

Santee-Lynches Regional Council of Governments
Audit/Finance Committee Meeting Minutes
Thursday, May 16, 2019
4:00 pm

Committee Members Attending: Alfred Mae Drakeford, Julian Burns, Senator Kevin Johnson,
Jim McCain, Vivian McGhaney and Dwight Stewart

Staff: Chris McKinney, Kathy Powell and Rachel Katorkas

I-II. Chairman Alfred Mae Drakeford called the meeting to order, and Senator Johnson provided the invocation.

III. **Determination of Quorum:** With six of seven members in attendance, a quorum was established.

IV. **Adoption of Agenda:** Jim McCain moved to adopt the meeting agenda. The motion, seconded by Dwight Stewart, was unanimously approved.

V. **Approval of Minutes:** Mr. McCain moved for approval of the minutes from the April 22, 2019 meeting. Mr. Stewart seconded the motion which passed unanimously.

VI. **Discussion and Recommendation of FY 19-20 Budget:**

Kathy Powell noted that Rachel Katorkas would be presenting the budget to the committee. Chris McKinney provided some introductory remarks, noting Ms. Katorkas' current position as Finance Manager. Given the upcoming retirement of the Finance Director, Ms. Katorkas was tasked with preparing the budget for next year. He commended the way she dove into the process, noting that the product before the committee is her work. Ms. Kartorkas provided a brief overview of the budget package, noting the reports and content of the pages.

She then reviewed the various sources of projected revenue. Beginning with local funds, she reviewed the requests from local councils, including the requests for support for building capital. There were some questions about local councils and whether they have or haven't included the request in their budgets. Mr. McKinney noted local budgets are not yet approved. Some members indicated their councils may not include the COG's building support request in their FY 19-20 budgets because the money just isn't available. Also, some believe the COG will not have the building under construction in time to need the money next fiscal year. During discussion about including or not including the building requests in the COG's budget, Senator Kevin Johnson noted the justification indicates the building support amount as "requested", not approved. Committee members asked if there was any impact to the budget if those requested amounts are not provided. Staff indicated no operating expenses from these funds are included in this budget. The entire amount requested has been included in a separate fund balance. Senator Johnson answered questions about the status of state funding requested for the building.

The consensus was to leave the building capital request in the budget at this time since its inclusion does not affect operations. In response to a question, Mr. McKinney indicated any state money awarded for the building would directly decrease the amount of funding to be requested from our member local governments.

Ms. Katorkas continued the review of revenues, using the justification to note variances in projected revenues. She specifically noted how the building capital and projected interest earnings have been separated in projected fund balances.

There were questions about reductions in projected HHS state revenue and NIP funds. Regarding HHS funds, Ms. Katorkas and Ms. Powell noted that additional federal money awarded for the year means we will probably use less state funding, not that state funding has been cut. Additionally, the higher amount of federal funds required a higher match amount that the state provides on our behalf. This also was taken from the state funds. They explained that NIP monies in the FY 18-19 budget included recovery of prior year expenses not previously reimbursed. This anomaly will not be repeated in FY 19-20 and accounts for the large decrease in NIP revenues.

Ms. Katorkas reviewed expenses on a line by line basis, offering a brief overview of changes. She answered questions by members about various line items, including changes in due/subscriptions and changes in HOME, HHS and WIOA lines for participants/services lines.

Mr. Burns asked if the projected 2% salary increase will be across the board or by merit. Mr. McKinney noted that there will be merit-based increases, and the 2% provides a net sum to be used. He noted the work already done to raise the minimum base for salaries to what he felt is an acceptable level. It was noted that the Board sets Mr. McKinney's salary, and Mr. McKinney is responsible for setting all the other staff salaries.

After further general discussion of the proposed budget, Mr. McCain moved to recommend to the Board approval of the FY 19-20 proposed budget. The motion was seconded by Mr. Stewart. During discussion, the committee decided the recommendation to the board should include an explanation of the building support requests, noting that there are no operational expenses in this budget associated with those requests. The motion was unanimously approved.

VII. **Status of Audit Proposals:** Ms. Powell updated the committee on the audit proposal process, noting the Request for Proposal has been re-issued after the two respondents to the first proposal failed to include all mandatory criteria. Responses to the revised RFP are now due in June, after the date of the board meeting. To facilitate the selection process, staff recommended the Board authorize the Audit/Finance Committee to receive and act on the recommendation from the review team to select the next audit firm. This would allow staff to engage an audit firm in a timely manner. Ms. McGhaney moved to request such authorization from the Board. The motion, seconded by Mr. McCain, was unanimously approved.

VIII. **Other Business:** None

IX. **Adjourn:** The committee meeting adjourned at 5:00 pm.

Respectfully Submitted,

Kathy E. Powell, Deputy Executive Director and CFO