

# SPECIAL TOWN COUNCIL MEETING

Kiawah Island Municipal Center

Council Chambers

January 15, 2016; 10:00 AM

## MINUTES

I. **Call to Order:** *Mayor Lipuma called the meeting to order at 10:00 am.*

II. **Pledge of Allegiance**

III. **FOIA:** Notice of this meeting has been published and posted in accordance with the Freedom of Information Act and the requirements of the Town of Kiawah Island.

IV. **Roll Call:**

Present: Charles R. Lipuma, Mayor  
John D. Labriola, Mayor Pro-Tempore  
Mary Q. Johnson  
John Wilson  
Craig Weaver

Also Present: Stephanie Monroe Tillerson, Town Administrator  
Dennis Rhoad, Town Attorney  
Dorota Szubert, Town Treasurer  
Petra Reynolds, Town Clerk

VI. **Citizens' Presentations or Comments:**

**Wendy Kulick – 38 Marsh Edge Lane**

Mrs. Kulick requested that handouts of the 2011/2012 audit be made available to the public. She also questioned why Council has decided to not discuss the Fire District request for a site on the Betsy Kerrison property at the Council Retreat on January 20<sup>th</sup>.

Mayor Lipuma responded by stating any request for additional uses at Betsy Kerrison site is premature. He clarified the building of a new Municipal Center has to be finalized before any other considerations are considered.

Mayor Lipuma stated the 2011/2012 audit was not completed and was expected by the end of the week.

VII. **Old Business:**

A. None

VIII. **New Business:**

A. **Ordinance 2016-01 - An Ordinance to Amend Section 12.73 PD, Planned Development District**  
• **Second Reading**

Mayor Lipuma stated a Public Hearing was held earlier today. He indicated public comment made was to make sure the language allowed for flexibility in the uses at the Betsy Kerrison site. He

stated the objective of the update is to allow more flexibility in what is considered in an overall planned site. Mayor Lipuma indicated amendment has been vetted by the Planning Commission, Town Administrator and the County.

Ms. Tillerson added the change in the language was prompted by a legal challenge to the language of Charleston County Planned Development Regulations. Following several court rulings, a determination was made that some of the language was unlawful. County staff recommended the proposed changes to the Town's Municipal Code and stated the County had already made the same amendment to their Planned Development Regulations.

Mr. Rhoad indicated that the formal Planned Development for the Municipal Center project will follow for Council consideration and spell out the details of the developed district.

***Mr. Labriola made a motion to approve the first reading of Ordinance 2015-09 - An Ordinance to Amend Section 12.73 PD, Planned Development District. The motion was seconded by Mr. Wilson and unanimously passed.***

#### **B. Greene, Finney and Horton Presentation**

Mr. Wilson introduced Mr. Larry Finney with Greene, Finney and Horton, the audit firm which completed the Town's 2014 audited financial statements presented today. He indicated an unfiltered presentation of the audit and feedback from the auditors to Council should have been part of the process over the past several years. He stated that staff had work very hard with the auditors in the preparation of the audit and statistical back up materials.

Mr. Wilson stated as part of the audit a long list of control issues were noted by the Auditors. He indicated that while these issues are not a surprise, most have been addressed and resolutions are in process or in place. Mr. Wilson stated this list of control issues as well as the Town's response, completed by staff and the Audit committee, are filed with the State's Treasurer's office.

Mr. Finney reviewed the Town's audit with a PowerPoint presentation to highlight the results of the audit and the financial condition of the Town as of June 30, 2015. Items discussed were:

- Responsibilities of the Town and of Audit firm
- Auditor opinion – the Town received an “*Unmodified Opinion*”
- Town's Financial Condition
- Town's General Fund Balance; Revenues and Expenditures
  - GFOA (Government Finance Officers Association) recommends a minimum fund balance equal to 16.7% (two months) of expenditures, but it should be higher for a unique coastal community such as Kiawah.
- Auditor's Findings and Recommendations
- Control Issues
- Town's Response
- Risk Management

Council, along with members of the Audit Committee discussed previous audits and pointed out the main issue that lead to the present situation was the audit findings and recommendations which were handled exclusively between management and the Audit firm.

Mr. Finney responded to questions from members of Council and the Audit Committee. Members also made suggestions on what they would like to see reported on in the future;

- Follow-up on progress of implementation of auditors control recommendations
- Review of budget as an item at Ways And Means Committee
- Involvement of the Audit Committee in a quarterly financial review.
- Workshop for an opportunity to review of current budget to actuals
- The opportunity for outside review

**IX. Committee Reports:**

**Mr. Wilson** had no report or further comment.

**Mr. Labriola** stated that the suggested items would be considered for incorporations into the Ways and Means Committee agenda.

**Mrs. Johnson** had no report or further comment.

**Mr. Weaver** had no report or further comment.

**X. Town Administrator's Report:**

None

**XI. Mayors Report:**

None

**XII. Correspondence:**

None

**XIII. Citizen Comments:**

**Dennis McGill – 100 Pleasant Valley Drive**

Mr. McGill indicated he has difficulty interpreting a budget based on a fiscal versus a calendar year. He asked Mr. Finney since Town officials are elected at the end of the year why the Town's budget cannot be changed to a calendar year report. Mr. Finney explained that a report, calendar or fiscal, is based on a 12 month period and most municipalities across the state work on a fiscal year.

**Virginia Abbott –**

Mrs. Abbott questioned if the new policies and restrictions had been put in place earlier would it have prevented the financial improprieties. Mr. Finney stated that with the collusion that took place at the Town it would have been very difficult to detect. Mr. Wilson added the major issue that occurred with the payroll system has been resolved with the implementation of a new system that will allow for strict monitoring.

Mrs. Abbott commented on the pension debt of 2.1 million and questioned if Town will have to pay it and should the Town be putting money away. Mr. Finney explained the state has an open ended responsibility for the debt and the Town has only to continue its payment of its employees

and employer contributions to the state. The Mayor added that the Town does not have to write a check of 2.1 million to the state. Mr. Capelli and Mr. Labriola clarified the amount of the debt has always been in all the municipal financial statements but hidden in the footnotes and has now been added to the balance sheet to make it more obvious to call attention to it.

**Wendy Kulick – 38 Marsh Edge Lane**

Mrs. Kulick supported with the suggestion the Audit Committee be involved in a quarterly review of the budget along with the suggestion the Town form and HR Committee. She stated her support for these committees in no way questions the abilities of Ms. Tillerson and Mrs. Szubert to do their respective jobs.


Mr. Capelli stated that while the audit firm came in late in the process, he complemented the firm on their knowledge of the Town and the financial information they were reviewing. He also expressed how impressive it was to have the financial statements completed in in a timely and professional manner is such a short of a period of time.

**XIV. Council Member Comments:**  
None

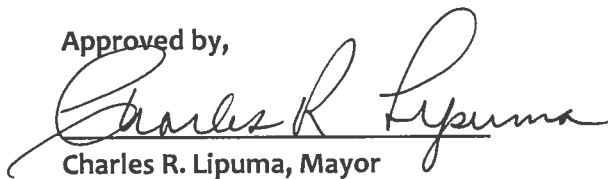
**XV. Adjournment:**

*Mr. Labriola motioned to adjourn the meeting at 11:30 am. The motion was seconded by Mr. Weaver and carried unanimously.*

Submitted by,

  
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Petra S. Reynolds, Town Clerk

Approved by,

  
\_\_\_\_\_  
Charles R. Lipuma, Mayor

02/10/16

Date