

GREENWOOD CITY COUNCIL

May 1, 2006 - 5:35 p.m.

**MINUTES**

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PRESENT

Council Members: Mayor Nicholson, Linda Edwards, Betty Boles, Herbert Vaughn, Johnny Williams and Barbara Turnburke; City Manager; Assistant City Manager; and City Clerk.

Niki Hutto entered into the meeting at 5:36 p.m.

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CALL TO ORDER

The meeting in Council Chambers was called to order by Mayor Nicholson at 5:35 p.m. and he welcomed everyone to the meeting.

Reverend Westbrook gave the invocation.

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STATEMENT AND  
QUORUM

Mayor Nicholson read the following statement, "In accordance with the Freedom of Information Act, Chapter 4, Title 30, Code of Laws of South Carolina, 1976, an agenda has been posted on the front door of City Hall and notification of this meeting has been given to the news media."

The Mayor then asked the City Clerk, Steffanie Dorn, if a quorum was present. She said, "Yes Mr. Mayor, there is a quorum present."

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AUDIT PRESENTATION

Greene & Company -  
Mr. Mike  
Willoughby, CPA.

Under new business, Mayor Nicholson read the first item and recognized Mr. Mike Willoughby.

MIKE WILLOUGHBY

"It's good to be with y'all today. I think everybody had received a copy of the audit for last year. I'll just go over a brief summary of it and, if anybody has any questions, I'll be glad to try and answer them.

The important thing is our opinion on Page 2. As in prior years, this is a clean, or an unqualified, opinion. It basically means that we've done a lot of different procedures and we think these financial statements of the City are accurate.

There's also a letter on Pages 43 and 44 regarding a special test related to the compliance with grants and other things. It's a formatted letter stating that we did not find any problems in the general control of managing the money for these grants or any kind of compliance issues. So basically that's a claim letter, as far as managing your different grants.

On Page 31, there is a financial statement for the General Fund. It basically shows your original budget, your final budget with what the actual figures really were and what the difference is. The short version is on Page 32. Near the top are the total revenues you had budgeted at \$11,062,687. Your actual revenues were \$11,455,689, so you did better in budgeted revenue by about \$393,000.

There are different lines that basically show where that breakdown was. I think a good bit of it is in business licenses. A lot of those licenses are related to insurance companies that do business in the City and that number continues to go up.

If you want to look at total expenditures, or the money that was actually being spent, flip over to Page 35. There are three or four lines that are total expenditures. You had budgeted to spend \$12,175,963, but your actual expenditures were \$11,488,092, so your expenditures were less than your original budget by about \$695,000. The prior pages will explain it in detail.

The biggest area which has been consistent in the prior years is the Police Department. Usually, you spend less in the Police Department than what the budget is. I think almost every department was under budget, but the Police Department has the largest numbers.

The bottom line is on Page 35. Under 'Net Change and Fund Balances', you were actually going to draw down some of your Fund Balance right at \$1,025,131. Your actual results were better than that. You actually increased the Fund Balance about \$224,000. So your Fund Balance was about \$3.3 million at the start of the year. It's about \$3.5 million now. That's the big picture for the General Fund.

Page 13 is the actual balance sheet as of December 31, 2005. It shows what you have in the bank, what you have as far as taxes receivable, and what you

owe.

You can see that same \$3,533,625 fund balance in the General Fund. You can also see several different things that the monies are designated for. The biggest, \$1.4 million, is for Capital Improvements and the undesignated part is \$1,940,037. So that's really how much you have that's not designated for you but the Capital Improvements are for some of your special items.

As in prior years, we have a note on Page 29 that's basically called a 'Contingency'. There is a paragraph regarding the storm water system where you must plan to make improvements. As of right now, we don't know what the financial impact is going to be so there are no figures in that financial statement. I'm sure you're aware of that, but that's something that'll eventually cause you to use some of that Capital Improvements Fund Balance. I think we've had that in the past audits and there's still room for improvement, as far as what you're going to do."

STEVEN BROWN

"As you recall, we reported that the latest we could be designated is January of 2008. We've been told that we're not expecting designation this year or in 2007. The earliest could be 2008 and we may not be designated then, when that time comes. That's our latest from DHEC."

BETTY BOLES

"Is that for completion?"

MAYOR NICHOLSON

"To start."

BETTY BOLES

"To start? I thought we were doing some of that already."

STEVEN BROWN

"We're doing our mapping, but we haven't been designated by DHEC as a City that has the evidence to comply."

NIKI HUTTO

"The fact that we're doing the mapping and other preemptive things would make it less cost prohibitive if and when we're designated in 2008."

STEVEN BROWN

"That's exactly right. The mapping that we have done has more purposes than just to conform with storm water regulations. It may prevent more Jennings Avenue-type situations in the future."

BETTY BOLES

"Let's hope so."

MIKE WILLOUGHBY

"That's my overall view of the City audit."

I think this is the third year that we're under the GASB 34 reporting. We're talking about the traditional fund statements, which is how the City is actually managed. The new style of statements looks at the City more like a business where you have depreciation expenses on all your net assets, as opposed to your borrowed net assets. So, it's a different point of view and this report actually has both. That's how the accounting gurus wanted it done. It's fine to have that for most of the people we deal with, but we still want the fund statements because it shows if there are strings on the money and if you can use it.

Basically, that's my report. Does anybody have any questions they'd want me to answer?"

MAYOR NICHOLSON

"Does anyone have any questions for Mr. Willoughby?"

NIKI HUTTO

"So, in laymen's terms, the City is in solid financial shape?"

MIKE WILLOUGHBY

"A lot of cities are on a June 30 year. I think the State is on a June 30 year and a lot of counties are too. So, if you're trying to compare the June 30 year to a December 31 year, it's kind of hard to compare because their statements end before their taxes comes out and yours don't. So your taxes are collected by the end of the year and the next 60 days in February. Accounting will require us to count that as revenue this year. You know that you won't spend the bulk of that until the next year. So a city that's on a December year end, in general, should have more of a fund balance at December than a city with June 30. There's nothing wrong in having a December year end, but it does mean that you should have a big figure there."

MAYOR NICHOLSON

"Mr. Brown, any questions?"

STEVEN BROWN

"Mr. Mayor, I'm pleased with audit, naturally. I think you'd have to be a little touched in the head to not be pleased with it. As you have heard this for the last 21 years that I've been your City Manager, I didn't do it. It's people like Steffanie, Charlie and all these folks who work around me that make it happen every day. I just continue to be amazed at the quality of people that we have working with the City.

One of the key statements that Mike has made is the

\$12+ million you budgeted. The staff you have working for you only spent about \$11.4 million. We're not spend thrifts and we don't spend money because you allocated it. I just can't say enough about the staff. The City Manager gets a lot of credit but, I'm telling you that under these circumstances, he's not the one that's doing it. I'm a part of the team but I'm not the team. So my praise goes to the staff."

MAYOR NICHOLSON

"I just want to commend the entire staff for an excellent year. Mr. Willoughby, thank you for sharing with us. It's good to always say that we're in good, sound fiscal standing."

STEVEN BROWN

"Mr. Mayor, you need to take a vote to accept this audit."

MAYOR NICHOLSON

"Do I have a motion that we accept the audit from Greene and Company?"

A motion to approve was made by Johnny Williams, seconded by Niki Hutto.

"All in favor raise your right hand. So moved."

Motion passed unanimously.

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CONSIDER

Appointing One  
Person to the  
Capital  
Improvements  
Referendum  
Commission.

Mayor Nicholson read the second item and said, "I'd like to postpone it at this time. There was something brought to my attention Friday about a person that has resigned and was no longer at the job. However, that person is still in Greenwood and on the Committee, as far as it stands right now. I'd just like to postpone this and, if they do decide to move, they'll resign.

I would just like to entertain a motion that we postpone this item."

A motion to postpone was made by Johnny Williams, seconded by Niki Hutto.

JOHNNY WILLIAMS

"Why?"

MAYOR NICHOLSON

"Why postpone it? Because the person is still

here."

STEVEN BROWN

"There was an assumption that the individual may leave town. I think the Mayor has found out that it may not be true."

JOHNNY WILLIAMS

"Well, until they leave town, why replace them?"

MAYOR NICHOLSON

"That's what I'm saying. We're not going to replace them."

STEVEN BROWN

"It's critical that we have somebody in place."

MAYOR NICHOLSON

"We need these people to appoint the third person anyway. By the way, I don't think the people that have been appointed by the County are aware of it. I was talking to one Friday night and he was unaware that he was on the Committee."

NIKI HUTTO

"So has this person accepted to be on the Committee?"

MAYOR NICHOLSON

"Yes. I have a motion and a second that we postpone. All in favor raise your right hand. So moved."

Motion passed unanimously.

Meeting adjourned at 5:50 p.m.

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Floyd Nicholson, Mayor

ATTEST:

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City Clerk and Treasurer