

**MINUTES
FINANCE COMMITTEE MEETING
WINNSBORO TOWN COUNCIL
FEBRUARY 21, 2023**

Present: Chairman Demetrius Chatman; Mayor John McMeekin; Jason Taylor, Town Manager; Assistant Town Managers Chris Clauson and Kathy Belton; Patti L. Davis, Town Clerk.

The Finance Committee met on February 21, 2023, at 5:45 p.m. at the Winnsboro Women's Club. In accordance with the South Carolina Code of Laws, 1976, Section 30-4-80 (e), as amended, the following persons and/or organizations have been notified of the time, date and location of this meeting: The Independent Voice of Blythewood and Fairfield, The Country Chronicle and four hundred ninety-two other individuals.

1. CALL TO ORDER

Chairman Chatman called the Finance Committee Meeting to order at 5:45 p.m.

2. APPROVAL OF AGENDA

Motion made by Mayor McMeekin, seconded by Chairman Chatman, to approve the agenda. *The motion carried.*

3. PRESENTATIONS

A. Annual Audit Report – FY 2021-2022, Mr. Bill Hancock, The Brittingham Group. Mr. Hancock began with stating there are a couple of required communications. One is that the Town received an unmodified opinion on its financial statements, as it has every year in the past, meaning that the information contained herein can be relied upon by the users of the financial statements, including taxpayers, rate payers, the bond holders and any others. In a material sense, the financial statements are correct. The second communication is contained at the end of the report wherein there are two more opinions that are slightly less important than the first. One report contains an opinion on the internal controls over financial reporting. The other is an opinion on the adherence with compliance in other matters. With regard to internal controls over financial reporting, a cost/benefit analysis is done when looking at the controls that are in place to see if the benefit would outweigh the cost to change and then implement a new process, and this was not found. Nothing was found that was felt to rise to the level of materiality. As far as compliance in other matters, last year there was one late incident in filing the 941 reports. There were some

penalties incurred and paid, and then after a letter of explanation was written on this being a one-time mistake and a system was put into place to prevent it from happening again, those penalties were refunded to the Town. This year, there were no such incidents.

- Page 19 – Results of the General Fund compared to the budgeted amounts. The General Fund incurred a \$2.8M loss. In the past, there was a sizable transfer from the Utility Fund to the General Fund every year. Because the Utility Fund took that hit over several years, the Town decided to not do that this past year. This finding is obviously not sustainable, and there needs to be budgetary considerations made and planning going forward.
- Page 21 - Utility Fund. This fund ended with a surplus of \$1.9M. The Town consciously made the decision to not make this transfer. When those are combined, there is about a \$900,000 net deficit. This means if the General Fund is relying on the Utility Fund to subsidize its operation, more attention needs to be paid to the rates as this is the only variable that this body has to increase the lever on revenue coming in. The Town is very limited in the General Fund. A rate study was done several years ago, and it may be time to revisit this. This study would incorporate capital projects and improvement plan for the General Fund and the Utility Fund at the same time.
- Page 41 – Mr. Hancock went over this information to show Council how arbitrary the actuary assumptions are. This is a big part of what goes into the Town's share of the unfunded liability.
- Page 43 – Using the above assumptions, the Town's share of the unfunded liability for the S.C. Retirement System is around \$6M and its share of the Police Officers' Retirement System is around \$1.5M. This cannot be paid off early and must be paid monthly based on the Town's payroll. In every instance that was tested in the past year, the Town was in full compliance.
- Page 47 – The Town has an OPED plan, meaning Other Post Employment Benefit plan. The Town provides a subsidy to its retirees for their health insurance after they separate from the Town. Also, inflation is said to increase for healthcare costs 7% for 2021 and then ultimately decrease to a rate of 4.5% by 2031. These are some of the facts that surround those who measure what liabilities that the Town will have to put on its books. Mr. Hancock wanted to point out some of the soft math that is being used outside of Town Hall and the Finance Director's office that affects what goes into the Town's financial statements.

- Debt payments were made as scheduled. Also, the Town is throwing off enough cash from operating activities on the Utilities Fund to support the Utilities Fund well. However, the ability is not there to subsidize the General Fund that was there in the past. The Town has a clean opinion in terms of control systems, and there were no instances of noncompliance.

Mayor McMeekin stated page 19 is concerning feeling that the Town is caught between a rock and a hard place. At the same time, rates must remain within a range of Dominion and other companies. Mr. Hancock stated he does not know how deep the Town is into the rate study which was done in the past in 2015, and a lot has gone on since then. He believes 2015 was the year of the flood, but he is not sure where the big water project was during that time. Chairman Chatman stated he believed the Town rates were now set based on the bond, so this does not sound right. Mrs. Belton stated the rate study was done in preparation for the Broad Project, and this was supposed to be a 7-year rate increase. Mayor McMeekin stated this was done for the pipeline. Mr. Hancock also mentioned, on page 57, concerning the Victims' Assistance funds. Two years ago, the Office of Victims' Assistance was folded into the Attorney General's Office. They could come to the Town and take the money if it is not handled in the right way. Chairman Chatman thought that this had been handled, but it appears to have not been handled. Mayor McMeekin stated this will be looked into, because there are strings attached to this money. Mr. Taylor stated he will schedule a time with Mr. Hancock to go over the audit in more detail after he has had time to digest it.

B. Kathy Belton – Monthly Finance Report.

- Section A – Operating cash on hand in the bank – down compared to last month and this is due to the billing. All increases are due to the interest on hand in the bank.
- Page 2 – A reduction in the first line item represents the 2009 bond for which we had to make the bond payment.
- Section B – General Fund Revenue – This is up compared to last month. The expense was also down compared to last month. Revenue generally comes in June.
- Section B – Combined Utilities – This is up compared to last month and is due in part to being able to do utility billing. Expense was down compared to last month. A pretty decent profit is being shown.
- Section C – General Fund – No capital items. There was a truck purchased for gas and the water meters.

- Section D – Compared to last year, revenue is up by \$36,000. Expense was down compared to last year by \$17,000.
- Combined Utility Revenues –This is up compared to last year. Expense was a little increased by \$35,000 compared to last year.

The estimated bills were done within the two major cycles, and now one cycle is almost completed of doing actual bills with true-up numbers. Some customers will have credits to their bills, which was anticipated. Mayor McMeekin stated he has not yet received any calls. It is good to have a surplus capital because we do not ever know what is coming down the road. Mrs. Belton stated she also does not believe anyone is taking into consideration that Christmas Eve and Christmas Day were so cold resulting in the problems encountered. Mayor McMeekin agreed and that more gas was used and was more expensive. It was a double storm the Town was hit with.

4. NEW BUSINESS

None.

5. OLD BUSINESS

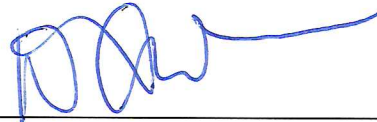
None.

6. ADJOURN

At 6:16 p.m., it was moved by Mayor McMeekin, seconded by Chairman Chatman, to adjourn. ***The motion carried.***



PATTI L. DAVIS
TOWN CLERK



DEMETRIUS CHATMAN
CHAIRMAN