



Audit-Finance Committee Meeting
Thursday, January 30, 2025 - 6:00 pm
via Zoom

MINUTES

Committee Members Present: Alfred Mae Drakeford (Chairman), Wayne Hancock, Jim McCain, Vivian McGhaney

Committee Members Not Present: David Weeks, Earl Wilson

Guest(s): none

Staff Present: Dennis Cyphers, Areatha Clark, Rachel Katorkas, Sarah White

1. **Welcome and Call to Order** - Chairman Alfred Mae Drakeford called the meeting to order at 6:01pm.
2. **Invocation and Pledge of Allegiance** - Chairman Drakeford provided the invocation and Mr. Jim McCain led the Committee in the Pledge of Allegiance.
3. **Determination of Quorum** - Chairman Drakeford verified that a quorum was present.
4. **Adoption of Agenda** - Chairman Drakeford entertained a motion to approve the agenda. The motion was made by Mr. McCain and seconded by Mr. Wayne Hancock. All were in favor and the motion passed unanimously.
5. **Adoption of Previous Meeting Minutes** - Chairman Drakeford entertained a motion to approve the previous meeting minutes from May 30, 2024. A motion was made by Mr. McCain and seconded by Mr. Hancock. All were in favor and the motion passed unanimously.
6. **Finance Director's Report** - Rachel Katorkas stated that the new accounting system has been purchased, and implementation has begun. There have been some issues with communication from the vendor, but staff is hopeful that they are past that.

Mrs. Katorkas also provided the Committee with an update on the audits and an overview of the financial statements for the year ending 6/30/2024. The auditors have completed both audits, but they are making some final corrections to the financial statements. The full reports will be presented at the next Board meeting on February 3, 2025. Mrs. Katorkas stated that there were no findings in either audit (for the COG and the RDC).

Looking at a summary of the COG's Balance Sheet for 6/30/24 (Statement of Net Position), Mrs. Katorkas noted that the total net position decreased by \$228,654 from the prior year due to the purchase and subsequent transfer of ownership of the building on Main Street to Sumter County. The cost of the building was about \$670,000, so without that purchase and transfer, the change in net position would have been positive for the year. The total net position for 6/30/24 was -\$1,064,370. That amount is negative due to the GASB 68 and 75 accounting rules that require the COG to show its share of the state's pension and benefits liabilities on its books. This is not a legal liability for the COG. The

unrestricted net position at 6/30/24 was \$3,598,820. Chairman Drakeford asked for clarification on the negative net position, and Mrs. Katorkas confirmed that the negative total net position was due to the pension liabilities, while the decrease to the unrestricted portion of the net position was due to the building purchase/transfer. Since the building is now owned by Sumter County, the COG cannot show it as an asset in its books.

Mrs. Katorkas then presented a summary of the Statement of Activities for FY23-24, highlighting the increase in both revenues and expenses, with the total expenses exceeding total revenues. Included in the expenses is a loss on sale of capital assets of \$670,334, which is directly related to the transfer in ownership of the building. This resulted in a decrease to the net position, as previously stated. Chairman Drakeford asked that more detail be provided about this issue and the effect GASB 68/75 has on the financial statements to the Board at its next meeting. Mrs. Katorkas agreed and mentioned that the auditor should also be discussing this issue during his presentation at that next meeting.

Mrs. Katorkas reported the RDC's audit is complete, but a few changes are still needed to the final reports, so they were not available to present at this meeting but would be available at the upcoming Board meeting. Mrs. Katorkas mentioned that the RDC is currently low on cash but is working towards securing new grants and projects to increase revenue and funding sources.

7. **Change to Accounting Policy** – Mrs. Katorkas presented staff's recommendation to change the COG's capitalization threshold from \$500 to \$1,500. This would be a change to the accounting policies and procedures and is not a part of the employee handbook. She noted that the current threshold is too low for government agencies and that it often results in unnecessary capitalization of small items like printers. She suggested that the new threshold would still cover the cost of laptops, which typically cost around \$1,700. There being no questions, Chairman Drakeford entertained a motion to approve the change in the capitalization threshold from \$500 to \$1,500. A motion was made by Mr. Hancock and seconded by Mr. McCain. All were in favor and the motion passed unanimously.
8. **Change to Authorized Check Signers** – Mrs. Katorkas reminded the committee that the current list of check signers approved by the Board includes the Executive Director, Board Chairman, Secretary/Treasurer, Audit-Finance Committee Chairman, and Dwight Stewart. With Dwight Stewart no longer being on the Board and there being a vacancy in the position of Secretary/Treasurer, staff requests that a new list of check signers be selected and authorized. Mrs. Katorkas did not have a preference of specific individuals, but did request that there be at least one signer located in Sumter. Mr. Hancock recommended that Mr. Dwight Stewart's name be removed and that the 1st Vice Chair and 2nd Vice Chair Board positions be added to the list. There was discussion about how the current list came to be and if the Committee should wait until after the new officers have been chosen. Mrs. Katorkas noted that making the selections by position rather than by name would make it easier during Board transitions and recommended the change be made now so that individuals no longer on the Board would no longer be authorized check signers. Chairman Drakeford entertained a motion to recommend to the Board approval of the following as check signers for the COG: Executive Director, Board Chairman, 1st Vice Chair, 2nd Vice Chair, Secretary/Treasurer, and the Audit-Finance Committee Chairman. A motion was made by Mr. Hancock and seconded by Mr. McCain. All were in favor and the motion passed unanimously.
9. **Membership Dues Request for FY25-26** – Dennis Cyphers presented staff's recommendation for the FY25-26 membership dues requests. The staff's recommendation is to maintain the membership dues levels from the current year, with no change. There being no questions, Chairman Drakeford entertained a motion to recommend to the Board approval of the proposed Membership Dues Request for FY25-26. A motion was made by Mrs. Vivian McGhaney and seconded by Mr. McCain. All were in favor and the motion passed unanimously.
10. **Executive Director's Report** – Mr. Cyphers noted that the financial statements reflect the healthy state of the COG, even with the building transactions, and is excited about the auditor's report and the Finance Department's track record of no audit findings. He mentioned the additional revenue this past year and

that he expects additional revenue streams in the coming year. He requested that Committee members reach out to staff if they have recommendations for how the financial information should be presented to the Board to ensure clarity and understanding.

11. **Chairman's Remarks** – Chairman Drakeford thanked staff for their hard work in keeping the COG financially healthy.
12. **Adjournment** – The committee meeting adjourned at 6:35pm.

Respectfully Submitted,



Rachel Katorkas