

DATE: 6/2/2020 **FILE NO: DATE479**

TO: Cherokee County Council

SUBJECT: Minutes of Regular Meeting, 6/1/2020

There was a Regular Meeting Monday, 6/1/2020, 5:10 PM in Council Chambers. Vice-Chair Quay Little presided with David Smith leading in prayer. All council members were present along with Administrator Steve Bratton, Attorney Joe Mathis & Master Clerk Doris Pearson. Chairman Tim Spencer & Councilman Charles Mathis were available by zoom. The news media was informed by agenda and it was posted in accordance with the SCFOIA. One news media was present. Due to the COVID-19 virus the meeting was streamlined online at www.cherokeecountysc.gov and made available by zoom. There were 4 visitors.

Councilman Tracy McDaniel made the motion to adopt the agenda of the Regular Meeting of Monday, 6/1/2020 and received and posted in accordance with the SCFOIA. Lyman Dawkins seconded and council voted in favor by roll call.

Councilman Lyman Dawkins made the motion to approve the minutes of the Regular Meeting of 5/18/2020 as received. David Smith seconded and council voted in favor by roll call.

Councilman Mike Fowlkes made the motion to approve the claims for Cherokee County in the amount of \$540,284.69. Tracy McDaniel seconded and council voted in favor by roll call.

CPA Ben Kochenower presented the Independent Audit ending 6/30/2019. These are marked preliminary but they are in final form and should not have any changes made to them. Ben handed out the Auditing Standard No. 99 which talks about his responsibility in respect to your audit and your financial statement. We look at a lot of things in your audit and try to evaluate where the weakness and strengths are so we will know where to spend our time and how much work we need to do to get to an unmodified opinion. You have an unmodified opinion in your financial statement. **1)** Our responsibility is to express an opinion and we have done that. **2)** We are to plan and preform an audit in order to obtain reasonable assurance that your financial standards are clearing presented or otherwise not materially misstated for whatever reason (intentional or unintentional), mistakes, lack of understanding of accounting principles, etc. We are actually required to detect material fraud if it is going on. **3)** We are responsible for communicating significant matters related to our audit that in our judgement is relevant to you with respect to your responsibilities with the oversight of the financial reporting process. We also have responsibility for the other supplementary information required and not required in your financial statement. The state requires a separate schedule on fines, fees & assessments from your court system. We tell you what we did with that and how we feel about it. Significant issues – accounting estimates; depreciation on your assets, pension and post-employment benefits; landfills with post-closure costs; tax abatements; fee-in-lieu arrangements; etc. We are required to disclose to you if we are getting any pushback from management in trying to complete this audit. We have experienced none, everybody has been very cooperative. However, we were not able to begin and complete the audit in what we felt would be a timely manner because we could not get

information. We did assist with year-end accounting & reconciliation and financial statement preparation; GASBY disclosures post-employment benefits & pension. Major issue was that your management was able to understand what we did and take ownership of it. We are required to let you know what adjustments had to be made to your financial records in our opinion would not have been made had we not shown up. There were a lot of adjustments made through your financial records. A list is attached. We had no disagreement with management. We did not find that management was doing opinion shopping. Ben referred to the Comprehensive Annual Financial Report Year Ended 6/30/19. It starts out with management discussion & analysis that explains what happened and why; financial statements; several schedules; notes; combining schedules; budget. You will see in these financial statements that you dropped about no less than \$400,000 on your general fund but overall, with your governmental funds you broke even on the positive side. In your general fund you did about the same in '19 much like '18. State law is that you have to have a SC balanced budget; you have to provide revenues to match your expenses in your budget. You can't overspend your appropriation without passing another law. You did not need a supplemental appropriation; you stayed within your budget almost \$1.8 million dollars less that you had planned. We will issue our unmodified opinion on what your financial statements are. We found that your management cares. You have control activities. Information/communication comes to everyone timely & accurately so you can make decisions. If that is not happening, you have no internal control. Risk assessment is done and you have the opportunity to have more of that going on if your organization is receiving timely accurate information. Monitoring – no system in internal control is worth having if nobody is checking to make sure it is happening the way it should. In our federal report, we found that your information/communication system is not working the way it should. That is a material weakness in your internal control. **Vice-Chair Little** expressed his appreciation to Ben & his co-workers in completing this audit. We thought we were \$50,000 in the hole; and now it seems we are \$400,000 in the hole. What accounts were moved to accommodate that \$400,000? Ben replied there were two specific accounts that make up that difference & others; there were a couple of liability accounts with debit balances; all sorts of refunds. This was a team effort in completing this audit. You had \$275,000 of a debit balance sitting in a liability account that consisted of tax refunds, tax sales. There was a debit liability account in delinquent tax of \$85,000 & real estate tax of \$90,000. You had \$350,000 sitting on a balance sheet as an asset that really is not an asset; it is just a number that should go through an income statement and move out of there. It should be reconciled and determined where to go but you couldn't justify it being an asset. I suggest you consider moving it to the income statement and reduce miscellaneous income. It started at \$50,000; now there is + \$350,000 = \$400,000. We met with Jackie regarding this and she stated she could figure it out. The understanding is here but there was no time to make the adjustment. There were a lot of numbers that went back & forth like that but those were two main ones. **Mike Fowlkes** replied it's always good to hear what was right but I always like to hear what we are doing wrong. On internal control – information/communication – what is your top 3 on this? Ben replied that is the #1; there is nothing else that rolls to the level of significance. We did have one minor observation that the payroll clerk could actually change pay raise if they wanted to; we corrected that. It wasn't happening but they could do so. Every bit of money comes through the Treasurer Office, so that is the absolute

lynchpin of the county, everything revolves around that office. Other departments get grants with laws & regulations they have to follow; seizures, foreclosures, how is this money being spent. They can't tell from the accounting records if it was being done the way they directed it to be done. Employees are a big internal control because they question. **Mike Fowlkes** asked what are the top 3 where we can do better as far as accounting principles, etc.? Ben replied you had turnover in the Finance Dept. where you can move some of those duties there. You have people in the county, helping other people; and that is a good spirit of cooperation. That is what will help us get this moving along. **Tracy McDaniel** asked could you make a determination of where we are now as far as being prepared for this's years audit? Where are we on bank reconciliations? Ben replied I don't know. I asked for updated information and I have not received it yet so that may indicate bank statements are not reconciled. Steve & Johnny could tell you where that is. We got bank reconciliations in April/May and are still getting them. Ben reported when they are working on something for this audit, we go ahead and do it now for next year. **Quay Little** asked so you are anticipating a lot quicker audit next time, by Dec.? Ben replied yes.

Councilman Tracy McDaniel made the motion to adopt the 2nd Reading of Ordinance No. 2020-14 to amend the Agreement for Development for Joint County Industrial Park by & between Spartanburg & Cherokee Counties, so as to include additional property in Spartanburg Co. as part of the Joint County Industrial Park, and other matters relating thereto (Tindall Corp, Partans, LLC, Tyger Lake Spartanburg, LLC, and Stone Solar, LLC). Mike Fowlkes seconded and council voted in favor by roll call.

Councilman Lyman Dawkins made the motion to adopt the 1st Reading of Ordinance No. 2020-15 to Indefinitely suspend Sunday Work Prohibitions – commonly referred to as Blue Laws – pursuant to Section 53-1-160 of the SC Code of Laws (1976, as amended). Mike Fowlkes seconded and council voted in favor by roll call. Administrator Bratton explained Blue Laws as they exist are a state law wherein when they were originally passed restricted to sell certain items on Sundays; prohibited certain things to be sold before certain times, etc. Over the years those Blue Laws have somewhat been watered down. One of the provisions in state law puts it on County Councils to make a change if you want to in regarding to the ability to sell certain items on Sunday. Keep in mind State Law is very specific and it states clothing, accessories, etc. cannot be sold on Sunday before a certain time of the day. Attorney Mathis prepared this document whereby county council is hereby suspending indefinitely the application of Sunday work prohibitions according to the state law and thus allowing businesses in Cherokee County to open prior to 1:30 PM. This is being removed county wide which includes the Town of Blacksburg and City of Gaffney. In this law there is a provision that protects workers and business owners. If someone is a conscientious objector and they say I want to attend church and not be forced to work on Sunday morning; then that person can do so without fear of retaliation from their employer. Those protections are still in our ordinance as they are in state law. This does not require a business to open early; they can choose when they want to open. This does not address alcohol sales, etc.

Councilman Lyman Dawkins made the motion to adopt the 1st Reading of Ordinance No. 2020-02 for the Cherokee Co. Budget Ordinance to provide for the levying of taxes and fees for county purposes for the Fiscal Years beginning 7/1/2020 and ending 6/30/2021. David Smith seconded. Administrator Steve Bratton went over the changes made from the workshop presentation to now for a total of \$1900. The current budget for the general fund is \$26,604,347. Highlights: no millage increase; no cost of living increase for county employees; includes a longevity pay program that was changed from the current methodology to a flat amount per year service as we discussed in August of this past year; 7% employer health insurance premium increase; significant increase in our P&L insurance; 1% increase in employer retirement contributions and for this year it will be 16.56% state retirement and 19.24% police officer retirement. Currently the state is operating on a continuing resolution and including in that resolution they have suspended that 1% increase; however, we have heard that once they are able to pass the budget in Columbia that we will then see the 1% increase take effect. There are two part-time positions included in the budget: one is converting a part-time position to a fulltime position in the Voter Registration Dept.; part-time clerk in the Building Safety Dept. for a total cost of \$33,626; includes a part-time contract security officer at the Admin. Building + \$40,500; Detention Center food & medical line items are adjusted to match the contracts entered into for the beginning of this fiscal year; salary adjustment of increasing \$2,000/each for 24 road deputies and \$1,500 each for 21 detention officers upon successful completion of their police officers academy training; \$25 stipend/poll workers; capital fund - \$1,303,374; no millage increase recommended and that will utilize \$94,804 in reserves to balance the budget. 911 Tariff Fund is balanced \$719,070 which includes expenses that have been paid through the general fund but are covered by the tariff fund received by land lines & wireless lands; they also include capital items in the Detention budget; any excess tariffs will go into the reserve for the 911 tariff fund. **Tim Spencer** asked about the longevity – you stated this would take place this day forward; does that also include the percentage that we give? Steve replied no, the longevity as it exists right now is frozen at that amount and the only thing it is changing is incrementally going forward how much will be added to that. That original amount that council paid out and the amount that is being earned will remain as is and effective 7/1/2019; however many years of service the employee has achieved at that time, will be recognized by that flat amount put in the budget. **David Smith** – during the workshop, there were two garbage trucks requested and only one was approved. I want us to consider approving two. Steve replied that was a request from SWC Director Estes. Those trucks are used hard on a daily basis. We have a lot of older trucks. The trucks we purchase in the past two years, we have gotten good service with them. Two trucks would go a long way in helping us keep our maintenance cost and overtime cost down. We ran our routes last week with 7 trucks. We own 13 trucks and when 6 or down, we do what we can. **Quay Little** asked Steve didn't you remove from the budget the asphalt roller? Steve replied yes, I removed the asphalt roller from the budget workshop and is not included in this budget so that was \$110,000. The garbage truck cost \$175,000 and that would only put in this budget an additional \$65,000 from what you were presented before.

Councilman David Smith made an amended motion to the 1st Reading of the Ordinance No. 2020-02 for the Cherokee Co. FYB 2020/2021 allowing Administration to purchase a

second garbage truck in the amount of \$175,000. Tracy McDaniel seconded and council voted in favor by roll call.

Vice-Chair Quay Little called for the vote on the motion to adopt the 1st Reading of Ordinance No. 2020-02 for the Cherokee County General Fund adopting a budget containing estimates of proposed revenues and expenditures for the fiscal year beginning 7/1/2020 and ending 6/30/2021 with the amended motion passed of purchasing the second garbage truck for \$175,000 adding to the FYB 2020/20201. Council voted in favor by roll call.

1st Reading of Ordinances adopting a budget containing estimates of proposed revenues and expenditures for the fiscal year beginning 7/1/2020 and ending 6/30/2021 for the following proposals:

- Councilman Tracy McDaniel made the motion to adopt 1st Reading of 2020-03 – Antioch VFD. Mike Fowlkes seconded and council voted in favor by roll call.
- Councilman David Smith made the motion to adopt 1st Reading of 2020-04 – Buffalo VFD. Lyman Dawkins seconded and council voted in favor by roll call.
- Councilman Lyman Dawkins made the motion to adopt 1st Reading of 2020-05 – Cherokee Creek VFD. Mike Fowlkes seconded and council voted in favor by roll call.
- Councilman Tracy McDaniel made the motion to adopt 1st Reading of 2020-06 – CKC VFD. Mike Fowlkes seconded and council voted in favor by roll call.
- Councilman David Smith made the motion to adopt 1st Reading of 2020-07 – Corinth VFD. Mike Fowlkes seconded and council voted in favor by roll call.
- Councilman Mike Fowlkes made the motion to adopt 1st Reading of 2020-08 – The Gaffney Fire Protection Area. Tracy McDaniel seconded and council voted in favor by roll call.
- Councilman Mike Fowlkes made the motion to adopt 1st Reading of 2020-09 – Grassy Pond VFD. Lyman Dawkins seconded and council voted in favor by roll call.
- Councilman Charles Mathis made the motion to adopt the 1st Reading of 2020-10 – Goucher/White Plains VFD. Mike Fowlkes seconded and council voted in favor by roll call.

- **Councilman David Smith made the motion to adopt the 1st Reading of 2020-11 – DMW (Draytonville/McKowns Mtn./Wilkinsville) VFD. Mike Fowlkes seconded and council voted in favor by roll call.**

Councilman Tracy McDaniel stated several of us have discussed several times where we would like to see our county be in 10, 15, 20 years; our visions for Cherokee County. I feel we have a very good progressive council. We all agree that Cherokee County is bound to grow especially with the I-85 widening so the question is, are we prepared for that growth? What kind of plans do we have to capitalize; do we have the infrastructure there to provide sewer, water, gas, etc. What do we really want to look like in 10 to 20 years? I feel we need to have a long-range plan completed for the county to help us identify those areas that we need to be working toward & how to budget for these needs. The plan will encompass much more than infra-structure; much more than economic development. What do we want; what do we need? We need to look at recreation, economic development, jobs, education, public safety, health, transportation, trash pick-up, cultural issues, affordable housing, etc. We need a plan put in place; I think we need community involvement & input from Town of Blacksburg, City of Gaffney, Appalachian COG, and other agencies within our county. This tool should help us to be proactive. The plan would not just belong to Cherokee Co. Government but a tool for all the decision makers within our county; businesses; etc. There are companies out there that are marketing experts and know exactly what we need to be doing and can lay this plan out for us. I would like to see us allocation up to \$100,000 in this year's budget for a plan like this. David Smith, Lyman Dawkins, Quay Little all spoke in favor of this. **[Tracy McDaniel made the motion to include in the 2nd Reading of the Ordinance No. 2020-02 - Cherokee Co. Fiscal Year 2020/21 Budget the amount up to \$100,000 to set aside for a 10-year long range plan for Cherokee County. David Smith seconded and council voted in favor by roll call.]**

Councilman David Smith made the motion for council to go into Executive Session pursuant to Section 30-4-70(a)(2) 1) to discuss & negotiation incident to a proposed contractual arrangement; 2) Section 30-4-70(a)(2) receipt of legal advice relating to a pending threaten or potential claim regarding the county; and 3) Section 30-4-70(a)(3) regarding discussion regarding development of security personnel. Lyman Dawkins seconded and council voted in favor by roll call and went into Executive Session at 6:20 PM.

Councilman Mike Fowlkes made the motion for council to come out of Executive Session at 7:25 PM and enter back into the Regular Meeting. Attorney Mathis stated no action was taken during Executive Session. David Smith seconded and council voted in favor by roll call.

Administrator Bratton updated council on COVID-19. Over the last few days, we have had an increase in cases and we are now at 43 cases; no new deaths recorded. We are the 4th lowest total cases in the state. There is testing available this week at the hospital drive-thru facility.

Administrator Bratton reported to council that annually we apply for grants through the Emergency Preparedness Office and we have applied for a 2020 Supplemental Grant that will be used to purchase strictly PPE related to COVID-19 for a total of \$16,737.00.

Administrator Bratton informed council that the county has received the annual LEMPG Grant. We have asked for an equipment trailer, cots, blankets, batteries, one weather siren for the DMW Fire Station and a national access control system on the Emergency Operation Center at Peachtree Center for a total grant amount of \$60,715.

Administrator Bratton reported that at our last meeting we had a bid opening No. 2020-19 Scrap Metal at the Landfill. Only one bid was received and it was quoted very low. In talking with the Landfill Director Wright, we decided to reject this bid; wait a while; and then put it out for bid again in a couple of months. Council consented.

Councilman Tracy McDaniel made the motion to allow Administrator Bratton to enter into an emergency purchase agreement with Semen's for a price of \$17,554 to be paid from the Contingency Fund to replace the control center of the Detention Center Fire Alarm System. Lyman Dawkins seconded and council voted in favor by roll call.

Councilman David Smith made the motion to re-appoint Jim Cudd to serve another term on the Cherokee County Development Board. Lyman Dawkins seconded and council voted in favor by roll call.

Councilman Lyman Dawkins asked county council, in light of everything going on right now in our country, to stand with him together in stating that county council will not condone any unjust act as far as policy brutality, etc. Council agreed to stand together as leaders in our county to prevent this from happening here.

As there was no other business to come before council at this time, Vice-Chair Quay Little adjourned the meeting at 7:35 PM.

APPROVED: 6/8/2020

BY ITS VICE-CHAIR: Quay Little

Respectfully submitted,

Doris F. Pearson, Master Clerk to Council