

**CITY OF DARLINGTON  
SPECIAL CITY COUNCIL MEETING AT 6:00 PM  
THURSDAY FEBRUARY 21, 2019**

**PRESENT AT MEETING:**

Mayor Gloria Hines, City Manager, Mr. Howard Garland and Councilpersons: John Segars, Carolyn Bruce, Sheila Baccus, and Bryant Gardner Also, present: City Attorney Kevin Etheridge, Police Chief Kelvin Washington, Building Official Alex Gainey, Mrs. Lisa Rock, Ms. Ellen Adkins, Auditor.

Mayor Hines said the purpose of the Special Meeting is to present the 2017 audit from Webster Rogers and have an executive session: Economic Development Presentation.

**INVOCATION**

Mayor Hines did the invocation.

**2016-2017 AUDIT PRESENTATION – MS. ELLEN ADKINS**

**WEBSTER ROGERS**

Ms. Ellen Adkins said she's going to be brief because this is really old news. She said if you look back at that year, she categorized it as the City investing in itself. Ms. Adkins said the City did a lot of things with our sewer, the storm water and there was a lot of initiatives going on to build our infrastructure. We did the LED Lighting project and a number of things that we did that was an investment in the City and the longevity of the City. Ms. Adkins said there was also the police cars and a pumper truck. In total there's about \$2.5 million in completed projects that year. At the end of the year we had \$450,000 in projects started which included the Carnegie Library and another drainage project. Ms. Ellen said we have almost \$1.3 million in federal funds plus there were some state grants as well. In addition to that, the City also borrowed some money. In total, the borrowing was about \$6.5 million, and the City paid off \$1,350,000 that included two revenue bonds which means we have already identified the revenue streams to repay those. We have the stormwater project for \$1.3 million and the hospitality tax bond of \$1.9 million for recreation. The City also did a \$1 million general obligation bond to do work on city buildings and we've also borrowed for capital leases. Ms. Adkins said there was a lot of borrowing

that went on that year, but the good thing about that is some of that was already tagged as to how it was going to be funded. Ms. Adkins said as far as the financial statements goes, if you exclude the debt, it's very consistent with the year before. She said the City engage them to do an audit where they look at transactions and they look to see if it's been handled properly as far as what was intended and then express an opinion. Ms. Adkins said the City received a clean opinion and that's the best you can do. She commended the City because she said it takes a lot to maintain the books and the fact that we were able to get a clean opinion is commendable and even though it's late, we still had the records. Ms. Ellen said that's all she wanted to say about the financials. She said the other report she wants to talk about is the single audit package. Ms. Adkins said they come in and they look to see if all of the grant money was handled properly. She said there are certain laws that you're supposed to follow like your budget and procurement practices and things like that. She said if they find where it's a material problem where we are significantly violating what we're supposed to do, they would report it to them in that section. Ms. Ellen said page 9 in the single audit is the current year's issues and pages 10 & 11 are year 2016 issues. She said we did have a material weakness and it goes back to these internal policies. They felt like we did not follow all of the policies the way that we have set them up and we need to tighten up on that. She said some of it is in the way we're processing payroll for paid time off, are the proper people approving things. She said sometimes things are getting through with the wrong level of approval and then some things dollar amounts weren't even on there, so they don't know if it was the proper approval. Ms. Adkins said the other item is Part III and that is dealing with grants. She said we are required every year within nine months after year end to submit to the federal government a status report of our grants. She said it has to be done within 30 days of issuance of our audit report or nine months after year end, whichever is earliest. Ms. Adkins said they didn't finish the 2016 audit until we were into November 2017 and there was no way we could have met that requirement. She said there's a finding that we did not submit on time and it will happen again this year. She said that's not unusual either, but it's not ideal. Ms. Adkins said the last two pages are the status of the prior year findings and the response as to what was done about them. She said on Page 6 the single audit shows the various federal grants we have received. Ms. Adkins said there's a letter that's attached from the auditor to the Board and it tells you what the audit was like, it's sort of a communication of letting them know what they think is important that happened in the audit. She told Council if they would like for her to come back and work with them in a

workshop or anything they would like to understand more about the financial statements or about the letter, she would be happy to do that. She said a copy of journal entries that they did is attached as well as the representation letter that management signs. Ms. Adkins said that is all she really had to say about the audits. Councilman Bryant said, "The federal filing deadlines that you said that we aren't going to be able to meet this year, is there anything we can do to kind of catch ourselves up, so we can get ahead of it eventually". Ms. Adkins said you've got to get the audit back on track. Ms. Adkins said, "As an example, we issued the June 2016 audit in November 2017 so automatically there's no way you're going to make it". She said you've got the audit done preferably the first six months of the subsequent year. She said if you're going to bring in a consultant to help clean this up because it's a lot of volume and staff it keeping things going from day to day. Ms. Adkins said for the last two years we have engaged an accounting consultant who has come in and helped to get things ready for the audit, but again it's subject to their availability. Ms. Adkins said, "I know the consultant that you used for 2017 is extremely busy and there are some out there that aren't as busy. Ms. Adkins said, "Personally I think, and this is not written in here anywhere, but she thinks it would benefit the City if we had someone that would come in on a monthly or quarterly basis and look through the financials and get things cleaned up during the year so it's not a big to do at the end of the year. She said it's just going to take a lot of effort to the point where we are back on track. Mayor Hines said, "I think we were held up by the previous auditors and we got behind with that and kind of delayed things because with the day to day operations these young ladies have a lot to do and they can't keep up with all of that during the week". Ms. Adkins said, "Yes, because she's been on both sides, she's been the auditor and the auditee and it's rough for the auditors to be site. Ms. Adkins said they've got their day jobs too, so she understands what it's like to be on that side of it, it's an interruption. Mayor Hines said each department needs to know what they need to do to get their part, so they can give it to Ms. Pridgen. Ms. Adkins said if we had a consultant that came in and help us set up a structure and a process so every month there's checklist. She said there's ways that we can do it even with a small city, but it takes an investment and time and investment in people. Ms. Adkins said she appreciates all the cooperation from staff and they were very helpful and patient with them. She said had a number of other clients and when they came in and realized things were not ready they had to move on to other clients that who were already ready. Ms. Adkins said they contributed to the delay and when they could come back it was not always convenient for us

and vice versa. She said she would like to see the City get back on track with having regular audits. **Upon motion of Councilman Bryant Gardner to approve the 2016-2017 presentation by Webster Rogers, seconded by Councilwoman Carolyn Bruce. All approved the motion.**

Mayor Hines said Council needs to go into executive session for economic development presentation. The City of Darlington may or may not vote after closed executive session.

**EXECUTIVE SESSION**

**Councilman Bryant Gardner made a motion to go into executive session for economic development presentation at 6:24 PM. The City of Darlington may or may not vote after executive sessions ends. Councilman John Segars seconded the motion. All approved the motion.**

**Upon motion of Councilman Bryant Gardner, seconded by Councilman John Segars, executive session ended at 7:04 PM.**

**ADJOURNMENT**

*Upon motion of Councilman Bryant Gardner, seconded by Councilwoman Carolyn Bruce, the meeting adjourned at 7:04 PM.*

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Mayor

ATTEST:

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Clerk & Treasurer