



LADY'S ISLAND - ST. HELENA

FIRE DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2014

LADY'S ISLAND - ST. HELENA FIRE DISTRICT
ANNUAL FINANCIAL REPORT
JUNE 30, 2014

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FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Lady's Island – St. Helena Fire District
Bluffton, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund of Lady's Island - St. Helena Fire District (LISH), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the LISH'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.

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditor's 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of LISH, as of June 30, 2014, and the respective changes in financial position, in accordance with accounting principles generally accepted in the United States of America.

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Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-9 and 26-27 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 19, 2014, on our consideration of LISH's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering LISH's internal control over financial reporting and compliance.



Crowley Wechsler & Associates LLC
Beaufort, South Carolina
December 19, 2014

Lady's Island - St. Helena Fire District **Management's Discussion and Analysis**

As management of Lady's Island - St. Helena Fire District (LISH), we offer readers of LISH's financial statements this narrative overview and analysis of the financial activities of LISH for the fiscal year ended June 30, 2014.

Financial Highlights

- The assets of LISH exceed its liabilities at the close of the most recent fiscal year by \$4,084,631 (net position). Of this amount \$1,246,742 (restricted net position) represents cash held by Beaufort County for debt service payments, one percent receipts, bond covenants, and impact fees. Another \$1,304,888 represents the investment in capital assets less depreciation and debt on those assets. The remaining balance of \$1,533,001 represents the equity in unrestricted net position. LISH's total net position decreased by \$17,385.
- As of the close of the current fiscal year LISH's governmental funds reported a combined ending fund balance of \$2,817,060, a decrease of \$4,144,434.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to LISH's basic financial statements. LISH's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of LISH's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of LISH's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in the net position may serve as a useful indicator of whether the financial position of LISH is improving or deteriorating.

The statement of activities presents information showing how LISH's net position changed during the most recent fiscal year. Changes in net position are reported on a full accrual basis, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of LISH that are supported by general revenues such as taxes and fees. The governmental activities of LISH include programs related to public safety for fire protection. LISH currently has no business type activities.

The government-wide financial statements can be found on pages 10 through 11 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been grouped for specific activities. LISH like other public agencies uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the programs of LISH can be divided into governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating LISH's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it may be useful to compare the two for similar activities and programs. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to assist in this comparison of governmental programs and governmental activities.

LISH maintains five individual governmental programs. Information is presented by expenditure category in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund. Data from these programs are combined into a single, aggregated presentation.

LISH adopts an annual budget for the general fund and the debt service fund. A schedule comparing actual to budgeted revenues and expenditures has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12 through 15 of this report.

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 can be found on pages 16 through 25 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a public government's financial position. In the case of LISH, assets exceeded liabilities by \$4,084,631. Comparative information has been presented for 2013. The following table reflects the condensed government-wide statement of net position.

LADY'S ISLAND - ST. HELENA FIRE DISTRICT NET POSITION		
	Governmental Activities	
	2014	2013
Current and Other Assets	\$ 2,940,874	\$ 7,123,126
Capital Assets	7,283,833	3,423,194
Total Assets	<u>10,224,707</u>	<u>10,546,320</u>
Long-term Liabilities Outstanding	6,083,724	6,375,978
Other Liabilities	56,352	68,326
Total Liabilities	<u>6,140,076</u>	<u>6,444,304</u>
Net Assets		
Investment in Capital Assets, Net of Related Debt	1,304,888	1,907,913
Unrestricted	1,533,001	1,453,274
Restricted	1,246,742	740,829
Total Net Assets	<u>\$ 4,084,631</u>	<u>\$ 4,102,016</u>

LISH's net position of \$1,304,888 (32%) reflects its investment in capital assets less depreciation and the related debt on capital assets. These capital assets are not available for future spending. Although LISH's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The \$1,246,742 (31%) represents the portion of net position restricted for payment of debt, impact fees, bond covenants, and the one percent fund. The remaining net position of \$1,533,001 (37%) represents the equity in the unrestricted net position. Overall net position decreased \$17,385. At the end of the current fiscal year, LISH is able to report positive balances in all funds.

Governmental activities. LISH's total net position decreased by \$17,385. Key elements of this decrease are as shown in the following table with comparative amounts for 2013.

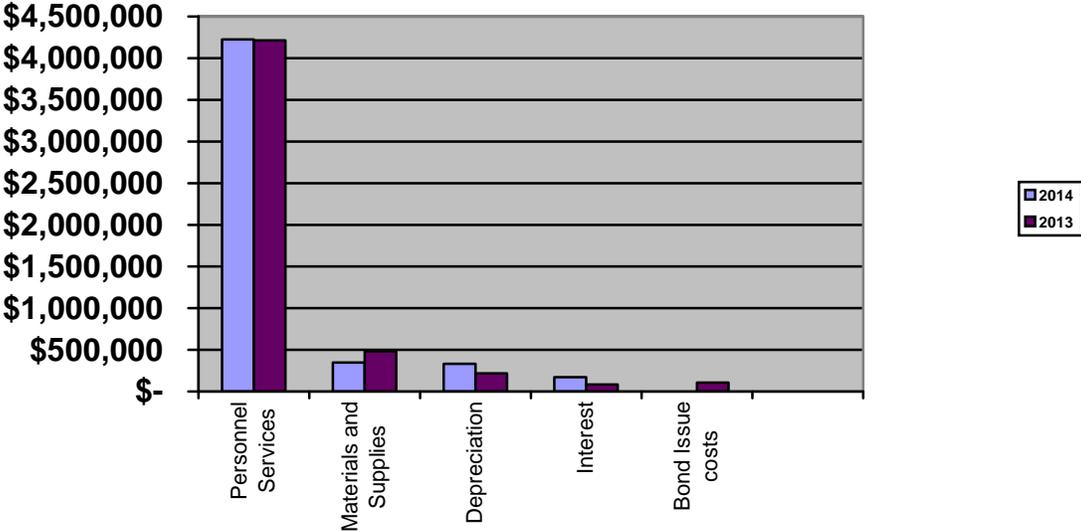
LADY'S ISLAND - ST. HELENA FIRE DISTRICT CHANGE IN NET POSITION		
	Governmental Activities	
	2014	2013
Expenses		
Public Safety - Fire Protection		
Personnel Services	\$ 4,224,786	\$ 4,215,271
Materials and Services	347,248	481,729
Depreciation	331,451	218,116
Bond Issue Costs	-	105,731
Interest	171,873	84,118
Total expenses	<u>5,075,358</u>	<u>5,104,965</u>
Net program expense		
General Revenues		
Taxes	4,821,056	5,089,356
Fees	236,815	265,497
Miscellaneous	102	1,862
Total general revenues	<u>5,057,973</u>	<u>5,356,715</u>
Change in net position	(17,385)	251,750
Net position - beginning	4,102,016	3,850,266
Net position - ending	<u>\$ 4,084,631</u>	<u>\$ 4,102,016</u>

An effort to keep expenses down resulted in most categories of expenses being under the budgeted amounts for the year with the most significant positive variances in personnel services.

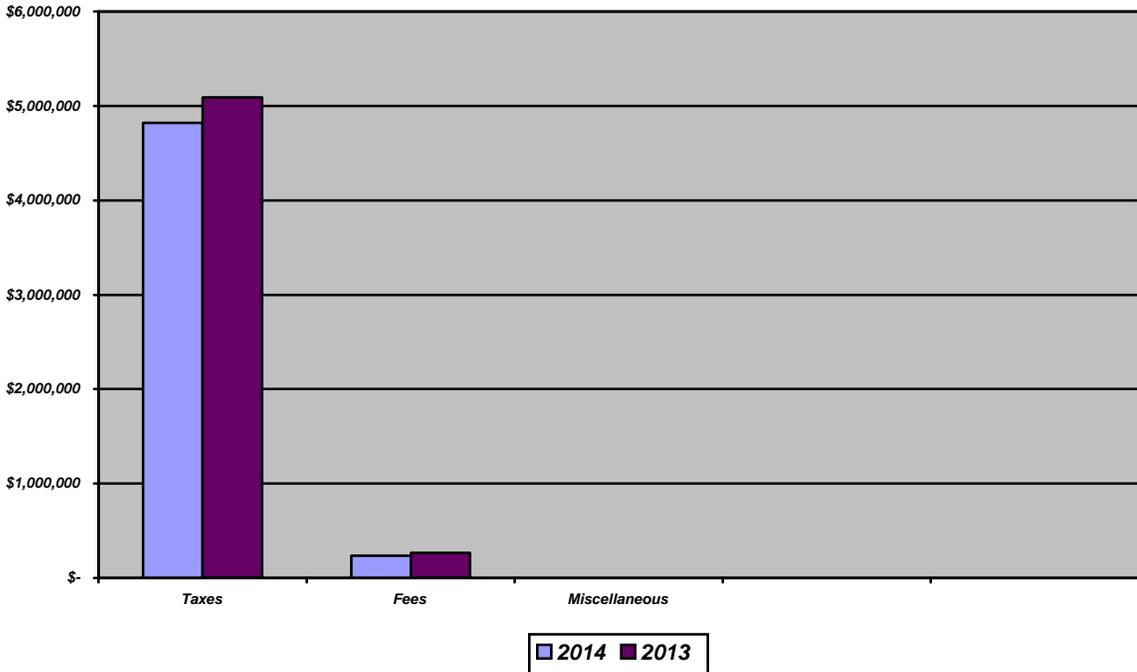
Depreciation expense was comparable to the prior year. Interest expense increased due to the general obligation bond taken out in year 2013.

Tax collections were down due to 2014 being a reassessment year.

Expenses – Governmental Activities



Revenues by Source – Governmental Activities



Financial Analysis of the Government's Funds

As noted earlier, LISH uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

At the end of the current fiscal year, LISH's governmental funds reported combined ending fund balances of \$2,817,060, a decrease of \$4,144,434. The major governmental funds consist of the general fund, the capital projects fund, the debt service fund, the one percent fund, and the impact fund. Approximately \$47,754 is the unfavorable budget variance in the general fund with a negative variance in revenues of \$205,959 and a positive variance in expenditures of \$158,205. There was also a decrease in the capital projects fund of \$4,192,090. This decrease in the capital projects fund was due to the construction of the new fire station and the purchase of new fire trucks. The impact fund and one percent fund increased \$53,168 and \$61,037, respectively. The debt service fund decreased \$18,795.

Capital Assets and Debt Administration

Capital Assets. LISH's investment in capital assets for its governmental type activities as of June 30, 2014 amounts to \$7,283,833 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment, and vehicles. Increases in capital were \$2,889,375 for the new headquarters building which includes furniture and equipment additions of \$244,031 and \$1,058,684 for two 2014 Pierce Pumper trucks. Depreciation expense was \$331,451 for the year 2014 compared to \$218,116 in the year 2013.

	LADY'S ISLAND - ST. HELENA FIRE DISTRICT CAPITAL ASSETS - NET OF DEPRECIATION	
	Governmental Activities	
	2014	2013
Land and Improvements	\$ 458,597	\$ 458,597
Construction in Progress	-	187,929
Buildings and Improvements	4,341,247	1,427,266
Furniture and Equipment	297,050	85,202
Vehicles	2,186,939	1,264,200
Total	\$ 7,283,833	\$ 3,423,194

Additional information on LISH's capital assets can be found in note 5 on page 22 of this report.

Long-term debt. At the end of the current fiscal year, LISH had long-term debt outstanding in the amount of \$5,865,000. A general obligation bond in the amount of \$6,000,000 was taken out for the purpose of constructing a new fire station in 2013. Debt is attributable to the acquisition and the construction of fire stations, fire trucks, and equipment.

LADY'S ISLAND - ST. HELENA FIRE DISTRICT LONG-TERM DEBT OUTSTANDING

	Governmental Activities	
	2014	2013
Bonds Payable	\$ 5,865,000	\$ 6,000,000
Total	<u>\$ 5,865,000</u>	<u>\$ 6,000,000</u>

Economic Factors and Next Year's Budgets

The budget for 2015-2014 increased from \$4,864,258 to \$5,005,100 for the operating budget. Millage increased from 34.82 to 35.94 for operations and increased from 2.30 to 2.36 for debt service. Any budget shortfalls are expected to be supplemented by the revenues received from the City of Beaufort.

Requests for information

This financial report is designed to provide a general overview of LISH's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief, Lady's Island - St. Helena Fire District, 237 Sea Island Parkway, Beaufort, South Carolina, 29907.

BASIC FINANCIAL STATEMENTS

LADY'S ISLAND - ST. HELENA FIRE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

ASSETS

Cash	\$ 640,062
Restricted Cash	410,503
Receivables	211,534
Due from Beaufort County Treasurer	1,629,150
Prepaid Insurance	49,625
Capital assets, not being depreciated	458,597
Capital assets, being depreciated	6,825,236
Total Assets	<u>10,224,707</u>

LIABILITIES

Accounts Payable	22,139
Interest Payable	34,213
Noncurrent Liabilities	
Due within one year	165,810
Due in more than one year	5,917,914
Total Liabilities	<u>6,140,076</u>

NET POSITION

Unrestricted	1,533,001
Restricted for Debt Service	15,836
Restricted by bond covenants	410,503
Restricted for Impact Fund	418,189
Restricted for One Percent Fund	402,214
Net Investment in Capital Assets	1,304,888
Total Net Position	<u>\$ 4,084,631</u>

The notes to the financial statements are an integral part of this statement.

**LADY'S ISLAND - ST. HELENA FIRE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

EXPENSES

Personnel Services	\$	4,224,786
Materials and Supplies		347,248
Depreciation		331,451
Interest		171,873
Total Expenses		<u>5,075,358</u>

GENERAL REVENUES

Taxes		4,821,056
Fees		236,815
Miscellaneous		102
Total General Revenues		<u>5,057,973</u>

Change in Net Position		(17,385)
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Net Position, beginning of year		4,102,016
Net Position, end of year	\$	<u><u>4,084,631</u></u>

The notes to the financial statements are an integral part of this statement.

**LADY'S ISLAND - ST. HELENA FIRE DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

GOVERNMENTAL FUND TYPES

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	ONE PERCENT FUND	IMPACT FUND	TOTAL
ASSETS						
Cash	\$ 640,062	\$ -	\$ -	\$ -	\$ -	\$ 640,062
Restricted Cash	-	410,503	-	-	-	410,503
Receivables	201,271	-	10,263	-	-	211,534
Due from Other Funds	-	448,053	-	-	-	448,053
Due from Beaufort County	796,876	-	11,871	402,214	418,189	1,629,150
Prepaid Insurance	49,625	-	-	-	-	49,625
Total Assets	<u>\$ 1,687,834</u>	<u>\$ 858,556</u>	<u>\$ 22,134</u>	<u>\$ 402,214</u>	<u>\$ 418,189</u>	<u>\$ 3,388,927</u>
LIABILITIES						
Accounts Payable	\$ 22,139	\$ -	\$ -	\$ -	\$ -	\$ 22,139
Due to Other Funds	448,053	-	-	-	-	448,053
Total Liabilities	<u>470,192</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>470,192</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenues-Property Taxes	95,377	-	6,298	-	-	101,675
Total Deferred Inflows of Resources	<u>95,377</u>	<u>-</u>	<u>6,298</u>	<u>-</u>	<u>-</u>	<u>101,675</u>
FUND BALANCES						
Unassigned	1,122,265	-	-	-	-	1,122,265
Assigned	-	448,053	-	-	-	448,053
Restricted	-	410,503	15,836	402,214	418,189	1,246,742
Total Fund Balances	<u>1,122,265</u>	<u>858,556</u>	<u>15,836</u>	<u>402,214</u>	<u>418,189</u>	<u>2,817,060</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<u>\$ 1,687,834</u>	<u>\$ 858,556</u>	<u>\$ 22,134</u>	<u>\$ 402,214</u>	<u>\$ 418,189</u>	<u>\$ 3,388,927</u>

**LADY'S ISLAND - ST. HELENA FIRE DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

Total net position reported for governmental activities in the statement of net position is different because:

Total fund balances for governmental funds	\$	2,817,060
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Capital assets used in LISH's activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land and improvements	\$	458,597	
Buildings and improvements, net of \$564,351 accumulated depreciation		4,341,247	
Vehicles, net of \$2,208,994 accumulated depreciation		2,186,939	
Furniture and equipment, net of \$360,770 accumulated depreciation		<u>297,050</u>	
Total Capital Assets			7,283,833

Some of LISH's receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows in the funds.		101,675
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Long-term liabilities applicable to LISH's activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities--both current and long-term--are reported in the statement of net position.

Balances at June 30, 2014 are:

Annual Leave		(104,779)	
Interest Payable		(34,213)	
Premium on Bond		(113,945)	
Bond Payable		<u>(5,865,000)</u>	
Total Long-Term Liabilities			<u>(6,117,937)</u>

Total net position of governmental activities	\$	<u><u>4,084,631</u></u>
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The notes to the financial statements are an integral part of this statement.

LADY'S ISLAND - ST. HELENA FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2014

	GOVERNMENTAL FUND TYPES					TOTAL
	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	ONE PERCENT FUND	IMPACT FUND	
REVENUES						
Taxes	\$ 4,554,893	\$ -	\$ 295,054	\$ -	\$ -	\$ 4,849,947
Fees	103,304	-	-	80,343	53,168	236,815
Miscellaneous	102	-	-	-	-	102
Total Revenues	<u>4,658,299</u>	<u>-</u>	<u>295,054</u>	<u>80,343</u>	<u>53,168</u>	<u>5,086,864</u>
Expenditures						
Current:						
Public Safety - Fire Protection						
Personnel Services	4,378,111	-	-	-	-	4,378,111
Materials and Services	327,942	-	-	19,306	-	347,248
Debt Service:						
Principal	-	-	135,000	-	-	135,000
Interest	-	-	178,849	-	-	178,849
Capital Outlay:						
Fire Protection	-	4,192,090	-	-	-	4,192,090
Total Expenditures	<u>4,706,053</u>	<u>4,192,090</u>	<u>313,849</u>	<u>19,306</u>	<u>-</u>	<u>9,231,298</u>
Net change in fund balances	(47,754)	(4,192,090)	(18,795)	61,037	53,168	(4,144,434)
Fund balance, beginning of year	1,170,019	5,050,646	34,631	341,177	365,021	6,961,494
Fund balance, end of year	<u>\$ 1,122,265</u>	<u>\$ 858,556</u>	<u>\$ 15,836</u>	<u>\$ 402,214</u>	<u>\$ 418,189</u>	<u>\$ 2,817,060</u>

The notes to the financial statements are an integral part of this statement.

**LADY'S ISLAND - ST. HELENA FIRE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

The change in net position reported for governmental activities in the statement of activities is different because:

Net change in fund balances -- total governmental funds		\$ (4,144,434)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$4,192,090) was more than depreciation (\$331,451) in the current period.		3,860,639
Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.		135,000
Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenues in the funds.		(28,891)
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.		
Annual Leave	153,325	
Interest	6,976	160,301
Total change in net position of governmental activities		\$ (17,385)

The notes to the financial statements are an integral part of this statement.

**LADY'S ISLAND – ST. HELENA FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which are normally supported by intergovernmental revenues and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Reporting Entity

Lady's Island – St. Helena Fire District (LISH) was established on March 31, 1972 for the purpose of providing fire protection for the residents of Lady's Island and St. Helena in Beaufort County, South Carolina. LISH is an autonomous government whose appointed board controls its operations and fiscal accountability. LISH is a separate reporting entity established under South Carolina State Statute No. 1727. Beaufort County is a related party in that the Beaufort County Council has final approval of budget, assesses millage, collects taxes and prepares payroll for LISH. Beaufort County has also endorsed and approved the issuance of general obligation bonds for the construction of the fire station on Lady's Island, South Carolina.

The accompanying financial statements present the combined financial positions and combined results of operations of the various fund types controlled by LISH. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. LISH is not reporting any component units as described above.

Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. LISH reports only governmental activities, as there are no business-type activities or component units.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

LADY'S ISLAND – ST. HELENA FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about LISH's funds, including its fiduciary funds and blended component units. Separate statements for each fund category –governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported in a separate column. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

LISH reports the following major governmental funds:

The *general fund* is LISH's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *capital projects fund* represents collections of revenues that have been designated for the purchase of capital items.

The *debt service fund* represents LISH's collection and payment of long-term obligations associated with financing arrangements. It accounts for all financial resources that are restricted for debt payment.

The *one percent fund* contains funds collected by Beaufort County as a tax collected from insurance companies and made available to the LISH for certain specific purposes. Those purposes include retirement and insurance, training and education, and recruitment and retention.

The *impact fund* is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes, including the general obligation bond payments.

LISH does not report any proprietary or fiduciary funds at the present time.

During the course of operations LISH has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts and allocated to the various programs as indirect cost allocations. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

LADY'S ISLAND – ST. HELENA FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The government-wide financial statements are presented 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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, LISH considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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 and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Budgetary Information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and the debt service fund. Other special revenue funds and the permanent fund do not have appropriated budgets since other means control the use of these resources (e.g. grant awards and enabling legislation) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund and department. LISH may make transfers of appropriations within a department. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. Supplemental budgetary appropriations throughout the year require the approval of the Beaufort County Council. There were no supplemental budgetary appropriations during the year.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for good and services (i.e., purchase order, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under executor contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

LADY'S ISLAND – ST. HELENA FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances

Cash and Cash Equivalents

LISH's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Inventories and Prepaid Items

Inventories of the general fund consist of supplies held for consumption and are immaterial to the financial statements and accordingly are not recorded.

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

Capital Assets

Capital assets, which include buildings, equipment, and vehicles, are reported in the unrestricted net assets on the statement of financial position. Capital assets are defined by LISH as property and equipment with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10 - 30 years
Vehicles and Equipment	5 - 20 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expenses/expenditures) until then. LISH did not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. LISH reports unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**LADY'S ISLAND – ST. HELENA FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net Position Flow Assumptions

Sometimes LISH will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide, a flow assumption must be made about the order in which the resources are considered to be applied. It is LISH's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

Sometimes LISH will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the government-wide, a flow assumption must be made about the order in which the resources are considered to be applied. It is LISH's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitation requiring the use of resources for specific resources. LISH itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of LISH's highest level of decision-making authority. The Board of Commissioners is the highest level of decision-making authority for LISH that can, by vote prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another policy) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by LISH for specific purposes but do not meet the criteria to be classified as committed. LISH may assign fund balance as deemed necessary. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenses/Expenditures

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes and other internally dedicated resources are reported as general revenues rather than as program revenues.

**LADY'S ISLAND – ST. HELENA FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property taxes

The County Ordinance provides for the taxation of all real and personal property located within LISH's district on the first day of January. Motor vehicle taxes are billed and collected by the County Treasurer on a monthly basis. Other personal and real property taxes are levied by the County after September of each year and become due and payable immediately upon receipt by the taxpayer. Real property taxes are delinquent after January 15th. Assessed property is subject to lien one year from the levy date if taxes remain unpaid. The property tax rate approved by ordinance for fiscal year 2014 is 34.82 mills.

Compensated Absences

LISH's policy permits employees to accumulate earned but unused vacation leave benefits, which are eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. LISH employees can accumulate leave for a maximum of 160 hours for personal leave and 90 hours for long term medical leave. Any amounts accrued in excess of the maximum limits are not carried forward. With sufficient notification of employment termination, unused personal leave will be paid up to the maximum accrued hours of 160. LISH has no financial liability for its long term medical leave. Therefore, a liability of \$104,779 has been recorded to reflect the accrued personal leave liability for each eligible employee and includes 18 percent for related payroll costs for taxes and retirement. Compensated absences are paid from the general fund. Accumulated long term medical leave lapses when employees leave LISH.

NOTE 2 DEPOSITS AND INVESTMENTS

South Carolina statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and South Carolina government obligations, insured or collateralized time deposits, and certificates of deposit. The statutes do not prescribe regulations related to demand deposits but do allow the pooling of governmental funds for investment purposes.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. LISH does not have a deposit policy for custodial credit risk. As of June 30, 2014, the bank balance of LISH's deposits was \$655,525 all of which was covered by FDIC insurance and collateral pledged to them.

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2014 were as follows:

	Fund Statements	Government-wide Statements
Taxes receivable	\$ 165,666	\$ 165,666
Reimbursements	45,868	45,868
Total Accounts Receivable	<u>\$ 211,534</u>	<u>\$ 211,534</u>

**LADY'S ISLAND – ST. HELENA FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 3 ACCOUNTS RECEIVABLE - CONTINUED

Government funds report deferred inflows in connection with receivables for revenues that are considered to be unavailable to liquidate liabilities of the current period. Government funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenues reported in governmental funds were as follows:

	Unavailable Revenues	Unearned Revenues
Property taxes	\$ 101,675	\$ -

NOTE 4 DUE FROM BEAUFORT COUNTY

The amount due from Beaufort County represents cash held by the County Treasurer in a pooled account. These deposits were entirely covered by federal deposit insurance or by collateral held by the financial institution in the County's name.

NOTE 5 PROPERTY AND EQUIPMENT

The following is a summary of changes in the capital assets during the fiscal year.

Governmental Activities	June 30, 2013	Increases	Decreases	June 30, 2014
<i>Capital assets not being depreciated</i>				
Land and improvements	\$ 458,597	\$ -	\$ -	\$ 458,597
Construction in Progress	187,929	-	187,929	-
Total capital assets, not being depreciated	646,526	-	187,929	458,597
<i>Capital assets being depreciated</i>				
Buildings and improvements	2,045,009	3,077,304	216,715	4,905,598
Furniture and equipment	413,789	244,031	-	657,820
Vehicles	3,337,249	1,058,684	-	4,395,933
Total capital assets being depreciated	5,796,047	4,380,019	216,715	9,959,351
Less accumulated depreciation for:				
Buildings and improvements	617,743	163,323	216,715	564,351
Furniture and equipment	328,587	32,183	-	360,770
Vehicles	2,073,049	135,945	-	2,208,994
Total accumulated depreciation	3,019,379	331,451	216,715	3,134,115
Total capital assets being depreciated, net	2,776,668	4,048,568	-	6,825,236
Governmental activities capital assets, net	\$ 3,423,194	\$ 4,048,568	\$ 187,929	\$ 7,283,833

Depreciation expense was \$331,451 for the year ended June 30, 2014. This amount was allocated to the functional departments as follows:

Governmental Activities	Balance
Public Safety Fire Protection	\$ 331,451
Total	\$ 331,451

**LADY'S ISLAND – ST. HELENA FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 6 LONG TERM OBLIGATIONS

Changes in outstanding debt were as follows:

	<u>June 30, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2014</u>	<u>One Year</u>
Bond payable	\$ 6,000,000	\$ -	\$ 135,000	\$ 5,865,000	\$ 140,000
Premium on bond	117,874	-	3,929	113,945	-
Compensated absences	258,104	-	153,325	104,779	10,478
Total	<u>\$ 6,375,978</u>	<u>\$ -</u>	<u>\$ 292,254</u>	<u>\$ 6,083,724</u>	<u>\$ 150,478</u>

Interest paid for the year ended June 30, 2014 was \$178,849.

Long-term debt at June 30, 2014 consisted of the following:

Bond Payable	Balance
\$6,000,000 General Obligation bond payable for construction of fire station with interest from 2.0% to 3.5% amortized over 30 years.	<u>\$ 5,865,000</u>

The annual requirements to amortize debt payable as of June 30, 2014 are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 140,000	\$ 172,738	\$ 312,738
2016	140,000	169,938	309,938
2017	145,000	167,138	312,138
2018	145,000	164,238	309,238
2019	150,000	161,338	311,338
2020-2024	795,000	759,063	1,554,063
2025-2029	900,000	652,451	1,552,451
2030-2034	1,055,000	509,750	1,564,750
2035-2039	1,235,000	332,038	1,567,038
2040-2043	1,160,000	103,246	1,263,246
Total	<u>\$ 5,865,000</u>	<u>\$ 3,191,938</u>	<u>\$ 9,056,938</u>

Operating Leases

LISH has immaterial operating leases on office equipment that are short-term in length.

NOTE 7 DEBT LIMITATION

LISH'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 LISH. The latest assessed value for tax year 2013 was \$131,817,150. The computation of legal debt limits is as follows:

Debt limit-Assessed value (\$131,817,150 x 8%)	\$ 10,545,372
General obligation debt at June 30, 2014	(5,865,000)
Excess of debt limit over general obligation debt	<u>\$ 4,680,372</u>

**LADY'S ISLAND – ST. HELENA FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 8 PENSION PLAN OBLIGATIONS

Plan Description: All eligible employees are required to participate in a pension plan. All eligible employees must belong to the South Carolina Retirement System (SCRS). The plan is a cost-sharing multiple-employer administered by the Retirement Division of the SC Public Employee Benefit Authority (SC PEBA). Retirement costs are funded by withholding from the employee's salaries, and by a contribution from the employers of a percentage of the employee's salaries. A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System and Police Officers Retirement System is issued and publicly available by writing the SC PEBA, Post Office Box 11960, Columbia, South Carolina 29211-1960.

Funding Policy

Required employee contributions to the Plan for the years ended June 30, 2014, 2013, and 2012 were 7.5%, 7.5%, and 6.5%, respectively.

South Carolina Retirement System (SCRS)

The employer contribution rate for the years ended June 30, 2014, 2013, and 2012 were 10.6%, 10.6%, and 9.535%, respectively. LISH's contributions for the years ending June 30, 2014, 2013, and 2012 were \$4,247, \$4,095, and \$3,552, respectively, and were equal to the required contributions for each year.

South Carolina Police Officers Retirement System (PORS)

The employer contribution rate for the years ended June 30, 2014, 2013, and 2012 were 12.84%, 12.3%, and 11.763%, respectively. LISH's contributions to PORS for the same time period were \$381,483, \$359,622, and \$333,785, respectively, equal to the actuarially required contributions for each year.

LISH also provides employees and volunteers with a length of service awards program, under Section 457 of the Internal Revenue code of 1986, initiated and administered by members and representatives of the 1% Fund Committee. Money is set aside in the Lady's Island – St. Helena Fire District One Percent Retirement Plan and Trust, as determined each year by the Managing Committee. To participate, an employee must be age 18, and must be (1) an active Volunteer Firefighter; (2) an active Paid Firefighter; or (3) a full time paid employee. The balance of the account at June 30, 2014 is \$58,329 for both active and volunteer participants. No contributions were made during the year ended June 30, 2014.

NOTE 9 RISK MANAGEMENT

LISH purchases insurance policies divided into coverage of workers compensation, property and casualty, and employee health insurance from the insurance carrier. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy in accordance with insurance policy and benefit program limits.

LISH has recorded insurance premium expenditures in the applicable functional expenditure categories of the general fund. These expenditures do not include estimated claim losses and estimable premium adjustments.

There have not been any significant reductions in insurance coverage from the prior year.

LADY'S ISLAND – ST. HELENA FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 10 COMMITMENTS AND CONTINGENCIES

In the normal course of business, LISH can be subject to various claims for workers compensation and other accidents. It is the opinion of LISH that resolution of these matters are covered under insurance in effect and will not have a materially adverse effect on the financial condition of LISH.

NOTE 11 SUBSEQUENT EVENTS

In June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions, effective for the fiscal year beginning July 1, 2014. This Statement revises existing standards for measuring and reporting pension liabilities for pension plans provided to its employees. This Statement requires recognition of a liability equal to the net pension liability, which is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. The total pension liability is determined based upon discounting projected benefit payments based on the benefit terms and legal agreements existing at the pension plan's fiscal year-end. Projected benefit payments are required to be discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits, and a tax-exempt, high-quality municipal bond rate when plan assets are not available. This Statement requires that most changes in the net pension liability be included in pension expense in the period of the change. To the extent practical, the financial statements presented for the periods affected should be restated. LISH will be implementing GASB Statement No. 68 for the fiscal year ending June 30, 2015 and the beginning net position of the year ended June 30, 2014 will be restated. As of June 30, 2014, the South Carolina Public Employee Benefit Authority (PEBA) has estimated a net pension liability of \$4.2 million obligation, representing unfunded contributions to the South Carolina Retirement System based on current funding policy that will be reported as a liability in the financial statements of LISH.

**REQUIRED
SUPPLEMENTAL
INFORMATION**

LADY'S ISLAND - ST. HELENA FIRE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	GENERAL FUND			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Taxes	\$ 4,758,107	\$ 4,758,107	\$ 4,554,893	\$ (203,214)
Fees	106,151	106,151	103,304	(2,847)
Miscellaneous	-	-	102	102
Total Revenues	<u>4,864,258</u>	<u>4,864,258</u>	<u>4,658,299</u>	<u>(205,959)</u>
EXPENDITURES				
Current				
Public Safety - Fire Protection				
Personnel Services				
Personnel salaries	3,106,988	3,106,988	3,022,449	84,539
FICA/Medicare	237,684	237,684	224,133	13,551
Unemployment	8,000	8,000	7,292	708
Retirement	382,159	382,159	387,578	(5,419)
Health insurance	592,421	592,421	580,222	12,199
Workman's Compensation	164,770	164,770	156,437	8,333
Total Personnel Services	<u>4,492,022</u>	<u>4,492,022</u>	<u>4,378,111</u>	<u>113,911</u>
Materials and Services				
Fuel	62,000	62,000	45,993	16,007
Vehicle repairs and maintenance	55,000	55,000	65,743	(10,743)
Equipment repairs and maintenance	14,000	14,000	15,840	(1,840)
Buildings repairs and maintenance	20,000	20,000	15,616	4,384
Inspections	10,000	10,000	3,566	6,434
Utilities	25,500	25,500	27,281	(1,781)
Telephone	7,000	7,000	2,507	4,493
Water	5,500	5,500	5,749	(249)
Professional	8,640	8,640	10,197	(1,557)
Travel and Training	30,000	30,000	12,327	17,673
Office Supplies	11,000	11,000	10,836	164
Dues and Subscriptions	800	800	660	140
Uniform Replacement	43,000	43,000	42,558	442
Cleaning Supplies	8,500	8,500	7,060	1,440
Building Insurance	39,796	39,796	39,688	108
Medical/Physicals	24,000	24,000	17,539	6,461
Small Tools	5,000	5,000	3,722	1,278
Communication Equipment	2,500	2,500	230	2,270
Miscellaneous	-	-	830	(830)
Total Materials and Services	<u>\$ 372,236</u>	<u>\$ 372,236</u>	<u>\$ 327,942</u>	<u>\$ 44,294</u>

The notes to the financial statements are an integral part of this statement.

LADY'S ISLAND - ST. HELENA FIRE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Total Expenditures	\$ 4,864,258	\$ 4,864,258	\$ 4,706,053	\$ 158,205
Change in Fund Balance	-	-	(47,754)	(47,754)
Fund balance, beginning of year	1,170,019	1,170,019	1,170,019	-
Fund balance, end of year	\$ 1,170,019	\$ 1,170,019	\$ 1,122,265	\$ (47,754)

The notes to the financial statements are an integral part of this statement.

LADY'S ISLAND - ST. HELENA FIRE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	DEBT SERVICE FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Taxes	\$ 314,249	\$ 314,249	\$ 295,054	\$ (19,195)
Total Revenues	<u>314,249</u>	<u>314,249</u>	<u>295,054</u>	<u>(19,195)</u>
EXPENDITURES				
Debt Service	314,249	314,249	313,849	400
Total Expenditures	<u>314,249</u>	<u>314,249</u>	<u>313,849</u>	<u>400</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(18,795)</u>	<u>(18,795)</u>
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Fund Balance	-	-	(18,795)	(18,795)
Fund balance, beginning of year	-	-	34,631	34,631
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,836</u>	<u>\$ 15,836</u>

The notes to the financial statements are an integral part of this statement.

COMPLIANCE SECTION



Richard D. Crowley, CPA CVA
Lisa T. Wechsler, CPA CFE

CROWLEY WECHSLER & ASSOCIATES LLC

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
Lady's Island – St. Helena Fire District
Lady's Island, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of Lady's Island – St. Helena Fire District (LISH), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise LISH's basic financial statements, and have issued our report thereon dated December 19, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered LISH's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LISH's internal control. Accordingly, we do not express an opinion on the effectiveness of LISH's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether LISH's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Crowley Wechsler & Associates LLC". The signature is written in a cursive, flowing style.

Crowley Wechsler & Associates LLC
Beaufort, South Carolina
December 19, 2014