

**Minutes
Finance Committee Meeting
Thursday, September 2, 2021**

The Finance Committee meeting was held Thursday, September 2, 2021 at 9:00 A.M. in the Raymond Pridgen Auditorium. The following were notified of the time, date, and place of the meeting: Finance Committee, the City Staff, and the press. Present at the meeting were the following: Council Members: Carolyn Wilson, Eddie Kitchen, Andre Campbell, Robert Woodbury, Interim City Administrator Holly Jackson, and City Clerk Felicia Sawyer.

1. Call Meeting To Order & Welcome: Committee Chairwoman Carolyn Wilson called the meeting to order and welcomed all present.

2. Disclosure that local media has been informed of meeting pursuant to South Carolina Freedom of Information Act: Councilwoman Carolyn Wilson stated the local media had been contacted regarding the time, date, and place of the Finance Committee Meeting for September 2, 2021.

3. Re: FY 2019 Audit Presentation

Councilwoman Carolyn Wilson recognized Smith Brooks, Kenneth Cobb & Company. Brooks presented the 2020 FY Audit. The high points of the presentation included the following:

- General Fund decreased by 150,000
- Fund Balance – Revenue increased \$35,000
- Fund Balance – Expenses decreased \$289,000
- General Fun had a loss of \$122,000
- Hospitality increased \$7,000
- Unassigned Fund Balance is \$105,000
- City could operate for 162 days
- Budget Actual – Excess Revenue \$116,000 / Expenses \$110,000
- Net from the Anvil building was \$200,000
- Debt decreased by \$213,000

Committee Chairwoman Wilson asked if it was to our advantage to continue business with Greene Finney. Brooks stated at this time it is beneficial. The City staff could not take on those duties.

A copy of the findings from Kenneth Cobb & Company, PC is attached.

Page Two
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Council Member Kitchen made a motion to recommend to City Council the approval of the FY 2020 Audit. Council Member Campbell seconded the motion. The meeting was adjourned at 9:30 AM.

Carolyn Wilson
Finance Committee Chairwoman

Attest:

Felicia J. Sawyer, City Clerk

KENNETH COBB & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

823 South Main Street
Post Office Box 864
Mullins, South Carolina 29574
(843) 464-9563
Fax (843) 464-9564

August 17, 2021

Charles F. Jones, CPA
Smith Brooks
Brenda G. Jackson, CPA
Will Harrelson, CPA

Members:
American Institute of CPA's
South Carolina Association of CPA's

To the Mayor and City Council
City of Mullins, South Carolina

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Mullins for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 16, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- a. Management's estimate of the useful lives of the City's assets are based on managements evaluation of the assets.
- b. Management's estimate of its provision for uncollectible receivables is based on managements evaluation of the accounts receivable.
- c. The City's pension liabilities are based on numerous assumptions by the actuarial consultants of the South Carolina Retirement System.
- d. The City's OPEB liability is based on numerous assumptions by the actuary.

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule lists misstatements corrected by management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 10, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, the only consultations were with Greene & Finney CPA's and due to their contractual relationship with the City they are considered to be a part of management and not independent accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the budgetary comparison schedules, the OPEB schedules of employer contributions and of funding progress, and the pension plan schedules which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report (in relation to the basic financial statements as a whole) on the combining and individual fund statements and schedules, which accompany the financial statements, but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

There was one deficiency noted during the course of our audit. This deficiency is included in your financial statements in the section titled Schedule of Findings and Responses.

Restriction on Use

This information is intended solely for the use of the Mayor and City Council and management of City of Mullins and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Kenneth Cobb & Company P.C.

KENNETH COBB & COMPANY, P.C.

CITY OF MULLINS
SCHEDULE OF MISSTATEMENTS PROPOSED TO AND CORRECTED BY MANAGEMENT
6/30/2020

AJE #	ACCT #	DESC.	DR.	CR.
A	07-2500-00 07-1200-00	UNAVAILABLE BALANCE DUE TO GENERAL FUND MCHF GRANT REVENUES	18,214.50	16,674.41 1,540.09
		TO MOVE DEFERRED REVENUE SPENT IN G/F(capital project fund)		
B	01-4027-00 01-5028-00 01-5215-00 01-5415-00 01-5417-00 01-5429-00 01-5426-00	DUE FROM CAPITAL PROJECTS MCHF GRANT REVENUES GRANTS PASSTHROUGH MISCELLANEOUS SUPPLIES & MINOR EQUIP SUPPLIES & MINOR EQUIP MTC TO BLDG CAPITAL OUTLAY FIRE TRAINING GROUND	16,674.41 16,012.70	16,674.41 2,290.35 4,000.00 518.69 321.46 6,082.20 2,800.00
		TO RECLASSIFY DEFERRED REVENUES & EXPENSE PAID IN G/F(general fund)		
C	01-5240-00 01-5443-00	PRINCIPAL PRINCIPAL	20,021.54	20,021.54
		TO RECLASSIFY STREET SWEEPER DEBT PAYMENT TO STREET DEPT. (general fund)		
D	01-4099-00 01-5028-00	LEASE BUYOUT MISCELLANEOUS	228,359.35	228,359.35
		TO REMOVE LEASE BUYOUT FROM MISCELLANEOUS EXPENSE (general fund)		
E	01-4100-00 01-5029-00 01-5329-00	LEASE PROCEEDS CAPITAL OUTLAY CAPITAL OUTLAY	9,725.00 9,725.00	19,450.00
		TO RECORD LEASE PROCEEDS FOR COMPUTER EQUIPMENT (general fund)		
F	01-5419-00 01-5319-00 01-5619-00 01-5219-00	GAS, OIL, TIRES, ETC GAS, OIL, TIRES, ETC GAS, OIL, TIRES, ETC GAS, OIL, TIRES, ETC	7,097.85 315.46 4,574.17	11,987.48
		TO ALLOCATE MARCH GAS EXPENSE ORIGINALLY CHARGED TO FIRE DEPT (general fund)		
G	01-4007-00	MISCELLANEOUS REVENUE DEFERRED REVENUE	33,831.95	33,831.95
		TO DEFER INSURANCE PROCEEDS RECEIVED BUT NOT SPENT UNTIL JULY 2020 (general fund)		
H	01-4007-00 01-4099-10 01-4099-00 01-4027-60	MISCELLANEOUS INCOME INSURANCE PROCEEDS SALE OF FIXED ASSETS FEMA GRANT REVENUES	45,008.40	17,196.64 3,000.00 24,811.76
		TO RECLASSIFY MISCELLANEOUS REVENUES(general fund)		

CITY OF MULLINS
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6/30/2020

AJE #	ACCT #	DESC.	DR.	CR.
I	01-4007-00	MISCELLANEOUS INCOME		6,746.50
	01-4027-00	GRANTS PASS THRU	11,871.50	
	01-4099-00	SALE OF FIXED ASSETS		5,125.00
	TO RECLASSIFY GRANTS PASS THRU REVENUE(general fund)			
J	01-5028-00	MISCELLANEOUS EXPENSE		10,000.00
	01-5009-00	OFFICE SUPPLIES	220.00	
	01-5622-00	TRAVEL	4,438.40	
	01-5022-00	TRAVEL	2,226.80	
	01-5416-00	MAINTENANCE TO EQUIP	977.25	
	01-5015-00	SUPPLIES AND MINOR EQUIPMENT	519.98	
	01-5415-00	SUPPLIES AND MINOR EQUIPMENT	1,617.57	
	TO RECLASSIFY CC PMT CHARGED TO MISCELLANEOUS EXPENSE(general fund)			
			431,431.83	431,431.83