

**Murrells Inlet – Garden City Fire District  
Board of Directors Meeting  
Minutes of July 22, 2019**

**Board Members Present:** Kay Benton, Pat Walsh, George Oldroyd, Steven Sellers, Gene Connell, Elizabeth Ward.

**Others Present:** Chief Knight, Assistant Chief Haney

Chairman Oldroyd called the meeting to order at 6:00 p.m. A quorum was present and the press had been notified. A full board was in attendance; the Chairman welcomed new board member Elizabeth Ward. She takes the seat vacated by Booty Shelley.

**Minutes:** Kay Benton made the motion to approve the June 24<sup>th</sup> minutes as presented. Pat Walsh seconded the motion and the motion carried. Gene Connell and Elizabeth Ward abstained from voting as neither were present on June 24<sup>th</sup>.

**Financials:** Kay Benton stated the Department was on target with our income and expenses. Steven Sellers made the motion to accept the financials as presented which was seconded by Gene Connell and the motion carried.

Representatives from the Smith Sapp accounting firm presented the 2018 audit results. Nathan Skipper gave an overview of the government wide financial statements. Results of the 2018 operations at the government wide level were an increase of \$99,000 in our net position. Steven Sellers asked if we were \$99,000 above budget, or \$99,000 below budget. Mr. Skipper explained that in effect, our revenues of all type were \$99,000 higher than our expenses at the government wide level. Steven Sellers stated that we do not have four million dollars in our bank account and Mr. Skipper agreed. Mr. Sellers also asked why our donation account was not audited. Mr. DeKleva explained that the donation account was included in the audit and that as a part of the agreed upon procedures they selected expenditures. Mr. Sellers asked to see where it's at after the meeting. Mr. Skipper agreed and offered to also show a more detailed report. Mr. Connell asked the auditors to tell the public and board what is encompassed in the net revenues of \$6.4 million. Mr. Skipper explained at the government wide level encompasses both the general fund, which includes fire department operations for both counties as well as EMS operations for Horry County. Separately, the special revenue fund includes EMS operations for Georgetown County. Both operations are included in that number. There's about \$1.1 million in charges for services for the fire department and \$400,000 in charges in services for the rescue squad. The fire department had approximately \$68,000 worth of operating grants and contributions and the rescue squad had a one-time grant contribution of \$222,000 from Georgetown County related to an ambulance. Moving along, there were approximately \$4.2 million dollars in tax revenue, \$400,000 in impact fees and a little less of \$14,000 in interest. Mr. Connell stated he had sent our five-year budget projection to Mr. Skipper and asked how the projection can begin with a drop in revenue of \$1 million. Mr.

Skipper said it would take an analysis of the underlying budget projections, but he didn't believe the projection included the rescue operations. In addition, he thinks there would be some adjustments that are made at the end of the period we report on that convert cash received to accrual balances based on newly assessed property taxes at the county level as well as to true up revenues from the CAB billing service. Mr. Connell asked Mr. Skipper if he would disagree that the budget projection of 2019 of \$5.11 million would be the correct budget projection if you would look at all the factors. Mr. Skipper stated someone would have to look at it in more depth; that there may be additional items to take into consideration. Mr. Connell asked what Mr. Skipper believed to be the difference between the \$6.4 million dollar revenue of 2018 and the \$5 million projection of 2019. Mr. Skipper said he believed the differences included the one time ambulance item of \$222,000, the rescue operations of \$400,000 and the accrual adjustments that don't necessarily happen in an ongoing cash flow forecast. Mr. Connell asked why the rescue fund would not be included in the projection. Mr. Skipper stated that he could not speak to that, but he believed it was included as a separate page. Pat Walsh stated a lot of people don't have a great deal of technical knowledge in reading an audit. He asked the auditors if they would define, or what would they include, in the term fund balance. Mr. DeKleva explained that a fund balance is a mathematical difference between total assets and total liabilities. Mr. Walsh said it obviously doesn't mean there are 4,492,000 greenbacks sitting in a bank somewhere that belong to us. Mr. DeKleva stated if you look on page eleven of the audit, you would see the governmental fund balance sheet. In essence, the fund balance number is the difference of total assets of \$5.5 million less liabilities of \$278,000, less unavailable revenue of \$743,000. Mr. Walsh stated that didn't really answer his question. Mr. Sellers interjected that it was what the fire department owned as a whole. Mr. DeKleva emphasized that a balance sheet is just a balance at a specific date, that as assets are drawn down, the fund balance will come down, and as liabilities are paid off, the fund balance will increase. At different points of the year, the fund balance is going to be higher or lower depending on expenditures throughout the year. Mr. Sellers asked when we are getting tax payer's money at the end of the year and we're getting money for the next year, and it's going into our account, is there a way we can separate that, or would it be easier to do a six month budget, change our fiscal year to work with our taxes? Mr. DeKleva said clearly, at year-end is when the bulk of the property taxes have been assessed and collected. You'll see, of the \$5.5 million in assets, approximately \$1.6 million of that is tax receivables, and cash of \$1.2 million dollars, a substantial portion was taxes collections during October, November, and December, that will be expended during the upcoming 2019 year. The Chairman asked would it be incorrect for me to use the word surplus as a synonym for the term fund balance. Mr. DeKleva stated he didn't think surplus and fund balance were the same thing.

Ms. Benton stated she would like to go over a brief analysis of how she feels we looked at year-end. On our audits, we have receivables of \$3.795 million and we had cash of \$1.389 million. Our January 2019 tax receivables was \$1.11 million. She explained that the bulk of our tax revenue is collected in December and January when our constituents pay their property taxes, and that we don't get that money until January and February, because it goes to the County, and then comes to us the next month. To illustrate the anticipation of what we will receive in tax revenues in 2019, she used tax income collected from the months of February through

October 2018, which was \$966,000. Using these figures, and assuming our 2019 budget was still forecast at \$5.111 million, we would have approximately \$2 million in remaining funds. As a department, over many years we have always liked to set aside a reserve equal to four months of operating expenses which would equal about \$1.2 million. The reason for this is if we had a catastrophic event and people were displaced, or the counties could not send us money for some reason, we would be able to continue our operations. Mr. DeKleva added that most governmental entities retain anywhere from three to six months of fund balance for exactly that purpose.

Mr. Connell asked how much it would cost for Smith Sapp to do a budget projection for 2019 and 2020. Mr. DeKleva said it would be based on the amount of time it would take, and they had not done anything with the 2019 numbers. He estimated in the \$2,500 to \$3,000 range. Jerry Fancher asked if accountants could remain until the end of the meeting to answer questions the public may have. Chairman Oldroyd pointed out this was a presentation for the board, but said he personally would take whatever questions he would have and present them, perhaps through the Treasurer, to the auditors and get answers to his questions. Steven Sellers made the motion to accept the 2018 audit. The motion was seconded by Gene Connell and the motion carried.

Chairman Oldroyd distributed to the board members copies of an open letter to the Legislative Delegation and asked that the letter become part of the minutes. Chairman Oldroyd read aloud this letter during the meeting and it is attached to the minutes.

Pat Walsh said he would like to personally offer an apology to the firefighters and their families. We entered into this thing because we knew you had a need and we knew also that we didn't have much time to do it all. The board voted for an increase of five mills over a period of years. And then we realized it would not give us an ambulance right away. We went ahead with the referendum and didn't have any money to spend on advertising. We were going along pretty well; it wasn't quite run as well as the one a few years ago. Who loses because of this? We'll have no fourth ambulance now. Even if we can raise enough effort to get this on the general election in November, the earliest we will get the money is 2021. Four days before the election the letter went out. People came to me and asked what we are doing down here and criticized us. His message to the people is: get involved, get informed, take part, so the next time you are sent misinformation you will know it for what it is.

Vice Chairman Gene Connell said he didn't know what to say about what he just heard, other than to say he was a new board member and didn't come on until last year. At the time that it was decided that we would move forward with the referendum, he mentioned to the board that we could not win an election in the way it was done. You have to have a marketing campaign, you have to get people involved, you have to spend money, you have to have mail outs, especially with a tax increase. So, that is on the board, we should have done better with that. We did not do our job, no question about that. But he want to point out that many of us had misgivings about that to begin with, and were concerned, especially in light of the fact that we had been given a letter from the Legislative Delegation that they did not want us to proceed

at that point. And again, to the people on the board who wanted to do that, we are all volunteers here, none of us are getting paid to be here. We are all trying to do what we think is correct, but he thinks in the future, if we ever have such a thing again that we all ought agree to do something different, and if we did, he thinks we would have different results.

Secretary Steven Sellers introduced himself; he has been on the board since 2017, and has been affiliated with the fire department since 2001, when he was a volunteer firefighter in high school. He said as he got older he started seeing our department develop and started caring about our citizens and employees. He stated he is a native from Murrells Inlet and loves his community. He says he knows we need to get more information out to the public. He encouraged everyone to come to the board meetings and would like to see more insight from the public about what we can do better at and what we can help at.

Chairman Oldroyd stated we had a task ahead of us that is no different than any other year, only we know that we won't be seeing a millage increase. We don't know yet, and won't know for a couple of months what the county will tell us to expect in terms of millage. He said we're going to enter into the budget process by taking what we are told by the counties that we could expect in income and align that with our anticipated expenses, and we're going to try to make the two match, and that is the budgeting process. It will be no different this year than any other year in that regard. He said we will make the most of every dollar and we will work, I'm sure, to analyze the options open for gaining more income. We have to live and learn from what we did. He remarked, if I had it to do all over again, I would not change a thing, because I really believe we had the backing of the community. I think that some of that was taken away from us by well-meaning efforts to try to corral government spending. He told Mr. Swatzel, I hear you, I understand, I know, I bear no grudge, I have no axe to grind. We can learn a lot from this, and we have to because people are in trouble out there.

The Chairman asked how many times a week when there are five or six calls within an hour and a half? Well, we have three ambulances, figure it out, where does the fourth one come from? No, they don't all transport, but you are the fourth caller, you're in trouble! That's not a scare tactic, that's not dramatic, that's a fact. We need it, the public needs it. I saw the path that I chose to be the expression of my sincere belief in the need and my heretofore faith in the general public. We all have a big job to do in public relations, and I'm no public relations expert. Our neighbors have the same problem. The great thing about being in the Murrells Inlet – Garden City Fire District is that people can actually come out and vote on it. You have more of a direct democracy here. It is a great thing, and I want to see it continue and prosper, but if this department goes down the tubes for whatever reason, the public will be paying Horry County and Georgetown County rates. You're not going to get the fourteen mills. If you're in unincorporated Georgetown County you are paying 21 mills and 1.8 mills on top of that when they bought a bunch of fire trucks. That's like 23 mills and it's going to be going up out there. And, there is a likelihood, not a sure thing, but a likelihood, that people in this district might find their fire insurance rates changing somewhat. The public is going to wind up paying a whole lot more than they do now, and they won't even have a choice in the matter. The public needs to be galvanized to that idea. We have provided since 1966 a superior service for a lot

lower price, and our prior boards have done an amazing job at doing just that. There might be some arguing here or there about some bookkeeping. I know, people keep bringing up the fact that we had an embezzlement, it's over. The embezzler died and we have taken steps in the very days after that, under Al Hitchcock's chairmanship, to change some of our procedures and that is something we are very mindful of. I hate to see that situation brought up again. It is in the past, it was a problem, it was found, the insurance paid it off, we didn't lose a dime over it, and we corrected it. We're moving on, and we need the public to move on too. We need our legislative delegation to think about that. I am no political expert but if I were running for office at the state level, I think I would not want to have a significant tax increase because a fire district went out of business because public confidence was eroded. The criticism that I have is there is no standing on the fence in public safety. If you're not with us, you're against us, and I know you are with us, Russell (Representative Fry), I know that, in my heart I know it, and I know you've got issues you've got to deal with, and we've got to put that behind us.

The next order of business is a millage letter to the counties. Pat Walsh made the motion to set the millage rate at 14 mills. Steven Sellers seconded the motion and the motion carried. The staff will prepare the letters and the chairman will sign them before the due date.

**Old Business:** None.

**New Business:** Gene Connell made a motion to hire the accounting firm Smith Sapp to prepare a budget projection for the years 2019 to 2024 based on the past four years. Steven Sellers seconded the motion. Pat Walsh asked Mr. Connell to expand on that. Mr. Connell stated the budget projection shows a budgeted income of \$5.11 million, and the 2018 audit showed revenue of \$6.3 million. He said he thinks we need to figure out what a true budget is and what our needs truly are, and he didn't think we can do that without a CPA. Ms. Ward said because our auditors have to be independent to audit us, she did want us to make sure that doesn't violate their independence if they did a budget for us. We might want to ask them that question and verify that but she does support someone outside to overlook that. Gene Connell then moved to ask the auditors then, based on what Ms. Ward said, if they will have a conflict. Ms. Ward added: to audit, you are supposed to be independent, you are not supposed to do a marked amount of work that might be considered managerial or consulting, so we need to verify that the small amount of money won't violate their independence. Mr. Connell amended his motion to reflect what Ms. Ward added. Steven Sellers seconded the motion, and the motion carried.

Ms. Benton distributed an item in reference to the South Carolina Association of Special Purpose Districts membership. She asked the members to read over it and consider it for a vote. The Chairman asked what she was looking for as a resolve to the matter. She asked for a vote to approve the invoice. Mr. Connell asked if it had not been approved previously. The Chairman explained what the board was looking at was membership dues to the Special Purpose District Association, which apparently went through without board action this time. In the past, it has received action when we had not been a part of the association for a couple of years. I believe that it was within the dollar figure for the administration to handle according to

our purchasing policy and I saw it as a routine thing. However, he said Ms. Benton brought this error and omission to the board's attention and it needs to be rectified by an approval vote. Ms. Benton said it was presented to the board in 2018 for approval and felt it should have been brought to the board in 2019 as well. Gene Connell made the motion to approve the membership. The motion was seconded by Steven Sellers. The motion passed with three votes in favor. Ms. Ward abstained and Ms. Benton voted against. Mr. Connell asked that in the future this be brought to the board and voted on if that's an issue. He also said he didn't think anyone else could have gone in here, he didn't know who all had check writing authority, he didn't think we ought to be writing any checks without approval of the board other than what we already talked about in the bylaws that were approved. Mr. Oldroyd stated that we had talked about the need to review the purchasing policy and have not done that yet.

**Public Comment:** Eight people have signed up to speak. Mr. Oldroyd said if there were more than three or four, we would need to limit it in the number of minutes. Mr. Connell said he thought if anybody who is here wants to say something, let them say it. Mr. Oldroyd stated we need to limit it by bylaws, but we can determine as a group to put that aside this time. We have a consensus.

Chad Gill, President of the Murrells Inlet Professional Firefighters Association, said the Association felt the board had let them down. He explained how the Association offered their assistance at the May board meeting, but was not given flyers to hand out until July 11<sup>th</sup>. He distributed statistics that outlined salaries from area departments.

Rollin Carver, career firefighter, detailed how members of the community would stop by the fire station to drop off food, and they would tell him they were not voting against the firefighters, they were voting against the board. He credited Mr. Swatzel with an A-1 hit job that didn't allow the board time to respond. He asked the board to pay these people or they're going to leave.

Brian Quaintance, thanked the board for what they do, it is a hard job; but he is disappointed. He said there was no information put out. He said people didn't know what they were voting for. He said he voted no because in 2014 the board asked for a 4 mill raise: they built a firehouse, put a firetruck in it, and hired six people; and in 2019 the board asked for 5 mills just to buy an ambulance.

Jerry Fancher said he thought the accounting firm dragged their feet. He said they knew when they were retained that the date for the referendum was a political deadline.

Maggie Fancher asked how the board they will react to the accusations made in the April letter. She urged the board to send what was just presented to the people in the community.

Tom Swatzel, Chairman of the Friends of Murrells Inlet – Garden City Fire District, explained that he had worked for about 30 days for no charge on the referendum in 2018. He said during that time, he had asked for the audits to make a case with the voters. He said Mr. Oldroyd gave

him many reports over those 30 days, but no audits. This year, he said, he was given the audits, but after a review, he had questions. He said if you want voters to vote for a tax increase, you need to make a case from a financial standpoint that you need it. He said what was done tonight should have happened months ago.

Pamella Miner, said she and her husband were against it because they couldn't figure out why it was needed. She says she still doesn't have answers, and asked when the board would have answers.

Adam Oleszkowicz, District Vice President for the South Carolina Professional Firefighters Association, said he was here this evening for support. He said that he didn't have much information about the referendum.

Another citizen said she also voted no because she could not understand how the district could have a surplus and not use it to purchase an ambulance.

The Chairman thanked all for their participation. He wanted to let primarily the firefighters know, that as he listened to them talk about the lack of getting the word out; not an excuse, not an apology, but an explanation: we cannot use public funds to promote a referendum or a vote one way or another. That is where the Friends of the Murrells Inlet – Garden City Fire District came in so handily and successfully a few years ago. What it was, was a solicitation of donations to that cause and that's where the funding was. Leaflets and flyers that were talked about as being last minute were paid for by Pat Walsh. He stated he is not new to the fire service and he knows how locals work. We took our criticism here, and I can tell you sincerely that I really didn't see a lot of activity from off duty Murrells Inlet – Garden City Fire people at any time other than a couple. Now, you guys are busy, working hard, got extra jobs, but what I'm asking for is we also need you to help out as you have suggested you would and you will. We look forward to that.

**Executive Session:** Steven Sellers called for an executive session to discuss board member issues and administration issues. The motion was seconded by Kay Benton and the motion carried. The meeting moved from the training room to the boardroom.

The board adjourned from executive session at 9:15. No votes were taken; no subsequent votes or motions were required.

The next regular meeting will be held September 23, 2019 at 6:00 p.m.

Kay Benton made the motion to adjourn. The motion was seconded by Steven Sellers and the motion carried. The meeting adjourned at 9:18 p.m.

Approved on 9/12, 2019

