



**MINUTES  
FAIRFIELD COUNTY COUNCIL  
SPECIAL MEETING  
SEPTEMBER 30, 2013**

**Present:** David L. Ferguson, R. David Brown, Mary Lynn Kinley, Kamau Marcharia, Dwayne Perry, Carolyn B. Robinson, Council Members; J. Milton Pope, County Administrator; Davis Anderson, Deputy County Administrator; Shryll M. Brown, Clerk to Council; John E. James III, County Attorney

**Absent:** Mikel Trapp

**In accordance with the South Carolina Code of Laws, 1976, Section 30-4-80 (e), as amended, the following persons and/or organizations have been notified of the time, date, and location of this meeting: The Herald-Independent, The State, and Winnsboro Cablevision, and ninety-four other individuals.**

**1. CALL TO ORDER**

Chairman Ferguson called the meeting to order at 7:05 P.M.

**2. INVOCATION**

Council Member Kinley led in the invocation.

**3. MEETING DESCRIPTION FORMAT**

Mr. Pope was asked to give a description of the format for tonight's meeting. He stated that based on inquiries from citizens interested in the Local Option Sales Tax issue, County staff has done the following: (1) made over 200 copies of the informational handouts; (2) will also make the same information available on the County website tomorrow. {The documents in the handout are incorporated herein by reference, as if fully set out in words and numbers}.

One of the items not in the packet is brief information about the Local Option Sales Tax law; however, once the information is posted online, that information will be incorporated into the information that is contained in the packet tonight, but it will have the State law on Local Option Sales Tax--going back to the referendum and how it was put on the ballot, etc. Mr. Pope set forth that the information source is the S. C. Association of Counties; however, it is based on State law.

Subsequently, Mr. Pope reviewed the following items that were contained in the handout: Agenda; Press Release (supplied to the media as well as to the citizens, outlining the facts and findings of the Local Option Sales Tax information, as well as recommendations); Sub-agenda (presentation information) and Summary Sheet that details amount of revenue remitted by the State Treasurer's Office, amount of credit that has been provided to the citizens on their tax bill. A question and answer period will be held at the end of the presentation.

{At this point, citizens were given an opportunity to sign the sign-in sheet to speak on the Local Option Sales Tax matter. Mr. Pope set forth that if individuals already know they want to speak they should sign now; however, if something comes up after the presentation, citizens will be allowed to ask that question during the question and answer period}.

**4. LOCAL OPTION SALES TAX PRESENTATION**

**Mr. Michael Kozlarek and Mr. Ray Stevens** gave the Local Option Sales Tax presentation, covering the following topics:

- ◆ Introduction & Background
- ◆ Duty to Submit Budget to Council, What Period Does the Budget Cover, When Must A Budget Be Approved, A Budget Has Two Basic Sections: Expenditures and Funding Sources
- ◆ In 2005, Council Approved Referendum; In 2006, County Implemented Collecting Local Option Sales Tax
- ◆ County Council Began Setting the Millage By Accounting for LOST Credit
- ◆ In Addition, the Tax Bills Also Began Granting the Local Option Sales Tax Credit

**Mr. Tom McNeish**, Elliott Davis LLC, covered the following topics:

- ◆ Independent Accountants' Report On Applying Agreed Upon Procedures
- ◆ Office Of State Treasurer Local Option Sales Tax Chart (Collections, Property Tax Credit Fund, Total County/Muni Revenue Fund): Fiscal Years 2007 - 2013
- ◆ Property Tax Relief Chart (Attributable To The Sales Tax Credit Millage Reduction, Sales Tax Credit Per County's Tax Ledger, Total); Carry Forward From Prior Year, Remittances Per State Treasurer's Schedule; Carry Forward

**Conclusions**

- ◆ County Granted Property Tax Relief From LOST Revenues In Two Steps
  - At The Beginning, As A Millage Reduction In Setting The Budget
  - At The End, As A Sales Tax Credit On The Tax Bill
- ◆ County Placed LOST On The Referendum Ballot As Property Tax Relief At All Levels Of Taxation
  - County Residents Have Received Property Tax Relief Each Year
  - City Residents Received Both A County Reduction And A City Reduction
- ◆ The 8-Year Aggregate Of LOST Funds Received V. Property Tax Relief Granted
  - Excess Funds Available For Future Relief Is \$805,000
  - Excess Funds Of \$805,000 Forms Part Of LOST Revenue For 2013 Property Tax Relief
- ◆ No LOST Funds Unaccounted For

**Recommendations**

- ◆ At Budget Stage, Continue Refinement of Estimation of LOST Revenues
- ◆ Continue to Ensure Excess LOST Collections Are Provided as Credits in the Following Year
- ◆ Show Excess LOST Collections from the Prior Year as a Committed Fund Balance in the Current Year
- ◆ Grant Sales Tax Credit Only at the Tax Bill Stage
- ◆ Amend Millage Resolution to Reflect Elimination of LOST Property Tax Relief at the Budget Stage

**5. COUNTY COUNCIL QUESTION AND ANSWER PERIOD**

- ◆ Kinley:
  - Would you explain giving and receiving counties?
- ◆ Robinson:
  1. Do you all have a proposed formula for us to start using?
  2. Because you do the audit and you can get it to us shortly after the first of the year, and we have not begun the budget process, is that a recommendation that you can make to us—that each year, that you recommend that we use for this money?
  3. We have seen a couple of times that we went over and we had to borrow money from the savings account. Suppose there is no savings account? Is there a way to recoup that money in tax dollars?

4. This year, because we had no idea what the bottom line was going to be, we have gone to the place that we haven't said we've frozen the budget, but we have stopped spending except for the necessities so that we can be assured that we had money in order to meet this at this time. I know we have to, in order to amend the Resolution, you have to go back and do some work, and that is going to be three readings?

◆ Perry:

You said reduced millage a couple of times. Can you clarify that a little bit more what this reduced millage really means and how we apply that?

◆ Ferguson:

For the sake of the audience, the work that you guys do, was it independent of each other?

## 6. CITIZENS' QUESTION AND ANSWER PERIOD

◆ Mr. Randy Bright:

1. To Council, when will you guess a timeframe or timetable when you will be implementing these recommendations from the audit group and the consultant group?
2. I have some concern that, if were following what presumably, based upon the findings, good general practices all along until other people brought this issue forward, what else do we have in the budget where we have failings and unaccounted for; if it is accounted for but it is also not applied for its use of \$805,000.00?
3. Who are we holding accountable for these misgivings and inaccurate accountings and not following the procedures? Are we holding anybody accountable for this?
4. To ensure that going forward, what are we doing to ensure going forward, not only in this area in our accounting fix, but all the other areas that may be prone to these similar type of mistakes? What are we doing so that this does not reoccur?
5. If we have \$805,000.00 that has been underestimated, could I find the \$805,000.00 listed in the general ledger or listed on the County's balance sheet without any trouble, or would I have to hunt for it? Why don't we have something that you can look at on a daily, weekly, monthly basis which gives us the exact number of where we stand in the carry forward monies? Is that possible? Wouldn't it make sense to be able to look at it at any time and say this is our balance?
6. We still pay the highest property taxes in the State, and we need to work on that.

**Note from the Clerk: {Experiencing problems with the school microphones at this point. There are portions of the meeting from this point forward that are inaudible because of the static and popping noises, and is challenging to transcribe}.**

◆ Ms. Denise Jones:

1. I have a business in Ridgeway. I looked at the rates for this year for all the counties. The way it is structured is, in Ridgeway, when I go to local option, I put it to 2775, which is Ridgeway's code. Ridgeway has a code, Jenkinsville has a code, and Fairfield County, I think, has a code. Do you all know how that is calculated to come up with...?
2. Initially, when I started my business, and a little ignorance on my part, but whenever I was coding that local option, I initially did it to just to Fairfield County, and I didn't do it for Ridgeway. That may have some bearing on how the money is coming in with it being a receiving County. Would that be part of the calculation?
3. I guess I am concerned, within the County, what bearing that would play as a whole. There needs to be some education with businesses.

- ◆ Mr. Kevin Thomas:
  1. The local option sales tax, does it get audited every year? Has it been audited?
  2. I don't question what you are saying here, but that is odd. We had this for seven or eight years, and all of a sudden, you had a question; you have all of these recommendations, which hopefully the County will accept those.
  3. Mr. Pope worked for Parker Poe Consulting; the County now retains Parker Poe as their consulting firm, and hire Mr. Pope as Interim Administrator, and now Parker Poe is telling us that nothing is wrong. I just find that hard to believe. I don't quite buy that.

**{No taped recording whatsoever at this point. (Only siren/alarm sounds can be heard).**

**\*\*Questions posed from the following citizens are taken from the Clerk's hand written notes\*\*:**

◆ \*\*Mr. William Coleman:

1. Does every taxpayer (industry, etc.) get property tax relief?

◆ \*\*Ms. Beth Jenkins:

1. On page two of the auditor's report, second paragraph, it says they were not engaged to and did not perform an audit. It was not an audit. That what we were waiting for, I believe, and it was not an audit. We waited all this time for an audit. Thank you for clarifying that. I understand numbers are what they are. We were under the impression that there was going to be an audit; not a brief overview and it would be separate from the yearly audit. Each year, the millage increased, with the money we have, we deserve a bonafide professional audit. Request you go back for a full audit. Wasted our time for nothing.

◆ \*\*Ms. Faye Sandow:

1. Happy to hear that no funds are unaccounted for. The County has not applied clear, consistent methodology of calculating the L.O.S.T credit. Is the Council going to take these recommendations seriously?

◆ Mrs. Robby Lynn Wade. Was not present when her name was called.

◆ \*\*Mr. Grady Floyd:

1. Gave Fairfield Memorial Hospital one million dollars.
2. Nuclear Plant paid \$43 million dollars.
3. Every time new plant is built, electric bill goes up.

**The citizens listed above signed in advance to speak.**

**The citizens listed below came forward to speak after the presentation.**

◆ Mrs. Tangee Brice-Jacobs:

1. Cost to destroy the park on 99 (with the removal of the equipment and the sidewalk) and where those items are. How much it cost to move it?
2. If new equipment is going to be purchased for the park, how much was spent on the new property?
3. If the property owners were related to any Council Member in any respect?

◆ Mrs. Kerry Matthews:

1. Why are we having to estimate a year ahead instead of getting the money...County Council has the money and then it's in the fund, and you pay that for the next year. Why does it have to be year behind instead of a year ahead?
2. I think it is rather unfortunate, I don't believe when this was brought before the County for a vote, that that was fully explained, and all of this convoluted reasoning and figuring was understood by people in general that this was going to be such a hassle and headache and everything. Everything is always presented as "we are going to get more money; these other big counties are going to give us money." It is kind of unfortunate that things are not always fully explained sometimes. Case in point is last week. Unfortunate vote on expenditure for one more mini park in the County, when we have had weeks now of discussion about what we are going to do with three and one half million dollars for

recreation and putting off Mr. Marcharia's plea to take care of something that was voted years ago, and no, we are going to wait until we got comprehensive decision about how we are going to spend that money. Why did we go on and vote last week for more recreation money? I am so confused about how you all decide how and where to spend money. We are talking about these things, it's astounding to me, that there does not seem to be fiscal, conservative ideas here. I just wish you would be more considerate about how you are spending the money—whether it is property tax relief, or whether it is for recreation—or whatever it is. Yes, you do need to consider cutting back your spending. We do need to consider that some services are not as essential. Personally, I have been grateful that Fairfield Memorial Hospital has been there several times in my life. I was happier spending more there than I am spending three and a half times that money on recreation. I think you all need to be really thinking that our money is tight; it hurts to see money spent cavalierly. Please consider tightening your belts too and help us out.

◆ Ms. Laylonnie Horton:

1. I live in District 4. I have lived in Fairfield County for seventeen years. I moved here from Columbia. My father was in service for 30 years. I moved around the United States and overseas quite a bit. I have to tell you that I have been more pleased with the services in Fairfield County than I have been anywhere else I have lived, and clearly, the gentleman over here has not been to the hospital in Columbia lately for any kind of emergency or any kind of extended stay. If he had, he would have had some dramatic experiences there and he would have been charged even more than he was up here. All I've heard is complaints, innuendos; I've seen a lot of bad manners here, and that has distressed me. My husband died six years ago, and he used to make a comment (and I hate to say this) because I know a lot of you are going to be down on me, but every time I would say something about something that had happened, or you hear something about somebody, his answer was remember where we are. We both loved Fairfield County. He wouldn't have left here for anything. He died here. Right now, I am so tired of hearing all the misinformation that has been given to you all about things that County Council is doing. I wish they would be a little more forthcoming; I wish they would put things in the newspapers; I wish they could answer all of these charges that people have made against them because so much of it is untrue, and I don't understand why people are always so ready to have a witch hunt and believe the worst about what is going on. We are very luck to live in Fairfield County. I could not sit here any longer and listen to anymore of this without saying this. I really did not have a question, but I came forward anyway.

◆ Mr. Jonathan Goode:

1. The report shows that the method of estimating has not been well documented. My first question would be, has it been documented at all? That answer is no?
2. Can anyone explain the method for estimating this method? Is that a no?
3. Your example of needing ten mills from the budget and estimating the hundred dollars from the budget, which will take ten mills, you estimate that you will get ten dollars in local option sales tax revenue, so you only have to tax for nine mills, using your example. Is that correct?
4. When you look at attachment 2, that ten dollars will be represented in that first column of money under Attributable To Sales Tax Credit Millage Reduction, correct? That is what I was confused about, if you use your example, then that ten dollars is adjusted in the millage reduction, but then there is also tax credit given for essentially the same amount. If someone could explain that, using that same example that was used at the beginning and on that slide. It doesn't make sense to me. I don't think that answers my question, but I am going to move on.
5. When we are talking about this independent review, my question would be for Mr. McNeish. Who paid for your services? Was it the County or was it the County law firm?

◆ Mrs. Maggie Holmes:

1. I had the opportunity to work with our former County Administrator his entire tenure here in Fairfield County, and one thing I do know about Philip Hinely, regardless of how everybody else may feel about him, Philip Hinely was a numbers person—took great pride in his numbers, and I have been questioned as to how I came up with the \$5.2 million dollars. I didn't pull it out of my hat. I took it directly from Philip Hinely's response to my FOI

request. He broke the figures down and gave them to me year by year. He also admitted that he had underestimated and that the amount of money in the carryover account had built up to a large sum. I don't know whether Elliott Davis had an opportunity to look at his response to my FOI request or not, but one thing for certain, Philip Hinely is not going to tell you that he owes you \$5.2 million dollars back, and he does not actually believe he owes that amount of money. I think what happened is, and I really wish Council would stand up and be men and women and acknowledge when an error has been made, and just admit it. Philip Hinely never intended that a millage reduction rate be given. His thing was it was supposed to be the credit only on the tax bill. He was not knowledgeable of the fact that the County Auditor had picked up the net versus the gross. If the gross figure had been picked up the way that it planned, it would have been \$5.2 million dollars owed back to the citizens of Fairfield County. I want to ask the Auditors, and I have had the pleasure of working with Elliott Davis firm the entire time that I was a department head here in the County. I have known them to be upright and straightforward. Do you all have an opportunity to talk with Philip Hinely about his method, or did you have an opportunity to talk to the Comptroller about the method they used in preparing these budgets, or were you given the method that Pope and Davis had come up with that was being used? The millage reduction and the budget method—were you given that as the method that was used, or did you come up with it on your own?

2. My point is, even though Mr. Hinely is no longer here, our Comptroller still remains. So, was she questioned about the method that was used? Was she ever asked to explain what method was used? And, she admitted that the County had that method, or was it discovered by error, the same way I did?
3. I heard the young man say that he discovered it and informed Mrs. Johnson. She may have concurred afterwards, but there was no way in the world she could have told you that was the method, because not only did I get figures from Philip Hinely, I got them from the County Auditor. The question that I asked was – I didn't ask for a methodology that was used, I asked him to give me the total amount of local sales tax revenue that had been given back to the citizens of Fairfield County. It is no way in the world that you can tell me a man with all of his years of experience in the financial arena would add in one set of numbers and forget to add in a full other column of numbers and just give me one portion of what was given back, when I asked for the total. I find that very difficult to believe. I do want to admit that I am glad you don't owe back as much because I am a citizen of Fairfield County. I would have been affected by the cutback in services, and nobody wanted that. We just wanted what was due to the citizens of Fairfield County.
4. Another question I want to ask of the Auditors. Your statements start with the fiscal year 2007. My understanding is the fiscal year 2006, there was over \$65,000.00 that was received in L.O.S.T. funds also. I don't see where they are accounted for. When you compare the numbers, if I add your numbers from 2007 and go back and add in the numbers for 2006, that money is still not accounted for. So, 2006 revenue that the Treasurer's Office acknowledged that was received is acknowledged in the County audit that that money was received as sales tax revenue? It's not included. I can't find it here in these numbers.
5. So, is it the County's intent then to go back and calculate the interest that is owed also and give it back to the citizens? When will we know the amount of interest?
6. No disrespect to the financial department of the County, I have the utmost respect for the Comptroller and her staff, because I have had the opportunity to work with them. I know Mrs. Johnson to be a very straightforward person and I do acknowledge that Elliott Davis admitted that they found the error and made Mrs. Johnson aware of it. So, I really would encourage Council—I think the only thing the public is asking of you is to be straightforward

and honest with us. I know for a fact Philip Hinely told you all that he owed back \$5.2 million dollars. That was the purpose of you having to start cutting budgets. If he had known that the money had been given back and it was not the \$5.2, he never would have stated it. I just want it clear that I did not pull that number out of a hat. I pulled it directly from the person that you paid to be the keeper of the County operational services for all of those years, and he would not have made an error like that.

◆ Mr. Jeff Schaffer:

1. First, Mr. Pope. Thank you very much. No negative comments. I think it is great that we are able to come out tonight and ask questions; get some response. By a show of hands, how many of us are still a little confused about what is going on with the whole thing? By show of hands, Council Members, how many of you are confused tonight when you heard the presentation? So, there were only three questions coming from you and fifty-five questions coming from the audience, and your three questions were sent to--how many attorneys do we have here tonight? Four attorneys; two accountants; zero answers. Accusations, questions, confusion, assumptions, deliberations, interest. What might have been clearer to everyone tonight would have been "this is how we are going to proceed". Forget about the past, it's over and done with. I have looked at the budget myself and I know that--correct me if I am wrong--for the last six years or so, we have had a budget set aside for this tax for \$845,000.00 every year. Why is it that you budget the same amount each year when you don't get the same amount every year from {option sales} taxes? On a business term, I am getting one hundred dollars. I budget five hundred dollars the first year. The second year, I get two hundred dollars, and I still budget five hundred dollars. The third year, I get three hundred, and I am still budgeting five hundred. When does the budget change to get realistic with what the actual numbers are? That kind of presentation we all need to understand because we are confused. I am really confused.
2. How many taxpayers are there in Fairfield County. Does anybody know? Twenty-one thousand accounts in Fairfield County? Those are taxpayers? Why are we getting more than one account per any given taxpayer? I am one of those people. I own several properties, so I am paying different taxes. Bills? A lot of people are paying taxes.
3. I don't want to end things with negative statements, so I want to thank you for presenting. I want to thank you for opening up the dialogue between the citizens and the Council, and I think that's very helpful for all of us.

## 7. ADJOURN

The meeting was adjourned at 9:20 P.M., upon unanimous approval of Council.

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SHRYLL M. BROWN  
CLERK TO COUNCIL

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DAVID L. FERGUSON, SR.  
CHAIRMAN