

AUDIT COMMITTEE MEETING

Virtual Meeting Via Zoom

January 18, 2021; 10:00 AM

Minutes

I. Call to Order: Chairman Connolly called the meeting to order at 10:03 am.

Present: Maryanne Connelly, Chairman
Andrew Capelli
Jim Williams
Alex Fernandez
John Ross

Absent: Stephanie Tillerson, *Town Administrator*

Also Present: Dorota Szubert, *Town Treasurer*

II. Approval of Minutes:

A. Minutes of the October 21, 2020 Audit Committee Meeting

Approval of the minutes was deferred to the next Audit Committee meeting.

III. Old Business:

None

IV. New Business:

A. Review of Financial Statements for six months ending 12/31/20.

Ms. Szubert presented is the Town's Balance Sheet as of December 31, 2020, and the Budget to Actual Report for the first six months. The Budget to Actual Report is compiled on a cash basis, and all the funds are consolidated. The current year's budget was amended on December 1, 2020; the amended totals are reflected in the attached report.

As of December 31, 2020, the Town's governmental funds combined have an ending fund balance of approximately \$17.3M, a decrease of approximately \$1.6M from June 30, 2020, related to repayment of GO bond. Of this amount, approximately 55%, or \$9.5M, is available for spending at the Town's discretion.

Due to uncertainties related to the COVID-19 pandemic, the Town Council adopted the FY2021 budget with very conservative revenue projections. At that time, the suggestion was made to examine the revenues in November. The first and second-quarter revenues were projected with the assumption the Town will receive 50% and 75% respectively of the actual collection from the first and second quarters of last year in the tourists generated revenue sources. In November, a review of the revenues showed actual collection had exceeded the projections.

Ms. Schubert stated the only revenue source that fell below the budget is interest revenue. Even with the current interest rate environment and the restrictions on municipalities, her goal this year is to create an investment workgroup to look into the Town's investment policy. Since the revenues exceeded the assumptions, Council revisited the tabled items as part of the budget process and approved a Budget Amendment in December 2020. The main items were:

- | | |
|---|----------------|
| 1. Placeholder for the website redesign | \$100,000.00 |
| 2. Radios for Beach Patrol | \$70,000.00 |
| 3. Air purification system for Town Hall | \$16,000.00 |
| • This amount will be reimbursed by the state | |
| 4. Repayment of the General Obligation Bond | \$1,668,000.00 |

Overall, consolidated revenues of \$3.6M were approximately \$343K or 10% higher than budgeted.

With 50% of the year lapsed at the end of December, expenditures to date are approximately \$5.2M, or 53% of total budgeted expenditures and approximately \$540K less than budgeted. The positive variance is mostly attributable to the delay in the completion of the Kiawah Island Parkway landscaping project (\$500k) that was originally scheduled for December 2020. Overall, expenditures are reasonable and in line with the budget.

Mr. Williams asked if the \$500k was adequate to complete the landscaping project. Ms. Szubert indicated unforeseen issues with the repair of the irrigation system would likely bring one change order to Council for approval.

Mr. Capelli asked if the budget items approved at the December Town Council meeting for Council stipends and changes to an employee program are included in the revised budget or if they are included in the reserves. All items approved are included in the revised budget, except for the employee program, which is a policy change and will not change the payroll line item.

Mr. Capelli stated in an earlier discussion of the landscaping irrigation issues; it was stated that the landscaper would provide the additional labor to complete the project at no additional cost to the Town and asked if the change order would be in addition to the contracted amount. Ms. Szubert stated that the change order had not been officially submitted, so it is unknown what was covered in the original contract. The landscape contractor made as-needed repairs to the irrigation system before they knew the Town's procurement policy requires the pre-approval of any additional funding.

Committee members disengaged in an in-depth discussion of revenues exceeding the budget, if the budget is amended for the excess revenues, placement of excess revenues in reserves, the consistent increase of the reserve funds are retained for special projects or emergency expenditures incurred in the aftermath of a major storm event, making sure that Council is informed of budget changes, allocation of accommodations tax revenues, consideration of an optimal reserve level, and the development of an emergency plan.

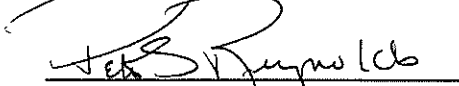
V. Chairman's Comments:
None

VI. Citizen's Comments:
None

VII. Adjournment:

Mr. Williams made a motion to adjourn the meeting at 10:46 am. The motion was seconded by Mr. Fernandez and unanimously passed.

Submitted by,


Petra S. Reynolds, Town Clerk

Approved by,


Maryanne Connelly, Chairman

7/21/21
Date