 16.

### ***Other Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary information beginning on page 27.

### The Department as a Whole

Condensed statements of net position at December 31, 2014 and 2013 are shown below.

#### THE DEPARTMENT'S NET POSITION

	<u>2014</u>	<u>2013</u>
Current and Other Assets	\$ 3,824,128	\$ 2,484,356
Capital Assets (Net)	<u>4,267,581</u>	<u>4,220,432</u>
Total Assets	\$ <u>8,091,709</u>	\$ <u>6,704,788</u>
Long-Term Liabilities	\$ 690,207	\$ 434,072
Other Liabilities	<u>232,564</u>	<u>298,166</u>
Total Liabilities	\$ <u>922,771</u>	\$ <u>732,238</u>
Net Position:		
Net Investment in Capital Assets	\$ 3,740,653	\$ 3,690,474
Restricted	528,974	315,208
Unrestricted	<u>2,899,311</u>	<u>1,966,868</u>
Total Net Position	\$ <u>7,168,938</u>	\$ <u>5,972,550</u>

As noted earlier, net position may serve over time as a useful indicator of financial position. The Department's net position at December 31, 2014 was \$7,168,938, an increase of \$1,196,388, or 20.0%, from a year ago.

The largest portion of the Department's net position, \$3,740,653 reflects its investment in capital assets less any related outstanding debt used to acquire those assets. The Department uses these capital assets to provide services; consequently, the assets are not available for future spending. An additional portion of the Department's net position, \$528,974, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position amounts to \$2,899,311.

Changes in the Department's net position during the years ended December 31, 2014 and 2013 follows.

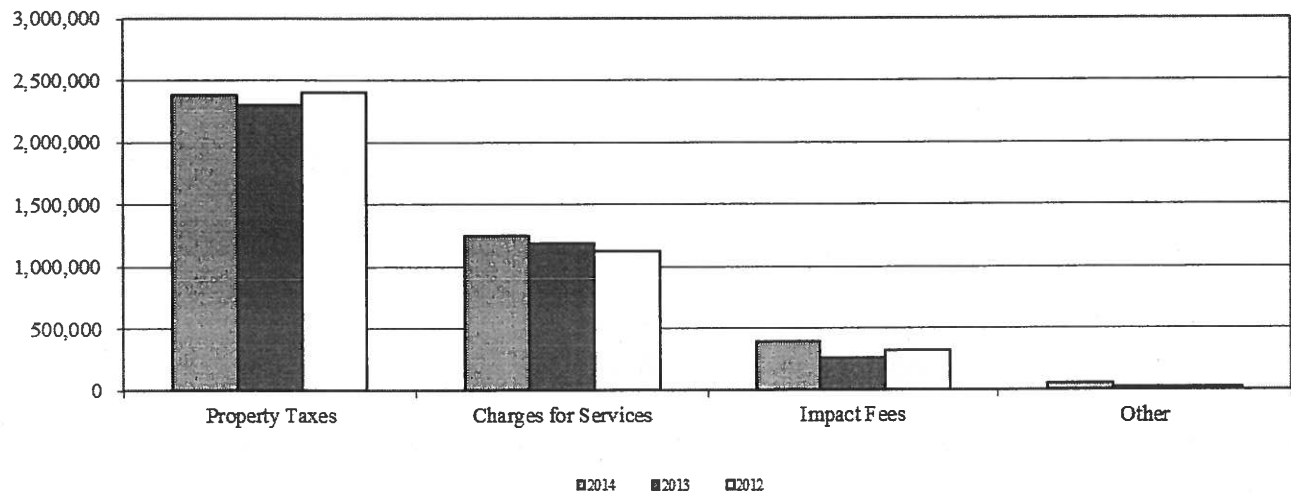
#### THE DEPARTMENT'S CHANGES IN NET POSITION

	<u>2014</u>	<u>2013</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 1,253,004	\$ 1,186,475
Operating Grants and Contributions	50,000	15,000
General Revenues:		
Property Taxes	2,382,023	2,295,511
Impact Fees	387,718	259,220
Investment Earnings	<u>2,949</u>	<u>5,623</u>
Total Revenues	\$ <u>4,075,694</u>	\$ <u>3,761,829</u>
Expenses:		
Fire Department	\$ 3,582,071	\$ 3,338,161
Rescue Squad	426,566	427,269
Interest Expense	<u>29,173</u>	<u>41,544</u>
Total Expenses	\$ <u>4,037,810</u>	\$ <u>3,806,974</u>

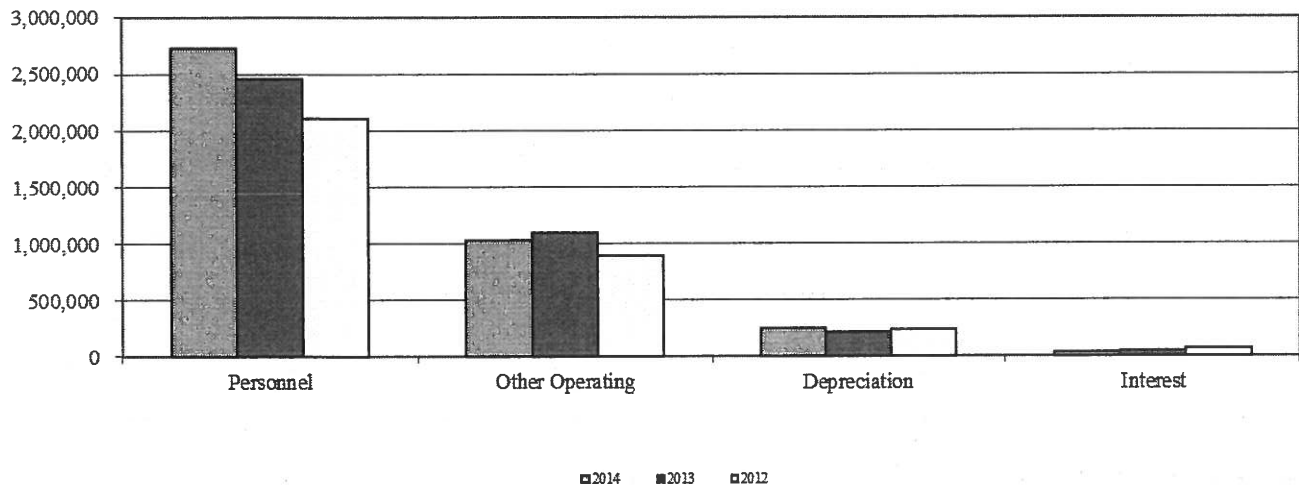
THE DEPARTMENT'S CHANGES IN NET POSITION (continued)

	<u>2014</u>	<u>2013</u>
Change in Net Position	\$ <u>37,884</u>	\$ <u>(45,145)</u>
Total Net Position - Beginning, As previously Reported	\$ 5,972,550	\$ 6,017,695
Prior Period Adjustments	<u>1,158,504</u>	<u></u>
Total Net Position - Beginning, As Restated	\$ <u>7,131,054</u>	\$ <u>6,017,695</u>
Total Net Position - Ending	\$ <u><u>7,168,938</u></u>	\$ <u><u>5,972,550</u></u>

**Revenues**



**Expenses**



The Department's revenues increased by 8.3% (\$4,075,694 in 2014 compared to \$3,761,829 in 2013) and expenses increased by 6.1% (\$4,037,810 in 2014 compared to \$3,806,974 in 2013). The factors driving these results include:

- Property taxes increased by 3.8% (\$2,382,023 in 2014 compared to \$2,295,511 in 2013).
- Charges for services increased by 5.6% (\$1,253,004 in 2014 compared to \$1,186,475 in 2013).
- Impact fees increased by 49.6% (\$387,718 in 2014 compared to \$259,220 in 2013).
- Personnel expenses increased \$272,536 (\$2,726,449 in 2014 compared to \$2,453,913 in 2013).
- Other operating expenses decreased \$67,451 (\$1,031,523 in 2014 compared to \$1,098,974 in 2013).

### **The Department's Funds**

#### ***Governmental Funds***

The focus of the Department's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Department's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Department's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Department's governmental funds reported combined fund balances of \$3,188,193, an increase of \$827,048 in comparison with the prior year. Of this amount, \$2,607,365, or 81.8%, constitutes unassigned fund balance, which is available for spending at the Department's discretion. The remainder of fund balance is either not available for spending or restricted for specific purposes by external constraints.

The General Fund is the chief operating fund of the Department. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$2,640,841 while the total fund balance amounted to \$3,221,669. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 68.9% of total expenditures, while total fund balance represents 84.1% of that same amount. The General Fund's total fund balance increased by \$847,384 during the current fiscal year.

The Rescue Squad Fund has a total fund balance of \$(33,476), a decrease of \$20,336 from the prior year.

#### ***General Fund Budgetary Highlights***

The original budget was not amended during the year. Revenues available for appropriation were \$267,560 above the budgeted amounts. The actual charges to appropriations (expenditures) were \$443,227 over the budgeted amounts.

Budget to actual comparisons for the General Fund can be found on page 27.

### **Capital Asset and Debt Administration**

#### ***Capital Assets***

The Department's investment in capital assets for its governmental activities as of December 31, 2014 amounted to \$4,267,581, net of accumulated depreciation. This amount represents a net increase of \$47,149, or 1.1%, from last year.

Capital assets were comprised of the following at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Land	\$ 974,517	\$ 974,517
Land Improvements	89,678	89,678
Buildings and Improvements	2,594,934	2,537,103
Fire Trucks	3,235,224	3,235,224
Vehicles and Equipment	1,806,053	1,754,266
Accumulated Depreciation	<u>(4,432,825)</u>	<u>(4,370,356)</u>
Capital Assets (Net)	<u>\$ 4,267,581</u>	<u>\$ 4,220,432</u>

More detailed information about the Department's capital assets is presented in Note 5 to the financial statements.

### ***Debt***

At year-end, the Department had \$526,928 in outstanding notes payable compared to \$494,432 last year, an increase of 6.6%. More detailed information about the Department's long-term liabilities is presented in Note 8 to the financial statements.

### **Economic Factors and Next Year's Budgets and Rates**

The Department's Board of Directors considered many factors when setting the 2015 budget. Some of those factors are the economy, population growth rate and inflation rates. These indicators were taken into account when adopting the General Fund budget for 2015. Revenues available for appropriation in the General Fund budget are \$3,592,000, an increase of 5.1% from the 2014 budget of \$3,419,000. Budgeted expenditures are expected to increase 9.3%, from \$3,388,598 in fiscal year 2014 to \$3,704,855 in fiscal year 2015.

### **Contacting the Department's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Department's finances and to show the Department's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Department at Post Office Box 648, Murrells Inlet, South Carolina 29576 or phone (843) 651-1101.

## **BASIC FINANCIAL STATEMENTS**

**MURRELLS INLET-GARDEN CITY FIRE DEPARTMENT**  
**STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES**  
**December 31, 2014**

**ASSETS**

Cash and Cash Equivalents	\$ 651,302
Receivables (Net)	2,619,121
Inventories	25,763
Prepaid Assets	26,091
Restricted Cash and Cash Equivalents	501,851
Land	974,517
Other Capital Assets (Net)	<u>3,293,064</u>
Total Assets	<u>\$ 8,091,709</u>

**LIABILITIES**

Accounts Payable and Accrued Expenses	\$ 149,998
Unearned Revenue	82,566
Noncurrent Liabilities:	
Due Within One Year	248,078
Due in More Than One Year	<u>442,129</u>
Total Liabilities	<u>\$ 922,771</u>

**NET POSITION**

Net Investment in Capital Assets	\$ 3,740,653
Restricted - Impact Fees	528,974
Unrestricted	<u>2,899,311</u>
Total Net Position	<u><u>\$ 7,168,938</u></u>

The accompanying notes are an integral part of the financial statements.

**MURRELLS INLET-GARDEN CITY FIRE DEPARTMENT**  
**STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES**  
**Year Ended December 31, 2014**

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Fire Department	\$ 3,582,071	\$ 922,389	\$ 50,000	\$ (2,609,682)
Rescue Squad	426,566	330,615		(95,951)
Interest Expense	29,173			(29,173)
Totals	<u>\$ 4,037,810</u>	<u>\$ 1,253,004</u>	<u>\$ 50,000</u>	<u>\$ (2,734,806)</u>

General Revenues:	
Property Taxes	\$ 2,382,023
Impact Fees	387,718
Investment Earnings	2,949
Total General Revenues	<u>\$ 2,772,690</u>
Change in Net Position	<u>\$ 37,884</u>
Total Net Position - Beginning, As Previously Reported	\$ 5,972,550
Prior Period Adjustments	1,158,504
Total Net Position - Beginning, As Restated	<u>\$ 7,131,054</u>
Total Net Position - Ending	<u>\$ 7,168,938</u>

The accompanying notes are an integral part of the financial statements.

**MURRELLS INLET-GARDEN CITY FIRE DEPARTMENT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2014**

	General Fund	Rescue Squad Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 558,714	\$ 92,588	\$ 651,302
Receivables (Net):			
Emergency Medical Services	302,042		302,042
Intergovernmental:			
Restricted	27,123		27,123
Unrestricted	1,086,191		1,086,191
Property Taxes	1,100,945		1,100,945
Other	102,595	225	102,820
Due From Other Fund	40,448		40,448
Inventories	25,763		25,763
Prepaid Assets	26,091		26,091
Restricted Cash and Cash Equivalents	501,851		501,851
Total Assets	<u>\$ 3,771,763</u>	<u>\$ 92,813</u>	<u>\$ 3,864,576</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable and Accrued Expenditures	\$ 133,715	\$ 3,275	\$ 136,990
Due to Other Fund		40,448	40,448
Unearned Revenue		82,566	82,566
Total Liabilities	<u>\$ 133,715</u>	<u>\$ 126,289</u>	<u>\$ 260,004</u>
Deferred Inflows of Resources:			
Unavailable Revenue	<u>\$ 416,379</u>	<u>\$</u>	<u>\$ 416,379</u>
Fund Balances (Deficit):			
Nonspendable:			
Inventories	\$ 25,763	\$	\$ 25,763
Prepaid Assets	26,091		26,091
Restricted - Impact Fees	528,974		528,974
Unassigned	2,640,841	(33,476)	2,607,365
Total Fund Balances (Deficit)	<u>\$ 3,221,669</u>	<u>\$ (33,476)</u>	<u>\$ 3,188,193</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,771,763</u>	<u>\$ 92,813</u>	<u>\$ 3,864,576</u>

The accompanying notes are an integral part of the financial statements.

**MURRELLS INLET-GARDEN CITY FIRE DEPARTMENT  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET POSITION  
December 31, 2014**

Total Fund Balances - Total Governmental Funds \$ 3,188,193

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources  
and, therefore, are not reported in the funds. 4,267,581

Other long-term assets are not available to pay for current-period expenditures and,  
therefore, are deferred in the funds. 416,379

Long-term liabilities, including notes payable, are not due and payable in the  
current period and, therefore, are not reported in the funds. (703,215)

**Net Position of Governmental Activities \$ 7,168,938**

The accompanying notes are an integral part of the financial statements.

**MURRELLS INLET-GARDEN CITY FIRE DEPARTMENT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended December 31, 2014**

	General Fund	Rescue Squad Fund	Total Governmental Funds
<b>REVENUES</b>			
Property Taxes	\$ 2,357,581	\$	\$ 2,357,581
Charges for Services	883,683	330,265	1,213,948
Impact Fees	387,718		387,718
Intergovernmental	50,000		50,000
Miscellaneous	7,578	353	7,931
Total Revenues	<u>\$ 3,686,560</u>	<u>\$ 330,618</u>	<u>\$ 4,017,178</u>
<b>EXPENDITURES</b>			
Current:			
Fire Department	\$ 3,339,934	\$	\$ 3,339,934
Rescue Squad		423,257	423,257
Capital Outlay	297,814		297,814
Debt Service:			
Principal	167,504		167,504
Interest	26,573		26,573
Total Expenditures	<u>\$ 3,831,825</u>	<u>\$ 423,257</u>	<u>\$ 4,255,082</u>
Deficiency of Revenues Under Expenditures	<u>\$ (145,265)</u>	<u>\$ (92,639)</u>	<u>\$ (237,904)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	\$	\$ 85,000	\$ 85,000
Transfers Out	(85,000)		(85,000)
Note Payable Issued	200,000		200,000
Total Other Financing Sources (Uses)	<u>\$ 115,000</u>	<u>\$ 85,000</u>	<u>\$ 200,000</u>
<b>Net Change in Fund Balances</b>	<u>\$ (30,265)</u>	<u>\$ (7,639)</u>	<u>\$ (37,904)</u>
Fund Balances - Beginning, As Previously Reported	\$ 2,374,285	\$ (13,140)	\$ 2,361,145
Prior Period Adjustments	877,649	(12,697)	864,952
Fund Balances - Beginning, As Restated	<u>\$ 3,251,934</u>	<u>\$ (25,837)</u>	<u>\$ 3,226,097</u>
<b>Fund Balances - Ending</b>	<u><u>\$ 3,221,669</u></u>	<u><u>\$ (33,476)</u></u>	<u><u>\$ 3,188,193</u></u>

The accompanying notes are an integral part of the financial statements.

**MURRELLS INLET-GARDEN CITY FIRE DEPARTMENT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2014**

Net Change in Fund Balances - Total Governmental Funds \$ (37,904)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and are reported as depreciation expense. This is the amount by which capital outlays (\$297,814) exceeded depreciation (\$250,665) in the current period. 47,149

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 58,516

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, had any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt. (32,496)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 2,619

**Change in Net Position of Governmental Activities \$ 37,884**

The accompanying notes are an integral part of the financial statements.

**MURRELLS INLET-GARDEN CITY FIRE DEPARTMENT  
STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUND  
December 31, 2014**

**ASSETS**

Cash and Cash Equivalents	\$ 24,939
Prepaid Assets	<u>5,599</u>
Total Assets	<u><u>\$ 30,538</u></u>

**LIABILITIES**

Due to Firemen	<u><u>\$ 30,538</u></u>
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The accompanying notes are an integral part of the financial statements.

**MURRELLS INLET-GARDEN CITY FIRE DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Murrells Inlet-Garden City Fire Department (the Department) have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Department applies all relevant GASB pronouncements.

The more significant accounting policies of the Department are described below.

**A. Reporting Entity**

The Department was established in 1966 by Title 4 Chapter 23 of the Code of Laws of the State of South Carolina. The Department was created to provide fire protection for the residents of the district that was created. The Department's duties and responsibilities include purchasing and maintaining firefighting equipment, hiring and employing firemen and training volunteer firemen.

Funding for the Department is provided by property taxes and impact fees levied and collected by Georgetown County, South Carolina and Horry County, South Carolina. The Department receives contractual revenues from Horry County to provide fire protection for specific residents in that county, which are not within the Department's district. The Department receives contractual revenues from Georgetown County to provide paramedic rescue services.

In evaluating how to define the Department, for financial reporting purposes, management has considered all potential component units. Potential component units are legally separate organizations for which the Department might be considered to be financially accountable. The Murrells Inlet-Garden City Fire Department financial reporting entity consists only of the activities of the Department. No other separate entities have been included in the reporting entity since the Department is not financially accountable for any other separate organizations.

**B. Government-Wide Financial Statements**

The Department's government-wide financial statements (the statement of net position and the statement of activities) report information on all of its nonfiduciary activities. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

**C. Fund Financial Statements**

The financial transactions of the Department are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements. The Department uses the following fund types:

**MURRELLS INLET-GARDEN CITY FIRE DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Governmental Funds

The focus of the governmental funds' measurement is upon the determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the Department's governmental funds:

1. General fund is the general operating fund of the Department. It is used to account for all financial resources except those required to be accounted for in another fund.
2. Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes and the revenue serves as the foundation of the fund.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Department programs. The reporting focus is on net position and changes in net position.

The Department reports the following major governmental funds:

The *General Fund* is the Department's primary operating fund. It accounts for all financial resources, except those required to be accounted for in another fund.

The *Rescue Squad Fund* is a special revenue fund that is used to account for contract revenues received from Georgetown County, South Carolina to provide paramedic rescue services.

The Department's agency fund is presented in the fiduciary fund financial statement. Since these assets cannot be used to address activities or obligations of the Department, the agency fund is not incorporated into the government-wide financial statements. The Department's agency fund is as follows:

The *Firemen's Fund* is used to account for resources held by the Department for its firemen in an agency capacity.

**D. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

**MURRELLS INLET-GARDEN CITY FIRE DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Department considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. The Department considers all revenues to be susceptible to accrual. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

The agency fund financial statement is reported using the accrual basis of accounting. Agency funds do not have a measurement focus.

**E. Cash Equivalents**

The Department considers all short-term, highly liquid investments with original maturities of three months or less to be cash equivalents.

**F. Receivables**

Receivables are presented in the financial statements net of allowances for doubtful accounts. Allowances for doubtful accounts are based upon historical trends and the periodic aging of receivables.

**G. Interfund Activity**

The effect of interfund activity has been eliminated from the government-wide financial statements. Interfund activity is classified as either loans, services provided, reimbursements or transfers. Loans are referred to as due to/from other funds. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

**H. Inventories**

Inventories are valued at cost, on an average cost basis.

**I. Prepaid Assets**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid assets using the consumption method in both the government-wide and fund financial statements.

**J. Restricted Assets**

Restricted assets consist of impact fees that must be expended for the acquisition and/or maintenance of property and equipment utilized by the Department. When both restricted and unrestricted resources are available for use, it is the Department's policy to use restricted resources first, then unrestricted resources as they are needed.

**MURRELLS INLET-GARDEN CITY FIRE DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**K. Capital Assets**

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the Department as assets with an initial, individual cost of more than \$2,500. Purchased capital assets are recorded at historical cost. Donated capital assets are recorded at acquisition cost on the date of donation.

The costs of normal maintenance and repairs, which neither materially add to the value of an asset nor prolong its life, are charged to expense as incurred. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Land Improvements	15 years
Buildings and Improvements	40 years
Fire Trucks	20 years
Vehicles and Equipment	5 years

**L. Compensated Absences**

It is the Department's policy to permit employees to accumulate earned but unused vacation and sick pay. There is no liability for unpaid accumulated sick pay since the Department does not have to pay any amounts if an employee separates from service. Vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is not reported in the governmental funds.

**M. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

In the fund financial statements, governmental fund types recognize the repayment of the principal of long-term debt during the current period. The face amount of long-term debt issued is reported as other financing sources.

**N. Equity Classifications**

In the government-wide financial statements, equity is classified as net position and is displayed in the following components:

*Net Investment in Capital Assets* - Consists of capital assets net of accumulated depreciation reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets.

*Restricted Net Position* - Consists of net position with constraints placed on their use by (a) third parties such as creditors, grantors, contributors or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

*Unrestricted Net Position* - All other net position that does not meet the definition of restricted or net investment in capital assets.

**MURRELLS INLET-GARDEN CITY FIRE DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

In the governmental fund financial statements, fund balances are displayed in the following components:

*Nonspendable* - Consists of amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted* - Consists of amounts with constraints placed on their use by (a) third parties such as creditors, grantors, contributors or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

*Unassigned* - Consists of all amounts not included in other classifications. The Department only reports positive unassigned fund balance in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Department considers restricted funds to have been spent first. Additionally, the Department first uses committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Department has not formally adopted a minimum fund balance policy.

**O. Revenues and Expenses**

Real property and all personal property other than vehicles are assessed for property tax purposes as of January 1st of each year. All taxable property is assessed in proportion to its value on that date. Taxes are payable between October 1st and January 15th following their levy on October 1st. The lien date is January 15th and unpaid amounts after this date are considered to be delinquent and are subject to penalties for late payment.

New vehicle property taxes are assessed and levied within 120 days of the registration date of the vehicle and payment is due upon receipt of the property tax notice. Other vehicle property taxes are assessed and levied in the month the vehicle is scheduled for license renewal with the South Carolina Highway Department and payment is due before the end of the month of the scheduled renewal.

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the Department recognizes grant revenues and receivables when the applicable eligibility requirements, including time requirements, are met. Resources received before the eligibility requirements are met are reported as deferred revenue.

**Note 2 - GOVERNMENT-WIDE FINANCIAL STATEMENT RECONCILIATIONS**

The governmental funds balance sheet is followed by a reconciliation between total fund balances - total governmental funds and net position of governmental activities as reported in the government-wide statement of net position. The details of the element in the reconciliation that relates to long-term liabilities, \$703,215, follows:

**MURRELLS INLET-GARDEN CITY FIRE DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**Note 2 - GOVERNMENT-WIDE FINANCIAL STATEMENT RECONCILIATIONS (continued)**

Notes Payable	\$ 526,928
Compensated Absences	163,279
Accrued Interest Payable	<u>13,008</u>
	\$ <u><u>703,215</u></u>

The governmental funds statement of revenues, expenditures and changes in fund balances is followed by a reconciliation between net change in fund balances - total governmental funds and change in net position of governmental activities as reported in the government-wide statement of activities. The element of the reconciliation that relates to long-term debt, \$32,496, is comprised of the following:

Note Payable Issued	\$ 200,000
Principal Repayments	<u>(167,504)</u>
	\$ <u><u>32,496</u></u>

The details of another element in the reconciliation that relates to expenses, \$2,619, follows:

Compensated Absences	\$ 5,219
Accrued Interest	<u>(2,600)</u>
	\$ <u><u>2,619</u></u>

**Note 3 - CASH AND CASH EQUIVALENTS**

At year end, the carrying amount of the Department's deposits in financial institutions was \$1,178,092 and the financial institutions' balances totaled \$1,184,987. Of that balance, \$1,053,868 was covered by federal depository insurance and \$131,119 was uninsured and uncollateralized.

Custodial credit risk is the risk that in the event of a bank failure, the Department's deposits may not be returned to it. The Department does not have a deposit policy for custodial credit risk.

**Note 4 - RECEIVABLES (NET)**

Receivables at December 31, 2014, including the applicable allowances for doubtful accounts, are as follows:

**MURRELLS INLET-GARDEN CITY FIRE DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**Note 4 - RECEIVABLES (NET) (continued)**

	<u>General Fund</u>	<u>Rescue Squad Fund</u>	<u>Totals</u>
Emergency Medical Services	\$ 652,042	\$	\$ 652,042
Intergovernmental	1,113,314		1,113,314
Property Taxes	1,203,444		1,203,444
Other	<u>102,595</u>	<u>225</u>	<u>102,820</u>
	\$ 3,071,395	\$ 225	\$ 3,071,620
Allowances for Doubtful Accounts	<u>(452,499)</u>		<u>(452,499)</u>
	<u>\$ 2,618,896</u>	<u>\$ 225</u>	<u>\$ 2,619,121</u>

**Note 5 - CAPITAL ASSETS (NET)**

The Department's capital asset activity for the year ended December 31, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ <u>974,517</u>	\$ _____	\$ _____	\$ <u>974,517</u>
Capital Assets Being Depreciated:				
Land Improvements	\$ 89,678	\$	\$	\$ 89,678
Buildings and Improvements	2,537,103	57,831		2,594,934
Fire Trucks	3,235,224			3,235,224
Vehicles and Equipment	<u>1,754,266</u>	<u>239,983</u>	<u>188,196</u>	<u>1,806,053</u>
	\$ <u>7,616,271</u>	\$ <u>297,814</u>	\$ <u>188,196</u>	\$ <u>7,725,889</u>
Accumulated Depreciation for:				
Land Improvements	\$ (74,257)	\$ (1,426)	\$	\$ (75,683)
Buildings and Improvements	(892,076)	(70,682)		(962,758)
Fire Trucks	(2,128,666)	(80,101)		(2,208,767)
Vehicles and Equipment	<u>(1,275,357)</u>	<u>(98,456)</u>	<u>(188,196)</u>	<u>(1,185,617)</u>
	\$ <u>(4,370,356)</u>	\$ <u>(250,665)</u>	\$ <u>(188,196)</u>	\$ <u>(4,432,825)</u>
Capital Assets (Net)	<u>\$ 4,220,432</u>	<u>\$ 47,149</u>	<u>\$ _____</u>	<u>\$ 4,267,581</u>

Depreciation expense was charged to functions / programs of the Department's governmental activities as follows:

Fire Department	\$ 250,665
Rescue Squad	<u>0</u>
	<u>\$ 250,665</u>

**MURRELLS INLET-GARDEN CITY FIRE DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES / EXPENDITURES**

Accounts payable and accrued expenses / expenditures consisted of the following at December 31, 2014:

	<u>General Fund</u>	<u>Rescue Squad Fund</u>	<u>Totals</u>
Trade Accounts Payable	\$ 54,098	\$ 3,275	\$ 57,373
Accrued Salaries and Wages	<u>79,617</u>		<u>79,617</u>
	<u>\$ 133,715</u>	<u>\$ 3,275</u>	<u>\$ 136,990</u>
Reconciliation to the Government-Wide Statement of Net Position:			
Accrued Interest payable			<u>13,008</u>
			<u>\$ 149,998</u>

**Note 7 - UNAVAILABLE REVENUE**

At December 31, 2014, unavailable revenue consisted of the following:

	<u>General Fund</u>	<u>Rescue Squad Fund</u>	<u>Totals</u>
Property Taxes	\$ 232,262	\$	\$ 232,262
Emergency Medical Services	<u>184,117</u>		<u>184,117</u>
	<u>\$ 416,379</u>	<u>\$</u>	<u>\$ 416,379</u>

**Note 8 - LONG-TERM LIABILITIES**

**A. Governmental Activities**

At December 31, 2014, long-term debt of the Department's governmental activities was as follows:

	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Amount</u>
Notes Payable:				
TD Bank	\$ 733,737	5.00%	07/10/21	\$ 360,261
TD Bank	200,000	3.08	04/01/19	<u>166,667</u>
				<u>\$ 526,928</u>

**MURRELLS INLET-GARDEN CITY FIRE DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**Note 8 - LONG-TERM LIABILITIES** (continued)

The notes payable were issued to finance the acquisition of buildings and fire equipment. The notes are secured by the assets financed. Annual debt service requirements to maturity for the notes payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending December 31, 2015	\$ 84,799	\$ 23,415	\$ 108,214
2016	84,799	19,638	104,437
2017	84,799	15,998	100,797
2018	84,799	12,381	97,180
2019	84,799	9,773	94,572
2020 - 2021	<u>102,933</u>	<u>7,719</u>	<u>110,652</u>
	<u>\$ 526,928</u>	<u>\$ 88,924</u>	<u>\$ 615,852</u>

**B. Changes in Long-Term Liabilities**

The Departments' long-term liability activity for the year ended December 31, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Notes Payable	\$ 494,432	\$ 200,000	\$ 167,504	\$ 526,928	\$ 84,799
Compensated Absences	<u>168,498</u>	<u>204,693</u>	<u>209,912</u>	<u>163,279</u>	<u>163,279</u>
	<u>\$ 662,930</u>	<u>\$ 404,693</u>	<u>\$ 377,416</u>	<u>\$ 690,207</u>	<u>\$ 248,078</u>

**Note 9 - RETIREMENT PLANS**

**A. Plan Description**

Department employees participate in either the South Carolina Police Officers Retirement System (PORS) or the South Carolina Retirement System (SCRS) depending on their duties. Both plans are administered by the South Carolina Retirement Systems and are classified as cost-sharing multiple-employer defined benefit public retirement systems. Each plan provides retirement, disability and death benefits to plan members and beneficiaries. Benefit provisions are established under authority of Title 9 of the South Carolina Code of Laws. The South Carolina Retirement Systems issue a Comprehensive Annual Financial Report which discloses detailed information regarding benefit provisions and actuarial information. This report is available to the public and may be obtained by writing to the South Carolina Retirement Systems, Post Office Box 11960, Columbia, South Carolina 29211.

**MURRELLS INLET-GARDEN CITY FIRE DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**Note 9 - RETIREMENT PLANS (continued)**

**B. Funding Policy**

Members of the PORS and SCRS are required to contribute 8.41% and 8.00%, respectively, of their covered wages. The Department is required to contribute at actuarially determined rates, currently 13.41% of PORS member wages and 10.90% of SCRS member wages. The contribution requirements of plan members and the Department are established and may be amended by the South Carolina Retirement Systems. The Department's contributions to the PORS and SCRS for the year ended December 31, 2014 were \$267,065, and 7,800, respectively. The contributions made by the Department to the PORS and SCRS were equal to the required contributions for the year.

**Note 10 - RISK MANAGEMENT**

The Department is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In order to protect against these risks of loss, the Department purchases insurance coverage. During the year ended December 31, 2014, there were no significant reductions in insurance coverage from the prior year. Settled claims have not exceeded the Department's insurance coverage in any of the past three years.

**Note 11 - SUBSEQUENT EVENTS**

During 2016, the Department entered into a \$320,915 note payable with the Conway National Bank, which is secured by real property. The note requires annual payments of \$21,060, including interest at 2.74%, through March 2022. A balloon payment of \$248,768 is due during March 2023.

During 2016, the Department entered into a \$195,000 note payable with the Conway National Bank, which is secured by equipment. The note requires annual payments of \$30,724, including interest at 2.51%, through April 2023.

During 2016, the Department entered into a \$1,000,000 note payable with the Conway National Bank, which is secured by real property. The note requires annual payments of \$65,510, including interest at 2.74%, through February 2023. A balloon payment of \$773,825 is due during February 2024.

During 2017, the Department entered into a \$569,780 note payable with the Conway National Bank, which is secured by equipment. The note requires annual payments of \$69,740, including interest at 3.85%, through April 2023. A balloon payment of \$263,828 is due during April 2024.

**Note 12 - PRIOR PERIOD ADJUSTMENTS**

Fund balance in the General Fund at the beginning of 2014 has been increased to correct various accounting errors. As a result, the following beginning balances have been restated:

**MURRELLS INLET-GARDEN CITY FIRE DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**Note 12 - PRIOR PERIOD ADJUSTMENTS (continued)**

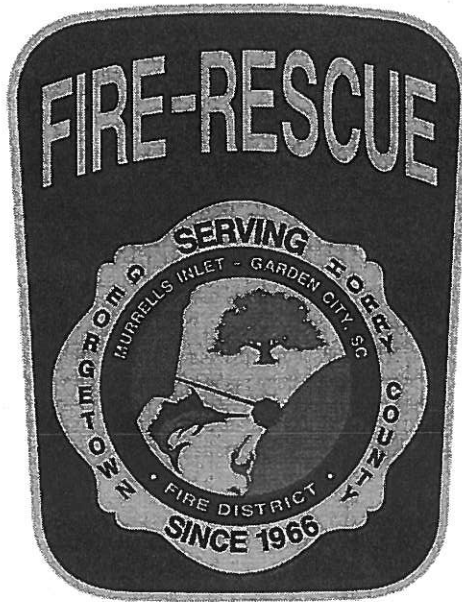
Receivables (Net):	
Emergency Medical Services	\$ 251,115
Property Taxes	1,003,785
Other	57,688
Due From Other Fund	12,697
Inventories	22,965
Accounts Payable and Accrued Expenditures	(112,738)
Unavailable Revenue	(357,863)
Fund Balance	(877,649)

Fund balance in the Rescue Squad Fund at the beginning of 2014 has been decreased to correct various accounting errors. As a result, the following beginning balances have been restated:

Due to Other Fund	\$ (12,697)
Fund Balance	12,697

Net position of governmental activities at the beginning of 2014 has been increased to correct various accounting errors. As a result, the following beginning balances have been restated:

Receivables (Net):	
Emergency Medical Services	\$ 251,115
Property Taxes	1,003,785
Other	57,688
Inventories	22,965
Capital Assets	35,526
Accounts Payable and Accrued Expenses	(123,146)
Noncurrent Liabilities Due Within One Year	(89,429)
Fund Balance	(1,158,504)



## **REQUIRED SUPPLEMENTARY INFORMATION**

**MURRELLS INLET-GARDEN CITY FIRE DEPARTMENT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**Year Ended December 31, 2014**

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 2,360,000	\$ 2,357,581	\$ (2,419)
Charges for Services	800,000	883,683	83,683
Impact Fees	200,000	387,718	187,718
Intergovernmental	50,000	50,000	
Miscellaneous	9,000	7,578	(1,422)
Total Revenues	<u>\$ 3,419,000</u>	<u>\$ 3,686,560</u>	<u>\$ 267,560</u>
<b>EXPENDITURES</b>			
Current:			
Fire Department	\$ 3,054,598	\$ 3,339,934	\$ (285,336)
Capital Outlay	174,000	297,814	(123,814)
Debt Service:			
Principal	125,000	167,504	(42,504)
Interest	35,000	26,573	8,427
Total Expenditures	<u>\$ 3,388,598</u>	<u>\$ 3,831,825</u>	<u>\$ (443,227)</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	<u>\$ 30,402</u>	<u>\$ (145,265)</u>	<u>\$ (175,667)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	\$ (90,000)	\$ (85,000)	\$ 5,000
Note Payable Issued		200,000	200,000
Total Other Financing Sources (Uses)	<u>\$ (90,000)</u>	<u>\$ 115,000</u>	<u>\$ 205,000</u>
<b>Net Change in Fund Balances</b>	<u>\$ (59,598)</u>	<u>\$ (30,265)</u>	<u>\$ 29,333</u>
Fund Balances - Beginning, As Previously Reported	\$ 2,374,285	\$ 2,374,285	
Prior Period Adjustments	877,649	877,649	
Fund Balances - Beginning, As Restated	<u>\$ 3,251,934</u>	<u>\$ 3,251,934</u>	
Fund Balances - Ending	<u>\$ 3,192,336</u>	<u>\$ 3,221,669</u>	<u>\$ 29,333</u>

**MURRELLS INLET-GARDEN CITY FIRE DEPARTMENT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**RESCUE SQUAD FUND**  
**Year Ended December 31, 2014**

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
<b>REVENUES</b>			
Charges for Services	\$ 330,265	\$ 330,265	\$
Miscellaneous		353	353
Total Revenues	<u>\$ 330,265</u>	<u>\$ 330,618</u>	<u>\$ 353</u>
<b>EXPENDITURES</b>			
Current:			
Rescue Squad	\$ 420,542	\$ 423,257	\$ (2,715)
Deficiency of Revenues Under Expenditures	\$ (90,277)	\$ (92,639)	\$ (2,362)
<b>OTHER FINANCING SOURCES</b>			
Transfers In	<u>90,000</u>	<u>85,000</u>	<u>(5,000)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (277)</u>	<u>\$ (7,639)</u>	<u>\$ (7,362)</u>
Fund Balance - Beginning, As Previously Reported	\$ (13,140)	\$ (13,140)	\$
Prior Period Adjustments	<u>(12,697)</u>	<u>(12,697)</u>	<u></u>
Fund Balance - Beginning, As Restated	<u>\$ (25,837)</u>	<u>\$ (25,837)</u>	<u></u>
Fund Balance - Ending	<u><u>\$ (26,114)</u></u>	<u><u>\$ (33,476)</u></u>	<u><u>\$ (7,362)</u></u>

**MURRELLS INLET-GARDEN CITY FIRE DEPARTMENT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**December 31, 2014**

**Note 1 - BUDGETS AND BUDGETARY ACCOUNTING**

The Department utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

1. The Board of Directors submits a proposed operating budget for the fiscal year commencing the following January 1st. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to December 31st, the budget is adopted by a majority vote of the Board of Directors.
4. The Department's policies allow budgeted amounts to be transferred between expense classifications. However, revisions that alter the total expenditures of any fund must be approved by the Department's Board of Directors. Thus, the legal level of control is at the fund level.
5. The Department generally adopts an annual appropriated budget for all funds other than fiduciary funds. The budgets are adopted annually on a basis consistent with generally accepted accounting principles.
6. All annual appropriations lapse at year-end.