

**Newberry County Council
Finance Committee Meeting Minutes
Courthouse Annex Conference Room
November 29, 2017
6:00 P.M.**

PRESENT: Travis Reeder, Council Member
Bill Waldrop, Chairman
Dr. Harriette Rucker, Council Member
Ben Chapman, Sheriff's Office
Donna Lominack, Auditor
Kelly Nobles, Probate Judge
Karen Lindler Smith, Treasurer
Lee Foster, Sheriff
Wayne Adams, Administrator
Karen Brehmer, Finance Department
Debbie S. Cromer, Finance Department
Absent:

MEDIA: No News Media Present

The meeting was duly advertised as required by law.

Call the meeting to order by Bill Waldrop , Council Chairman

Agenda Item 2 – Additions, Deletions, and Adoptions of Agenda. There being no additions or deletions to the agenda, Mr. Reeder made a motion the agenda be approved.

Agenda Item 3 – Presentation of Draft Audit for FY16-17 – David Enzastiga, CPA, Rish and Enzastiga

Mr. Enzastiga is expected to issue an “unqualified” opinion on the county’s financial statements for the FY 16-17 fiscal year. In this context, *unqualified* means without reservation, as opposed to not qualifying, and is the best opinion the external auditors can give. Highlights of the audit are as follows:

- **Unreserved/Unassigned Fund Balance (p.22, Balance Sheet) stands at \$11.8 million, or 5.9 months’ operating expenses.** Significantly, this takes into account the county’s \$3.25 million grant to Samsung, which appears on the balance sheet as “Assigned for econ development.” It also takes into account a \$375,000 expense to purchase additional property to benefit that project. It is generally recommended that local government cash reserves be between three and six months’ operating expenses.

- **General Obligation Debt (p.37, Notes to Financial Statements) stands at \$2.4 million, while the county's ability to borrow without referendum is \$10.8 million.** This means that the county is utilizing only about 22% of its indebtedness capacity.
- **Estimation of the Tax Levy's Ability to Produce (p.25, Budget and Actual) remains extremely accurate.** The revenue budget estimate of \$16,075,706 was within \$71,848 of actual collections, which came in at \$16,147,554. That's a difference of less than one-half of one percent. Knowing the carrying capacity of the tax base is essential to good budgeting.
- **"Tax Breaks" for Industries (p.50, Notes to Financial Statements) appear in the financial statements for the first time, pursuant to a new accounting rule, GASB 77.** For the subject fiscal year, this amount was calculated at approximately \$1.9 million. This calculation uses full taxation potential – 10.5% assessment ratio, no FILOT, no special source revenue credits – as the baseline. In reality, however, the county would never secure significant investment under these terms. Competition from other jurisdictions and the inherently higher tax rates in smaller counties would make significant new investment virtually unavailable to Newberry County and counties like it, absent the statutory incentives available at council's discretion.
- **The cost of post-retirement health care benefits (p. 52, Net OPEB Obligations) was over \$100,0000.** Actuarial studies show this number doubling over the next five years, tripling over the next 10 years. Administration recommends consideration of diminishing or perhaps even eliminating this benefit in the near future.

A county of this report is part of the official minutes.

Agenda Item 4 – Discussion of GASB 45 Valuation – Wayne Adams, County Administrator, County Administrator

Wayne discussed in a length in the report from Demsey Fillinger & Associates. A copy of this report is a part of the official minutes.

Another meeting will be setup to discuss this at a later date. This has also been discussed at the Personnel and Governmental Meeting (see note below).

Note: Both committees addressed the issue of post-employment health insurance benefits, albeit in a narrow way. Specifically, both committees approved waiving the employee manual provision that says years of service for the purpose of "tolling" to determine what percentage of the retired employee's health insurance premium the county pays stops once the employee elects to receive their state retirement. More specifically, the waiver would

allow continued tolling for any retired (but returning to work) employee who needs additional service time to get to 20 years *with Newberry County*, which qualifies the employee for the minimum post-employment health insurance premium subsidy (currently 65%).

Agenda Item 5 – Approval of Employee Christmas Gift Cards –Katherine Cook , Human Resources

The committee recommendation is for a \$50 gift card for employees, with the exception that essential personnel for the Sheriff’s Department (as determined by the Sheriff) be granted double that amount. Over the past calendar year, many law enforcement personnel were required to work on several occasions when other employees were excused from work without being charged leave time. These occasions included the solar eclipse and two days of early dismissal due to anticipated severe weather. Funding would come from non-departmental and council contingency accounts within the existing budget. This been recommended by the Finance Committee and the Personnel and Intergovernmental Committee

Agenda Item 6 – Discussion of Post Retiree Health Benefits –Katherine Cook, Human Resources and Wayne Adams, County Administrator

Katherine Cook stated that the Personnel and Intergovernmental Committee had discussed this at a prior meeting and had wanted to bring this before this Finance Committee as well. Currently if an employee had retired and returned to work, and had 20 years of service, Newberry County paid 65% of the employee’s health insurance. After a lengthly discussed, Mr. Reeder made a motion to bring before full council.

Agenda Item 7 – Questions/Comments from Committee members

There was none.

Agenda Item 8 – Public Comments

There was none.

Agenda Item 9 – Adjournment

Newberry County Finance Committee

Henry H. Livingston, III, Chairman

Debbie S. Cromer, Finance Director

Approved: _____