

# **REPORT OF FINANCE & ADMINISTRATION COMMITTEE MEETING**

**October 6, 2020**

A meeting of the Finance & Administration Committee was held on Tuesday, October 6, 2020 at 10:00 A.M. at the SWA's Administrative Office in Conway, South Carolina. In accordance with the Freedom of Information Act, notices setting forth the date, time, and place of the meeting were mailed to the news media.

Present were Committee Chairman Carl Schwartzkopf and Committee Members Amos Berry, Sam Johnson and Ex Officio Committee Member Bo Ives. Also, in attendance were Executive Director Danny Knight, Directors Jan Bitting and Esther Murphy, staff members Nannette Powell, Cecil Terry, Stephanie Todd and Susie Wofford. Board Member Michael Hughes, David DeKleva of Smith, Sapp, Bookhout, Crumpler and Calliham, P.A. (Smith, Sapp) along with Horry County Treasurer Angie Jones and Deputy Treasurer R.A. Johnson also attended the meeting. There were no members of the media in attendance.

Mr. Schwartzkopf called the meeting to order and asked Mr. Berry to render the invocation. Mr. Schwartzkopf led the group in the Pledge of Allegiance. He then turned the meeting over to Mrs. Bitting.

## **Presentation of Fiscal Year 2020 Audit**

Mrs. Bitting introduced Mr. DeKleva to the group. Mr. DeKleva began by stating his firm issued an unmodified opinion on the Solid Waste SWA's financial statements. He advised an unmodified opinion is known as a clean opinion and all amounts and disclosures contained in the statements are fairly presented in all material respects. He generally reviewed with the Committee the financial statements to include the Statement of Net Position and the Statement of Revenue and Expenses. Fiscal Year 2020 highlights addressed by Mr. DeKleva included:

- Total assets were \$95,742,00 – 5% increase from previous year
- The SWA's two largest asset classifications were cash & investments and capital assets
- Total capital assets totaled \$48,015,000 – a \$ 2,677,000 increase
- Total liabilities increased 1% to \$34,189,000
- Total net position amounted to \$61,213,000

Mr. DeKleva stated at year-end the cash and investments totaled \$44,742,000 and of that amount \$38,631,000 has been designated by the Board for specific purposes. He also stated capital assets totaled \$48,015,000 at year-end which is a \$2,677,000 increase. Mr. DeKleva advised the increase was primarily due to the MRF sort system and the scales plaza upgrade projects that were completed during the year. He stated total liabilities were \$34,189,000 which was an increase of 1%. Mr. DeKleva commented the increase was primarily due to an increase in closure and post closure care costs for capacity that

was utilized at the landfill during the year. He stated the SWA's total net position was \$61,213,000 which is the difference between assets and liabilities. Mr. DeKleva advised \$48,015,000 of the net position reflects the Authority's investment in its capital assets.

Mr. DeKleva then reviewed the statement of revenues and expenses. He indicated total operating revenues were \$25,110,000 a 5% decrease from the prior year. Mr. DeKleva stated tipping fees decreased \$234,000 due to 3% decrease in tonnage received at the landfill. He advised the sale of recyclable materials decreased \$1,303,000 due to a decrease in both tonnage received and market prices. Mr. DeKleva stated the SWA's total operating expenses were \$23,436,000 which is comparable to last year. He stated overall the SWA's operations for the year resulted in an increase in net position of \$2,670,000.

Mr. DeKleva then reviewed several items detailed in the Notes to Financial Statements section of the report concerning significant accounting policies.

Note #2 - Discloses information on cash and investments at year-end.

Note #3 - Details the designated cash accounts that the SWA's Board of Directors has designated for specific purposes, which consists of closure, postclosure, equipment replacement, future construction, MRF contingency, OPEB and waste diversion which totaled \$38,631,000.

Note #5 - Details capital asset activity at year-end.

Note #7 - Provides detail information about the SWA's closure and post closure care liabilities. Mr. DeKleva stated at June 30, 2020 the percentage utilization of the estimated total capacity of the landfills was 53.4%.

Mr. DeKleva indicated there were no findings to warrant the issuance of a management letter. In closing he stated it was a pleasure to work with the SWA's staff and stated Mrs. Bitting was most helpful during the performance of the audit.

Mr. DeKleva asked the Committee Members if there were any questions for him.

**Mr. Berry moved to recommend to the full Board the adoption of the Fiscal Year 2020 Audit as prepared by Smith, Sapp, Bookhout, Crumpler and Calliham, P.A. There was a second by Mr. Johnson and the Motion was carried.**

### **Update on Investments**

Mrs. Bitting turned the meeting to Ms. Angie Jones, Horry County Treasurer. Ms. Jones began her presentation by advising the group that she did not have good news. She advised that until after the election and the uncertainty of COVID-19 calmed down, the SWA's interest amounts would be low. Ms. Jones reassured the Committee Members that she is working closely with Wells Fargo and Synovus to invest all the funds available to make the best return on investment. Ms. Jones commented she had spoken with Mrs. Bitting to determine if there were any major projects coming up in the future. Mrs. Bitting advised that the SWA only had one project coming up and she would let Ms. Jones know when the RFP's were received.

### **Use of Contingency Funds- Internet Upgrade**

Mrs. Bitting informed the Committee over the past several months the Administrative Office, Operations Center and scaleshouse has been experiencing significant issues with internet services. She commented the SWA utilizes the internet for a variety of programs which decreases the speed. Mrs. Bitting advised the group that Mrs. Murphy had contacted HTC to determine what options were available. Mrs. Bitting stated HTC's recommendation was for the SWA to install fiber optic cable. She stated HTC had advised staff that it would be no cost to run the cable to the Administrative Building; however, the cost to run it to the Scaleshouse and Operations Center was estimated at \$30,000.

Mrs. Bitting invited Mrs. Murphy to add any additional comments. Mrs. Murphy stated that the current speed of the SWA's internet currently is 8 Mbps. She said with the fiber optic cable it would increase to 100 Mbps.

Mr. Johnson requested that the SWA get a second quote in running the cable to the other buildings. Mr. Berry questioned what HTC's stance would be in case anything should happen to it in the future. General discussion followed on contracting the installation of fiber to the Scaleshouse and Operations Center out. Mr. Knight stated staff would check on getting other pricing and have it ready to present to the Board at the October meeting.

**Mr. Berry moved to recommend to the full Board approval to upgrade the current internet service at the Administrative Building, Operations Center and Scaleshouse from copper lines to fiber lines, and that Contingency Funds being used to cover the estimated \$30,000 cost. There was a second by Mr. Johnson and the Motion was carried.**

There being no further business to come before the Committee, the meeting was adjourned at 10:18 A.M.