

MINUTES

A Regular Meeting of Walterboro City Council was held at City Hall on Tuesday, December 6, 2016 at 6:15 P.M. with Mayor Bill Young presiding.

PRESENT WERE: Mayor Bill Young, Council Members: Jimmy Syfrett, Paul Siegel, Tom Lohr, Bobby Bonds, James Broderick and Judy Bridge. City Manager Jeff Molinari, and City Clerk Betty Hudson were also present. Attorney George Cone was absent. Approximately 11 persons were present in the audience.

There being a quorum present, the Mayor called the meeting to order and welcomed everyone to the meeting. Council Member Syfrett then invited everyone to join him in the invocation. Council Member Bonds led the Pledge of Allegiance to our flag.

PUBLIC INPUT ON AGENDA ITEMS:

There were no public comments or questions raised on agenda items.

PRESENTATION:

1. 2015-2016 Comprehensive Annual Financial Report - Baird & Company, CPAs, LLC - Mr. Rep E. Whiddon

Mr. Molinari then presented Mr. Rep Whiddon of Baird & Company, CPAs. Mr. Whiddon opened by thanking Council for selecting his firm to do the independent audit for the City. He said, you have good people that we work with and we love the area down here. I'd also like to thank Jeff Molinari and Amy Risher. They were very helpful. Amy is very helpful and we also worked with Lisa Wechsler of Crowley and Wechsler. They are the ones who actually put the financials together and do a lot of the year end closings for the City. They worked very closely with Amy during the year.

Copies of the "City of Walterboro Comprehensive Annual Financial Report for the Fiscal Year Ending June 30, 2016" were distributed to Council at the beginning of the meeting. Mr. Whiddon then reviewed key portions of the audit report with Council.

He reported that his firm did not incur any difficulties during the audit. We had no disagreements with management.

Mr. Whiddon pointed out that his firm did make one suggestion, and I will tell you why we did it. It's not a big deal yet, but I think in the future from what we can see, it maybe. It has to do with federal funds and establishing written policies and procedures for handling those funds. Amy is already working on that, so it shouldn't be a problem in the future. But we have seen it on several of our single audits where they are requiring written policies and procedures to get the federal grants. So, it looks like the City is getting a little bit ahead on that one, which is good.

The other thing that you have, of course, is your financial statements. The City presents a CAFR, which if you look at the book, there is a lot of statistical information. On page 1 is a letter from management and on page 5, I'd like to call your attention to the Certificate of Achievement for Excellence in Financial Reporting. The City has gotten this certificate for several years now. You are one of the few municipalities in South Carolina who gets this. It's quite an honor. A lot of hard work goes into Jeff and Amy getting that information and putting it together.

Mr. Whiddon further briefed Council on the CAFR Report for the City of Walterboro. He said that the City received an "unmodified opinion." That's the opinion that you want. It's a good opinion.

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He briefly reviewed the financial statements with Council and pointed out that under governmental activities, the City has about \$4.2 million in cash. Your business type activities has \$1 million, for a total of a little better than \$5 million in cash. He said, one thing I would point out. Your business activities have an unrestricted fund balance of \$1.3 million, which is a pretty good financial position to be in. Your governmental activities have a negative fund balance of \$2.8, and that was sort of brought forward from last year when the pension liabilities were booked. It was required to book them last year, and it was a pretty big hit. That is still being worked through.

Mr. Whiddon then brought attention to the balance sheet for the general fund. He stated that the City has \$3.4 million in cash and you also have unassigned of \$3.9 million. The reason that is a little bit higher is because of your receivables. So your general fund is in good shape. A fund balance of \$3.9 million is a really good financial position.

Mr. Whiddon told Council that the general fund is the one that most people take interest in. You have close to \$6 million from taxes and fines and fees. Those are your big revenue sources. Primarily, your big expenditure in the governmental fund is payroll and capital expenditures.

In the water and sewer fund, the City had revenues of \$3.6 million. Operating expenses were \$2.7 million, with an operating income of \$933,000. You took it all to the bottom line almost anyway. You had \$815,000 in profits. So your water and sewer is in a good financial position.

Mayor Young then asked, does anybody have the actual dollars to cover the GASB requirements? Mr. Whiddon responded that he did not know of anybody who is going to try and fund it. The reason being is that you have a multi employer program with the State. So, if you send them more money, all that is going to do if it were to go bust is you will still put in the same amount, because it is based on your population and your percentage. So, the thing that I would assume that you'd want to do as a management savings, I would think you would want to send them the money that they ask for, rather than try to free fund it. If you want to set some funds aside here, that's a different story. But I don't think I'd try go into funding it with the state. Mayor Young then said, and I don't think anybody is doing that, do you? Mr. Whiddon responded, not that I am aware of. You are right, nobody is sending extra money. If you want to fund it, fund it here.

Mr. Whiddon then pointed out that if the City expends over \$750,000 in federal funds, you are required to have a single audit. The single audit gets pretty involved. We don't really get to choose which items we test. They are pretty well stipulated. You have to go through a little process to pick the ones you have. In your case, we had to test at least 40% of the expenditures. If you are a low risk auditee, you only have to test 20%. The fact that you are a high risk auditee is not bad. It just says you didn't have a single audit last year or that you may have had a finding or something like that, or may have been unable to file your data collection report on a timely basis. It's just a calculation and it does not reflect any way on the City. It's just an item that determines whether we do 40% or 20%. You did not have a single audit last year, so all of a sudden we had to test 40% and it was a CDBG grant. Everything was good. In our opinion, you were in compliant with the requirements of the single audit.

In conclusion, Mr. Whiddon stated that there were no internal control issues that turned up, no major weaknesses or material weaknesses identified and no items of non-conformance were found during the audit process.

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Mayor Young then asked, so do you think we are doing everything that we ought to be doing? Mr. Whiddon responded, I think so. A lot of governments are going to have a hit to the net assets or net position once again to an item similar to what we had with the pensions. It's the other post employment benefits. A lot of municipalities and counties supply employees after they retire with health benefits, and this is going to be kind of expensive in some cases, especially in some of the larger counties, because the calculation is going to be based on the age of those retirees. Now, I think what most of them are doing is they are including them on their regular insurance and paying that premium, and it may be \$500 a month for example. Well, when they have to calculate it based on this guy's 65 years, then it's going to be higher than it would be when the younger people are included in that base premium. Well, we don't know actually how it's going to be done, or how it's going to affect it, but everybody is telling me that it's going to be a pretty big pot and probably bigger than it was with the pension liability. But we'll have to see. It's probably a couple of years out.

Mayor Young then thanked Amy and Jeff for their work on this report.

OLD BUSINESS:

There was no Old Business before Council.

NEW BUSINESS:

1. Recommendation to Award Design and Engineering Services Contract for the Walterboro Wildlife Sanctuary Discovery Center

City Manager Molinari reminded Council that the agenda packet contained a copy of the Scope of Services Agreement from McMillan Pazdan Smith for architectural endgineering design services for the Discovery Center in the amount of \$154,000. Mr. Molinari recommended that the funding for these services come from a variety of sources - \$49,770 would come from the SC Competitive Grant that the City secured a few years back, \$40,000 from the Bank of Walterboro that was refunded when the City purchased the building at 100 S. Jefferies, \$25,000 from the Municipal Association Hometown Economic Development Grant (we were just awarded that in the last month), and then we have capacity on the local hospitality tax fund in the amount of \$39,230, which adds up to \$154,000. City staff requests City Council's favorable approval of this proposal.

A motion to approve the recommendation to award a design and engineering services contract for the Walterboro Wildlife Sanctuary Discovery Center to McMillan Pazdan Smith in the amount of \$154,000 was made by Council Member Bonds, seconded by Council Member Lohr and passed unanimously.

2. Consideration of 2017-2018 Budget Calendar

City Manager Molinari stated that he had gone over the proposed budget calendar with the Budget Committee Chairman, Mayor Pro-Tem Tom Lohr and he agrees with what we have outlined. This is a little different from what we had last year, and the reason for that is that we had to account for moving our meetings from twice a month to once a month. So, as you will see here, we are proposing that we do First Reading of the Budget at the May Council Meeting and Second and Final Reading and Public Hearing on June 6. City Staff requests City Council's favorable consideration of this calendar.

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A motion was then made by Council Member Bridge to adopt the budget calendar for 2017-2018 as presented. Council Member Siegel seconded the motion. The motion passed with all members voting in favor.

3. Request for Street Closing for Martin Luther King, Jr. Day Parade, January 15, 2017

A motion was made by Council Member Siegel to approve the parade permit request of Mr. Herman Bright for the Martin Luther King Parade to be held on January 15, 2017. Council Member Broderick seconded the motion that passed unanimously.

COMMITTEE REPORTS:

There were no Committee Reports given.

CITY MANAGER'S REPORT:

There was no City Manager's Report given.

EXECUTIVE SESSION:

The Mayor then entertained a motion to enter into an Executive Session. Council Member Bonds so moved and Council Member Lohr seconded the motion that passed unanimously. The Mayor then announced that the meeting would enter into an Executive Session for:

- 1) Receipt of Legal Advice:
 - a) Quit Claim Deed for 418 Wellston Circle.
- 2) Personnel Matters:
 - a) Planning and Codes Department.
 - b) Appointments to City Appearance Board.
 - c) Municipal Judges.
- 3) Contractual Matter - Southeastern Solar Development, LLC.

The meeting then convened into an Executive Session.

At approximately 7:52 P.M., a motion was made by Council Member Lohr to exit Executive Session and return to Open Session. Council Member Broderick seconded the motion. All in favor. None opposed. Motion carried.

OPEN SESSION:

The meeting returned to Open Session and Mayor Young asked, "Do we have a motion to enter into the proposed agreement with Southeastern Solar Development to reserve megawatt hours for the solar energy proposal?" No motion was made.

There being no further business, a motion to adjourn was made by Council Member Bonds, seconded by Council Member Bridge and passed unanimously. The Mayor adjourned the meeting at 7:53 P.M. Notice of this meeting was distributed to all local media, posted on the City's website, and the City Hall bulletin board at least twenty-four hours prior to meeting time.

Respectfully,

Betty J. Hudson
City Clerk

APPROVED: February 21, 2017