

SPECIAL MEETING OF THE COMMISSIONERS OF THE BAMBERG BOARD OF PUBLIC WORKS ON TUESDAY, MARCH 2, 2010 AT CITY HALL. MEMBERS PRESENT: Chairman Carl Kiglus, and Commissioner Buddy Sandifer. MANAGER: Bruce Ellis. CLERK: Bruce Watson. VISITORS: Jerry Halmon, Del Brown and Mayor Alton McCollum.

Chairman Kiglus called the meeting to order and Mayor McCollum gave the invocation.

Auditor Del Brown informed the Commissioners that he was there to go over the 2008-2009 Audit Report for the BPW. He explained that he would be covering the highlights of the audit report. Auditor Brown told the Commissioners that the BPW received an unqualified opinion which was a clean opinion which was very good. He explained that this meant the numbers they received monthly in the financial statements were accurate.

Auditor Brown told the Commissioners that the audit showed that assets exceeded liabilities to give the BPW a total net worth of \$24,967,814.00 which consisted of \$18,554,072.00 in fixed assets and \$172,937.00 in restricted assets. Auditor Brown explained that the restricted assets were monies held for customer deposits and the iron removal plant loan. He explained that this left the BPW with a \$6,240,805.00 unrestricted fund balance. Auditor Brown said the BPW had expenses of 7.5 million dollars for the year which meant the unrestricted fund balance would only carry the BPW for 9 to 10 months if all revenues ceased. He said they recommended a fund balance be maintained to carry them one or more years. Auditor Brown cautioned the Commissioners that one industry accounted for 19% of the BPW revenues.

Auditor Brown informed the Commissioners that expenses exceeded revenues for the year to give the BPW a loss of \$1,084,770.00 consisting of a \$962,689.00 operating loss and a \$122,081.00 non operating loss. He explained that the depreciation expense of 1.4 million dollars and the bad debt expense of \$187,993.00 accounted for the majority of the losses.

Commissioner Sandifer said he noticed the depreciation expense last year was \$800,000.00 and asked why the depreciation expense had increased?

Auditor Brown explained that due to new capital purchases and due to the low depreciation expenses in previous years that the increase had occurred this year

Commissioner Sandifer asked how long the bad debt figure would remain on the books?

Auditor Brown explained that he had removed \$187,993.00 which consisted of years of bad debt from the financial statement but that the debt would remain on the books forever.

Auditor Brown pointed out that the audit showed the BPW had a positive cash flow of \$95,884.00 for the year leaving the BPW with a cash balance of \$4,862,828.00 for the year.

Commissioner Sandifer asked Auditor Brown to explain the term first in and first out when talking about the inventory.

Auditor Brown explained that the inventory would be expensed at the original price until that amount of inventory was exhausted and would not be expensed at the replacement cost.

Auditor Brown explained that the audit showed the BPW had only \$167,171.00 in long term debt.

Commissioner Sandifer asked about the note on employee dishonesty?

Auditor Brown explained that the note dealt with the reporting of fraud by the employees.

Commissioner Sandifer asked about the purchasing for outside materials.

Manager Ellis explained that Timmie Wilson and Gene Searson did the purchasing of outside materials.

Commissioner Sandifer asked if everything purchased was put on inventory?

Auditor Brown explained that yard items were placed on inventory like piping, wiring, and transformers. He assured him that a physical inventory was being kept which he tested as part of the audit process. Auditor Brown, telling the Commissioners that Will Martin was keeping up with the inventory, said the inventory had never been an issue for the BPW.

Manager Ellis told the Commissioners that they have had some theft from the outside.

Auditor Brown told the Commissioners that he tested the internal controls over inventory, purchasing and payroll and that the controls were in place and operating correctly which produced no findings and gave the BPW a clean report.

Auditor Brown informed the Commissioners that he and Mr. Martin would begin to look at the GASB 45 requirements which become effective for the BPW's audit year ending June 30, 2010.

Commissioner Sandifer asked Auditor Brown overall just how he would rate the management and employees of the BPW.

Auditor Brown said he would rate them with an A. He explained that the BPW consisted of water, sewer, electric and gas departments which was unheard of in small towns. Auditor Brown said he only had to make 3 or 4 entries which meant the Commissioners were receiving good sound financial information from the management of the BPW.

Manager Ellis informed the Commissioners that he was doing everything possible to get the SCAT Park out of the name of the BPW and into the name of the SCA to get rid of the depreciation expense of the park. He explained that the contract with the SCA did not include the repair of equipment at the park. He said the BPW only paid for the operational costs associated with the SCAT Park.

Manager Ellis explained to the Commissioners that the BPW charged deposits to cover the bad debts owned by the customers.

Manager Ellis told the Commissioners the BPW needed to be self insured which meant they needed enough reserves to provide monies right away if needed. He said the reserves of the BPW was not as good as the reserves of the City of Bamberg. He said the City of Bamberg was better off than the BPW.

Manager Ellis told the Commissioners that Rockland was a major industry for the BPW and if they lost them the BPW would have to continue to honor their demand contracts for electricity and natural gas.

With no further business, the meeting was adjourned at 9:50 p.m.

ATTEST:

Clerk

Chairman-BPW

Commissioner-BPW

Commissioner-BPW