

**NEWBERRY COUNTY COUNCIL FINANCE COMMITTEE
MINUTES
August 21, 2023**

The Newberry County Council Finance Committee met on Monday, August 21, 2023, at 6:08 p.m. in Council Chambers at the Courthouse Annex, 1309 College Street, Newberry, SC, for a regular scheduled meeting.

Notice of the meeting was duly advertised, as required by law.

PRESENT: Karl Sease, Committee Chair
Les Hipp, Committee Member
Johnny Mack Scurry, Committee Member
Jeff Shacker, County Administrator
Debbie Cromer, Finance Director
Karen Brehmer, Deputy County Administrator
Donna Lominack, County Auditor
Karen Lindler Smith, County Treasurer
Ben Chapman, NCSO
Andrew Wigger, Clerk to Council/PIO

Mr. Hipp called the meeting to order at 6:08 p.m. and determined a quorum to be present.

1. Election of Committee Chairman

- As Vice Chair of Newberry County Council, Mr. Hipp opened the floor to nominations for a new chair of the Finance Committee. Mr. Scurry nominated Mr. Sease, which was seconded by Mr. Hipp.
- Without object, the vote to name Mr. Sease Committee Chair was approved 3-0.
- Mr. Hipp turned the meeting over to Mr. Sease.

2. Additions, Deletions & Adoption of the Agenda

Mr. Scurry made a motion to approve the agenda as presented, Mr. Hipp seconded, and the vote passed 3-0.

3. Presentation of the audit for June 30, 2022

- Mr. David Usefara, Manager with Mauldin and Jenkins, presented the results of the June 30, 2022, audit via Zoom.
- Mr. Usefara said that Newberry County is responsible for the financial statements and Mauldin and Jenkins' job is to express an opinion on the statements.
- Mr. Usefara said for the year end audit of 2022 for Newberry County, for the governmental activities and the aggregate fund activities, they are giving an unmodified, clean opinion.
- However, Mr. Usefara said they did note that the county had three component units being the library, the hospital, and Westview Behavioral Health Services, because the library audit isn't done, he said they had a choice to wait for the library audit or to give a qualified opinion for the component units. He said a qualified opinion is an area of uncertainty where they cannot say component units are presented fairly. He said in the past, the component units were not even on the statements.
- Mr. Usefara gave highlights on the General Fund, \$18.7 million in total assets in 2022 with \$17 million being in cash and \$1.3 million being in receivables. He said this was offset by \$5.3 million in total liabilities with \$1.3 being regular accounts payable, \$2.8 million amounts owned to other governments related to property taxes, and \$700,000 in unavailable revenue.
- Mr. Usefara said that left a \$13.3 million fund balance in the General Fund, \$2 million is restricted and \$11.3 million unrestricted.
- Mr. Usefara said GASB 54 gives criteria for what a Special Revenue Fund is, and in the past, the county has reported the Airport Fund as Special Revenue Fund. Under GASB 54, the Airport Fund does not qualify as a Special Revenue Fund. He said what the county will need to move the Airport Fund into the General Fund.
- Mr. Usefara said the Airport Fund led to a finding of \$108,000 to move from the Airport Fund to the General Fund.
- Mr. Usefara said there was another instance of GASB 84 that was supposed to be implemented in the prior year and wasn't. This relates to the accounting of

fiduciary funds (Magistrate, Clerk to Court and Newberry County Schools Fund). He said GASB 84 makes it so there is now a statement of fiduciary net position. He said this is a balance sheet and shows cash and property tax receivables listed through the assets. With GASB 84, these will also show balance of net position.

- Mr. Usefara said this year there was a \$360,000 net position, that was related to Magistrate, Clerk to Court monies that they hold and cannot release until certain conditions are met. Previously, he said, it would be considered a liability because money is owed elsewhere, but because certain things must happen so that money can be released, it is required to be net position as opposed to a liability. He said that is something that should have been implemented last year but had to be implemented this year.
- Mr. Usefara said that there were some other findings, looking at last year, that stated this has been a finding since 1995. The General Ledger and Segregation of Duties finding. He said he understood how difficult it is to implement proper Segregation of Duties with staffing issues.
- Mr. Usefara said they left a recommendation for something that could lead to future findings. He said during the audit, depreciation is calculated using a manual spreadsheet and ideally, the software will calculate the depreciation.
- Mr. Usefara said that Ms. Cromer has been an absolute pleasure to work with throughout this process, helping them a great deal and worked hard throughout.
- Mr. Hipp asked Mr. Usefara to go through the GASB changes and identify what the impact on the county and operations.
 - Mr. Usefara addressed GASB 96, this will be for subscription-based IT. Any kind of IT subscription being paid for monthly will possibly have to change how it is accounted for. Currently, they are recorded as expenditures, and they will be recorded as liabilities instead, if it becomes material.

4. Public Comments

There were no public comments.

5. Comments from Committee Members

- Mr. Hipp said there were a couple of items he wanted to look into before the presentation at the general meeting. He said one item of note, while the county still has roughly six months in reserve in the general fund, if you look at the trend, it is not going in the best direction. He said they had some monies that came in that were obligated in a previous year, or funds received in a subsequent year that impacted past years. Mr. Hipp said they are going to be looking into specific numbers for those three years.
 - Ms. Cromer said that the trend is not looking how it is, due to the CPST project not being reimbursed, \$1.6 million received from Commerce, and the \$600,000, and the county just received some of that in the current year.
 - Mr. Hipp said he would like an explanation for what could be considered a negative trend, for the public.
 - Mr. Shacker said staff is working on a spreadsheet to show the changes in fund balance and recoveries the county has received.

6. Adjournment

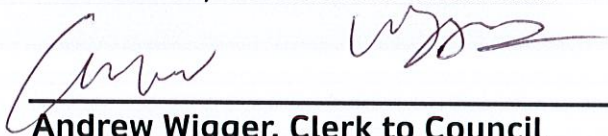
Mr. Scurry made a motion to adjourn, seconded by Mr. Hipp. The motion was approved 3-0.

Mr. Sease declared the meeting adjourned at 6:42.

NEWBERRY COUNTY COUNCIL



Karl Sease, Committee Chairman



Andrew Wigger, Clerk to Council

Minutes Approved: 9-6-2023

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