



Laurens County Water and Sewer Commission

Board of Commissioners Meeting

December 12, 2017

8:15am

Minutes

COMMISSIONERS PRESENT: Doug Hendrick (Municipal), Wofford Woods (I), Philip O'Dell (II), Jurell Byrd, Secretary (III), Bill Teague, Vice Chairman (IV), Susan Curry, Treasurer (V), John McMurray, (VI) and Ted Davenport, Chairman (VII)

STAFF: Jeff Field, Executive Director
Kevin Anderson, Director of Operations and Engineering
Debbie Price, Executive Administrative Assistant
Angie Nelson, Director of Administration and Customer Service
Wendy Medlock, Director of Finance

ATTORNEY: Allen M. Wham

PRESS: Clinton Chronicle

GUEST: Gary Bailey of Love Bailey and Associates, LLC

Call to Order

Invocation

Approval of November 28, 2017 Minutes

Chairman Remarks

Executive Director Remarks

LCWSC Monthly Financial Summary

LCWSC Monthly Operations Summary

New Business

1. FY 17 Audit

Old Business

1. Engineering Contract for Design and Construction Services of Lake Greenwood Water Treatment Plant

Executive Session

Upon returning to open session, the Commission may take whatever action deemed appropriate on matters discussed in executive session.

Other Business

Adjourn

CALL TO ORDER

Chairman Davenport called the meeting to order at 8:18am in the board room of Laurens County Water and Sewer Commission.

Invocation was given by Commissioner Woods.

APPROVAL OF MINUTES

Chairman Davenport asked if there were any additions or corrections to the November 28, 2017 minutes, as submitted to the Commissioners.

Commissioner Hendrick MOVED *that the minutes be accepted as submitted*. MOTION SECONDED by Commissioner Byrd. MOTION CARRIED. AYES, 7; NAYS, 0

CHAIRMAN REMARKS

Chairman Davenport welcomed Gary Bailey and Vic McDonald to the meeting.

LCWSC MONTHLY FINANCIAL SUMMARY

The monthly financial summary was presented to the Commissioners. A copy of this summary can be found in the Commissioner Board packet.

As of November 30, 2017, LCWSC currently had a total of \$5,226,616 in cash for operating and reserve funds as compared to \$4,598,166 this time in FY17.

LCWSC MONTHLY OPERATIONS SUMMARY

The monthly operations summary was presented to the Commissioners. A copy of this summary can be found in the Commissioner Board packet.

Mr. Anderson discussed water purchased. For the month of November, the rolling 12-month average for audited water is a 17.25% loss, while water in Joanna is an 9.15% loss. The target is 18.00%.

New Business

1. FY 17 Audit

Mr. Field opened discussion of the FY17 audit. LCWSC changed accounting firms/auditors this year but the format of the audit is similar to previous years. He stated that LCWSC plans to move to a Comprehensive Annual Financial Report (CAFR) next year. Mr. Field also commended Mrs. Medlock for her work preparing for the FY17 audit.

Mr. Field turned the discussion over to Gary Bailey, Certified Public Accountant with Love Bailey and Associates, LLC. Mr. Bailey expressed his appreciation to Mrs. Medlock and the staff for their work and support during the audit. He stated the auditors could access financial information via a secure cloud. A good portion of the time delay was learning the system and operations. With the CAFR audit next year, the presentation will be similar but will include more data.

Mr. Bailey discussed the independent auditor's report, management's discussion and analysis, combined statements of net position, and the schedule of findings. The auditor's report expresses an unmodified opinion on the financial statements of Laurens County Water and Sewer Commission. The auditor's report on compliance for each major federal award program for Laurens County Water and Sewer Commission expresses an unmodified opinion on the major federal program.

The SC State Retirement Fund deficit, which is a concern for all South Carolina agencies and members, was discussed. The fund currently has a \$21 billion deficit of which the LCWSC has a proportionate share. Mr. Bailey stated that as the stock market continues to improve, the retirement fund deficit will hopefully decrease. LCWSC is currently not required to fund its portion of the retirement deficit, but is required to show this liability on its books as a deferred outflow.

The following are key financial highlights:

- Total assets decreased by \$1.45 million or (2.13%) from the previous fiscal year, primarily from a reduction in restricted cash for debt service due to the refunding of the Series 2007, 2012A and 2012B water distribution revenue bonds. At year-end total assets were \$66.8 million which exceeded total liabilities by \$39.9 million. The Commission's net position is strong at \$40.6 million, an increase of \$2.27 million or 5.91% from the previous fiscal year.
- Operating revenues for fiscal year 2017 increased 2.24% or \$218 thousand, compared to fiscal year 2016.
- Operating expenses for fiscal year 2017, before depreciation, increased 3.95% or \$256 thousand, compared to fiscal year 2016.
- Total operating income for the year was \$754 thousand compared to an operating income of \$806 thousand in the prior year.
- Ratios of operating income to total operating revenues are at 7.6% for 2017 compared to 8.3% for 2016.
- Long-term debt decreased from \$25.4 million in 2016 to \$21.8 million in 2017; a decrease of (14%).

Commissioner McMurray **MOVED to accept the FY17 Audit as submitted.** MOTION SECONDED by Commissioner Woods. MOTION CARRIED. AYES, 7; NAYS, 0

Old Business

1. **Engineering Contract for Design and Construction Services of Lake Greenwood Water Treatment Plant**

Mr. Field stated the project is moving along and once the Board of Commissioners approves the Engineering agreement, it will be submitted to USDA for approval.

Mr. Anderson reported that the percentage of payment is in line with established practices. The lump sum amount of \$2,823,000 is based on the following schedule:

- Study and Report Phase - \$25,000
- Preliminary Design Phase - \$617,705
- Final Design Phase – \$1,441,313
- Bidding and Negotiation Phase - \$107,272
- Construction Phase - \$600,125
- Post-Construction Phase - \$31,585

LCWSC will pay the engineer for Resident Project Representative (RPR) Services at a lump sum amount of \$602,000. There will be two full-time RPR onsite for an 8-hour workday, Monday through Friday, over a 450-day construction schedule; then one full-time RPR on an 8-hour workday schedule, Monday through Friday, over an additional 150-day construction schedule.

Total basic services come to \$3.4 million.

Commissioner Byrd MOVED *to accept the Engineering Contract for Design and Construction Services of Lake Greenwood Water Treatment Plant as submitted.* MOTION SECONDED by Commissioner Hendrick. MOTION CARRIED. AYES, 7; NAYS, 0

Executive Session

Upon returning to open session, the Commission may take whatever action deemed appropriate on matters discussed in executive session.

None

Other Business

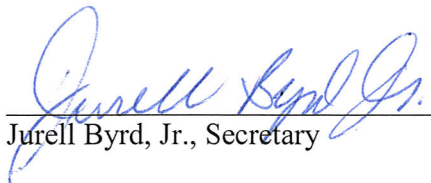
None

1. ADJOURN

Commissioner Hendrick MOVED that the *Board of Commissioners meeting be adjourned.* MOTION SECONDED by Commissioner O'Dell. MOTION CARRIED. AYES, 7; NAYS, 0

There being no further business the Commission adjourned at 10:07am.

I certify that the above Minutes accurately reflect the business conducted at the Commission meeting on December 12, 2017 and that the minutes were approved at the meeting held January 23, 2018.


Jurell Byrd, Jr., Secretary