

Minutes

Finance Committee Meeting

Tuesday, September 10, 2013 – 4:30 p.m.

The special meeting of the Finance Committee was held Tuesday, September 10, 2013 at 4:30 P.M. in the Mullins Police Department. The following were notified of the time, date, and place of the meeting: Member of the Finance Committee, the City Staff, and the press. Present at the meeting were the following: Chairman George Hardwick, Council Members Jo Sanders and Carolyn Wilson, City Administrator David Hudspeth, City Clerk/Treasurer Debbie Floyd, Smith Brooks – Kenneth Cobb & Company.

1. Call Meeting to Order & Welcome: Chairman Hardwick called the meeting to order and welcomed everyone present.

2. Disclosure that local Media has been informed pursuant to South Carolina Freedom of Information Act: Chairman Hardwick stated the local media had been contacted regarding the time, date, and place of the Finance Committee meeting for September 10, 2013.

3. Smith Brooks, Kenneth Cobb & Company PC – Discussion of June 30, 2012 Audit: Chairman Hardwick recognized City Administrator David Hudspeth. Hudspeth stated the meeting was called for the Finance Committee to review the draft of the Audit so it can be presented to Council. Hudspeth recognized Smith Brooks, Kenneth Cobb & Company. Brooks stated the General Fund cash investments increased \$296, 000.00 from \$532,000.00 to \$828,000.00. This was due to a reimbursement from SCLGAG and from the sale of fixed assets and scrap metal. Brooks also stated Police and Fire budgets were under budget around \$120,000.00. Capital Outlay was over budget at \$150,000.00. Brooks stated the total Fund Balance was up \$839,000.00.

Brooks stated cash and investments for the Water / Sewer fund was up around \$145,000.00 to \$235,000.00. Income statement showed operating revenues were up around \$12,000.00 and operating expenses were down \$63,000.00. Net income was up \$449,000.00. Brooks stated that number could be misleading due to \$400,000.00 of that was grant monies that has to be shown. Net income without grant proceeds was approximately \$48,000.00.

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Brooks stated the OPEB (Other Post-Employment Benefits) liability increased \$250,000.00 in FY-12. Brooks noted this is a benefit offered to retired employees who qualify for retirement benefits from the South Carolina Retirement System and have 20 years of service with the City. Hudspeth noted many employees do not work 20 years of service to obtain that benefit. Council Member Sanders stated this matter needs to be looked into. Council Member Wilson added that whatever decision is made the employees need to know and understand. Brooks stated the 2013 Audit cannot be completed until the City updates its OPEB calculation. This is required every three years.

Brooks noted there are 3 levels of findings: a controlled deficiency, significant deficiencies and a material weakness. Material weaknesses are the worst. Material Weaknesses are as follows:

- Segregation of duties
- Purchasing – No documentation such as: No invoices, No Purchase Orders, No bids, Improper coding
- Supervisory approval of Journal Entries
- Adjustments
- Non-Enforcement of Hospitality Tax Ordinance
- Invoices paid through wrong fund
- Audits not submitted in a timely matter to the State Treasurer / State funds withheld
- Financial statements not provided to Mayor/Council
- No documentation for gasoline purchased
- Proper authorization not obtained for a debt payment
- Bad debts not approved before being written off
- Un-budgeted Capital Outlay purchases
- Pick Up Trucks not located during physical inventory
- Monitoring Receivables – C-Funds/School Resource Officer/Dirt

Brooks noted significant deficiencies included preparation of annual statements by the Auditor.

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Brooks stated three special revenue funds/accounts were closed without Council approval. Brooks noted Council should be made aware when funds/accounts are closed.

Brooks noted health insurance for spouses of former or elected officials are paid by the City. These premiums are paid because an Ordinance was put in place years ago.

Chairman Hardwick asked if anyone had any questions. Council Member Sanders noted she was more aware now.

4. Adjournment: Council Member Sanders made a motion to adjourn. Council Member Wilson seconded the motion.

Council Member George Hardwick
Finance Committee Chairman

ATTEST:

David Hudspeth, City Administrator
Transcribed by: Felicia Turner, Administrative Assistant