



REPORT

CITY OF HARTSVILLE, SOUTH CAROLINA
COUNCIL FINANCE, AUDIT, BUDGET COMMITTEE
TUESDAY, APRIL 28, 2020 – 9:00 AM
COUNCIL CHAMBERS - CITY HALL - 100 EAST CAROLINA AVENUE
VIA TELECONFERENCE

Council Committee Members:

Chair Councilmember McGee
Councilmember Mack
Mayor Pennington

Executive Staff:

City Manager Zeigler
Finance Director Caulder
City Clerk Skipper

In Attendance Via Phone: City Auditors Shane Kirkley and Marc Wood from Sheheen, Hancock, & Godwin, LLP and Lawrence Flynn from Pope Flynn and Brian Nurick from Compass.

PURSUANT TO CITY OF HARTSVILLE EMERGENCY ORDINANCE 4387, DURING THE COVID-19 (CORONAVIRUS) PANDEMIC, ALL PUBLIC MEETINGS WILL BE HELD BY TELECONFERENCE. THE DIAL IN NUMBER FOR THIS MEETING IS 669-224-3412 AND THE USE ACCESS CODE IS 448-479-165. FOR ASSISTANCE, CALL 843-917-0602.

PURSUANT TO FREEDOM OF INFORMATION ACT SC CODE 30-4-80: WRITTEN NOTICE WAS DELIVERED TO THE PRESS BY EMAIL ON FRIDAY, APRIL 24, 2020 AND DULY POSTED AT CITY HALL LOCATED AT 100 EAST CAROLINA AVENUE, AN ACCESSIBLE FACILITY, AND ON HARTSVILLESC.GOV.

Chair McGee called the meeting to order at 10:00 a.m.

DISCUSSIONS:

FY 2018-2019 AUDIT SUMMARY PRESENTATION – SHEHEEN, HANCOCK & GODWIN, LLP

The City received an unmodified opinion, which is the highest to be given. The reserves are still below recommendations of 3 – 6 months on all funds. The General Fund has ½ month and Utility has 2 ½ months in reserves. Revenue is less than budgeted and expenses are more. Finance Director Caulder explained that protecting reserves is a priority but in this environment of “unknown” revenues will be budgeted lower and expenditures will be on a pre-approval basis.

FINANCIAL ADVISOR AND BOND COUNSEL PRESENTATION – BRIAN NURICK & LAWRENCE FLYNN

Brian with Compass and Lawrence Flynn from Pope Flynn Attorneys were brought in explore financing options with interest rates low to help build up of reserve positions. Brian presented the city’s current Lease/Bond Payments and a restructured Lease/Bond Payments option. This option would not be to bring in revenue, but give the City flexibility to review indebtedness on an annual basis and would give the City more options to shift payments and banks like that. It also would not negatively impact the City’s credit rating. Lawrence explained that these are not considered debt for state law purposes and would look to free up operating budgets on the revenue side. Chair McGee stated that this restructured plan would give us flexibility and add value in the “unknown”. Caulder explained that the payment would be due each June and we would have the opportunity to review and change debt service millage if needed. Brian stated that it would be a six-week process and would take two readings of City Council. City Manager asked if

the attorney if he saw any issues with holding a public hearing on budget or loans during the pandemic closures. Flynn stated that the City's emergency ordinance allows for meetings with Public Hearings to be held over electronic means. Zeigler explained that any refinancing savings would go into fund balance.

Caulder explained to Committee that a friendly letter will be going out to utility customers in regard to bills growing since disconnections are not occurring during the pandemic. Pennington asked for statistical information on this.

Caulder presented a rate update from Raftelis, which does not recommend a change in current water/sewer rate structure already approve by Council.

FY 2020-2021 BUDGET REVIEW

Caulder stressed to committee that in order to keep from furloughing employees hard work has been done by her, the city manager and the HR Director along with the cooperation of dept heads, to find funds through freezing spending, reducing capital items, cutting training (except for when mandatory for certifications), etc. Any budget passed now will have a major amendment ahead of us.

QUESTIONS AND ANSWERS

Chair McGee asked if adjusting or eliminating Council's salaries could be considered.

Adjourned at 12:20p.m.

This is our report and recommendations to the full Council.

Bobby McGee, Chair

Date