

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

**October 23, 2014**

A meeting of the Finance & Administration Committee was held on Thursday, October 23, 2014 at 2:30 P.M. at the Authority's Administrative Office in Conway, South Carolina. Present were Committee Chairman Lance Thompson and Committee Members Pam Creech and Rev. James Cokley. Also in attendance were Board Member Dan Gray, Executive Director Danny Knight, Assistant Executive Director Mike Bessant, Directors Jan Bitting, Bill Hilling, Esther Murphy, Deputy Director Rodney Cannon, staff members Nannette Powell and Susie Wofford, and David DeKleva of Smith, Sapp, Bookhout, Crumpler and Calliham, P.A. (Smith, Sapp). There were no members of the media in attendance.

## **Presentation of Fiscal Year 2014 Audit**

Mr. Thompson asked Mr. DeKleva to proceed with the presentation.

Mr. DeKleva began by stating that overall the Authority remains in good financial condition. He generally reviewed with the Committee the financial statements to include the Statement of Net Assets and the Statement of Revenue and Expenses. Fiscal Year 2014 highlights addressed by Mr. DeKleva included:

- Cash and Investments increased \$441,230
- Total assets were \$77,715,000 a 2% increase
- Total liabilities increased \$2,463,866, or 8.5%
- Total net position decreased \$885,692, or 1.9%

Mr. DeKleva stated that of the \$38,041,000 in cash and investments \$34,505,000 has been designated by the Board for specific purposes. He also stated that the increase in assets is primary due to the construction of the piggyback expansion access road and the relocation of the grinding area. Mr. DeKleva explained that the increase in liabilities is primary due to an increase in landfill closure costs for capacity that was utilized during the year. He also pointed out that the landfill post closure care costs did decrease by \$911,000 during the year due to the engineer changing the estimated costs for post closure care.

Mr. DeKleva then reviewed the statement of revenues and expenses. He indicated there was a 1.5% increase in total operating revenue. Mr. DeKleva stated the largest increase in revenue was the Unincorporated Collection System revenue which increased by \$232,000 during the year. He also indicated that the operating expenses reflected a 13% decrease from last year. He stated that the largest decrease in operating expenses was in depreciation, closure costs and post closure care costs. Mr. DeKleva stated that total net position for the year resulted in a decrease of \$885,000. He also outlined the following pertaining to operating revenue and expenses:

- Total operating revenues increased by \$261,089
- Total operating expenses decreased by \$3,016,782
- Total non-operating revenues decreased by \$54,697

Mr. DeKleva then reviewed several items detailed in the Notes to Financial Statements section of the report concerning significant accounting policies. He pointed out that Note #1 was a summary of the SWA's significant policies. Mr. DeKleva reviewed Note #3 that outlines the balance of the designated accounts that the SWA's Board of Directors, by formal resolution, has designated for specific purposes, which at June 30, 2014, was \$34,505,835.

As Mr. DeKleva continued through the Notes he addressed the landfill closure and post closure care cost liabilities and estimated remaining costs to be recognized as outlined in Note #7. He briefly reviewed the other post employment benefit (OPEB) contributions discussed in Note #10.

Mr. DeKleva informed the Committee that through the performance of various tests, it was determined that the Authority's financial statements are free of any material misstatement, and that there were no instances of noncompliance that are required to be reported under Government Auditing Standards. He further stated there were no matters noted involving the internal control over financial reporting and its operation that would be considered a material weakness.

Mr. DeKleva stated his evaluation of the Authority's internal control structure found no problem and thereby issued the Authority an unqualified opinion. 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 and stated staff was most helpful during the performance of the audit.

Ms. Creech asked Mr. DeKleva about what area his firm audited. Mr. DeKleva stated all areas including closure, post closure care costs, A/R, payables, investments, fixed assets, etc.

Ms. Creech asked about a statement in the Financial Reports about corrected and uncorrected mistakes. She wanted to know what that was concerning. Mr. DeKleva stated that there was only one adjusting journal entry for this year's audit and it had to do with a change on the post closure calculation.

Ms. Creech asked if there was anything that the Authority could do better. Mr. DeKleva stated that the staff is knowledgeable and has information ready for him when he arrives.

**Rev. Cokley moved to recommend to the full Board the adoption of the Fiscal Year 2014 Audit as prepared by Smith, Sapp, Bookhout, Crumpler and Calliham, P.A. There was a second by Ms. Creech and the Motion was carried.**

Mr. Knight stated that if the Committee or any Board Member wanted to sit down and discuss anything with the audit that staff would be available.

### **Quarterly Financial Update**

Mrs. Bitting went over the Financial Statements for the First Quarter of Fiscal Year 2015. She also reviewed the transfers she will present to the Board at their monthly meeting scheduled for Tuesday, October 28, 2014.

Mr. Thompson asked about how the new processes that the Authority had recently put in place were working out. Mrs. Bitting replied that printing the Authority's own checks has been a major time saver. The use of the P-cards has proven to be an efficient process. She also stated that the number of customers receiving E-billing is increasing.

### **Annual Bonuses**

Mrs. Bitting reminded the Committee that during the budget process annual bonuses were approved and indicated staff would be issuing these bonuses in the same manner as last year.

Ms. Creech asked if the bonuses were in line with what the county does. Ms. Bitting stated that we give a flat amount to each employee, same as the county does. Chairman Cokley asked if it was the same that we had provided the last couple of years. Mrs. Bitting replied that that was correct.

There being no further business to come before the Committee, the meeting was adjourned at 3:15 P.M.