

REPORT OF FINANCE & ADMINISTRATION COMMITTEE MEETING

September 18, 2025

A meeting of the Finance & Administration Committee was held on Thursday, September 18, 2025, at 9:00 A.M. at the SWA's Administrative Office in Conway, South Carolina. In accordance with the Solid Waste Authority's policy, notices setting forth the date, time, and place of the meeting were mailed to the news media.

Present were Committee Chairman Dr. Albert Hayward and Committee Members Bo Ives and Norfleet Jones. Also, in attendance were Executive Director Danny Knight, Directors Jan Bitting, Esther Murphy, Stephanie Todd, Richie Stetter and staff members Katherine Bell, Trina Cooke, Victoria Johnson and Susie Wofford. Board Chairman Robert Kemp, Board Member Pam Creech, and David DeKleva and Claire McLaurin of Smith Sapp attended the meeting. Horry County Assistant Administrator Shannon Todd and Horry County Director of Finance Jamie Norman were also in attendance. There were no members of the media in attendance.

Dr. Hayward called the meeting to order and asked Mr. Ives to render the invocation. Mr. Jones led the group in the Pledge of Allegiance.

Dr. Hayward then turned the meeting over to Mrs. Bitting.

Presentation of Fiscal Year 2025 Audit

Mrs. Bitting thanked staff and the Finance Department for their hard work in preparing and assisting with the audit. She introduced Mr. DeKleva and Ms. McLaurin to the group. Mr. DeKleva began by stating his firm issued an unmodified opinion on the SWA's financial statements. He advised that an unmodified opinion was known as a clean opinion and all amounts and disclosures contained in the statements are fairly presented in all material respects.

Mr. DeKleva introduced Ms. Claire McLaurin and stated she would review the highlights of the financial statements. Ms. McLaurin reviewed with the Committee the financial statements to include the Statement of Net Position and the Statement of Revenue and Expenses. Fiscal Year 2025 highlights addressed by Ms. McLaurin included:

- Total assets were \$130.9 Million – a 4% increase from the previous year.
- The SWA's two largest asset classifications were cash and capital assets.
- Total liabilities were \$43.4 Million – a small decrease of \$78,000 from the previous year.
- Total net position amounted to \$89.4 Million.

Ms. McLaurin stated at year-end the cash had increased by 6% compared to last year. She advised of the total cash, \$42.8 Million had been designated by the Board for specific purposes. These amounts are explained in Note 3 in the Notes to Financial Statements in the Year End Financials which are included in the Committee Packet. Ms. McLaurin also stated capital assets totaled \$74.4 Million at year-end which was a 4% increase from the previous year. Ms. McLaurin advised the increase was primarily due to the Piggyback Phase 2 Expansion that was completed and placed into service during the fiscal year. Ms. McLaurin indicated total liabilities

at year end were \$43.4 Million which was a small decrease of \$78,000 from prior year. She commented there was an increase of \$1.8 Million in the landfill closure and post closure care liabilities due an increase in cubic yards of permitted air space. Mr. DeKleva noted that as the capacity was utilized that liability was recognized so that at the end of the landfill's life, the closure and post closure liabilities will have been recognized and incurred. Ms. McLaurin stated the SWA's total net position was \$89.4 Million, which was the difference between assets and liabilities. She advised \$74.4 Million of the net position reflects the Authority's investment in its capital assets.

Ms. McLaurin then reviewed the Statement of Revenues and Expenses. She indicated total operating revenues increased by \$4.3 Million to \$37 Million. Ms. McLaurin advised tonnage received by the landfill increased by 4.5% this year, and tipping fees were up due to increases in prices per ton on solid waste, yard waste, and mixed construction. She stated the SWA's total operating expenses for the year were \$36 Million, which was a \$5.8 Million increase from last year. Ms. McLaurin explained in the prior year, there was an increase in permitted airspace for Phase 3 of the Piggyback Expansion which decreased the estimated percentage utilization and reduced the amount of expense in 2024. She advised depreciation increased by \$2.8 Million due to the new additions during the year. She advised interest income decreased due to an increase in interest rates during the year. Ms. McLaurin stated overall the SWA's operations for the year resulted in an increase in net position of \$4.8 Million. Ms. McLaurin asked the Committee Members if there were any questions for her; however, there were none.

Mr. DeKleva pointed out a few of the Financial Statements Notes which began on page 13 of the Committee Packet. He stated Note 3 disclosed information on the composition of the SWA's cash and investments at year end. Mr. DeKleva then proceeded to Note 5 which was the detailed information of capital assets, changes, and composition of those assets. He stated that during the year the increase in the landfill amount was primarily the addition of the Piggyback Expansion Phase 2. The last note that Mr. DeKleva discussed was Note 7 which disclosed detailed information on the closure and postclosure care liabilities. He indicated that the total capacity that has been utilized was 51.6% of the total capacity estimated by the engineers.

Mr. DeKleva indicated the final item he wanted to review was the Independent Auditors' Report on Internal Control. He advised the audit disclosed no instances of noncompliance and no material weakness in the SWA's internal control structure. He commented that he would answer any questions anyone had regarding the audit.

Mr. Ives asked Mr. DeKleva about procedures of trial balances that were run during the audit and what areas of the budget were looked at most closely. Mr. DeKleva advised the entire organization was one trial balance that was divided into different departments. He stated a variety of procedures were done, including confirmations of balances from third party companies, recalculations of revenue, and budget-to-actual comparisons.

Mr. Ives inquired about the SWA's investments. Mr. DeKleva advised the SWA was in compliance with financial assurance requirements. Mr. Ives commented that the investments were managed through the County. Mr. Ives inquired if Mr. DeKleva was familiar with any requirements that the SWA must use the County Treasurer to manage investments. Mr. DeKleva

stated he was not aware of any requirements but noted this had been the structure since inception of the SWA since it was a component unit of Horry County. Mrs. Bitting commented that there may be regulation as to why the County manages the SWA's funds. Mr. Ives asked Mrs. Bitting to investigate this matter and report her findings back to the Committee. General discussion ensued.

Mr. Ives inquired about the amounts being held in reserves for retirement. He stated the SWA follows the State requirements because the SWA utilizes the State's fund. Mr. DeKleva noted that each employer recognizes their share of the plan and that what was shown on the books was the unfunded liability which was the SWA's proportionate share. He commented that the SWA did not have separate cash set aside to fund that, but it would be funded by future contributions. Mr. Ives asked the Chairman that an overview of the retirement system be presented at a later date. General discussion followed.

Mr. Ives moved to recommend to the full Board the adoption of the Fiscal Year 2025 Audit as prepared by Smith Sapp. There was a second by Mr. Jones and the Motion was carried.

SWA Purchasing Policy

Mrs. Bitting reviewed changes to the SWA's purchasing policy which included changes to the general purchase process, informal bid process, formal bid process and sealed bid process.

Mr. Ives inquired about the procedures for the sole source process. Mrs. Bitting stated it was a rarity and was used to purchase items that are only manufactured by one specific company.

Mr. Ives inquired about the ways the SWA's purchasing policy mirrored Horry County's. Mrs. Bitting responded there was no comparison between the two.

Mr. Jones made a Motion to send the revised Purchasing Policy to the full Board for approval. Mr. Ives seconded and the Motion was carried.

FY27 Budget

Mrs. Bitting mentioned the budget calendar for next fiscal year. She stated staff would like to have a Pre-Budget Workshop to give the Board an opportunity to give input into the budget. General discussion followed.

There being no further business to come before the Committee, the meeting was adjourned at 9:35 A.M.