

MINUTES
Snow Hill Board of Commissioners Regular Meeting
Wednesday February 24, 2010—7:00 p.m.
Snow Hill Town Hall
201 North Greene Street, North Carolina 28580

The Snow Hill Board of Commissioners regular meeting convened at 7:00 p.m. on Wednesday, February 24, 2010 at the Snow Hill Town Hall with the following members present: Mayor Dennis Liles; Commissioners James Bizzell, Sr., Becki Scarborough, Geraldine Shackelford, Bobby Taylor and Roger Whitson. Others present were Town Clerk Michelle Strickland, Town Administrator Bob Clark, Town Attorney Slade Rand in for Brian Pridgen and Public Works / Utilities Director Dana Hill.

1. **Call to Order** – Mayor Liles called the meeting to order at 7:02 p.m.
2. **Prayer** – Prayer was offered by Commissioner Bizzell.
3. **Pledge of Allegiance** – The Pledge was led by Commissioner Whitson.
4. **Roll Call** – Miss Strickland called roll. All members were present and a quorum was declared.
5. **Consider Approving Meeting Agenda** – **Motion was made by Commissioner Whitson, seconded by Commissioner Taylor and carried unanimously to approve the meeting agenda.**
6. **Consider Approving Meeting Minutes: February 8, 2010** – **Motion was made by Commissioner Shackelford, seconded by Commissioner Bizzell and carried unanimously to approve the minutes of the February 8, 2010 meeting.**
7. **Program:** Sharon G. Edmundson, CPA Director, Fiscal Management Section NC State of North Carolina Department of State Treasurer – Mrs. Edmundson, CPA Director, Fiscal Management Section State of North Carolina Department of State Treasurer thanked the Board for inviting her to the meeting tonight. Mrs. Edmundson informed the Board that she had spent the day speaking with Mayor Liles, Commissioner Scarborough, Mr. Clark, department heads and administrative staff. Mrs. Edmundson communicated to the Board that the letter received from her regarding the financial situation of the Town was not meant to be negative or damaging, just to bring attention to the financial state of the Town. Mrs. Edmundson stated that audits are not considered late by the Local Government Commission until January although the deadline is October 31 of each year. Mrs. Edmundson spoke to the Board about what fund balance is. She explained the difference between fund balance and fund balance available and that fund balance available could never be more than cash. Mrs. Edmundson spoke about Powell Bill monies being restricted from spending on things other than street and some sidewalks. Mrs. Edmundson

reported that a red flag to her agency was the Town's fund balance dropping below 8 percent and that the fund balance had been dropping over the past three years. Mrs. Edmundson indicated that another concern of the 08/09 audit was that the budget was over expended. Mrs. Edmundson informed the Board that she would still need a written response to her audit letter and that she would send out another letter to the Board concerning her visit today. If the Board wishes, they may respond to both letters at the same time.

There were four items that Mrs. Edmundson felt needed to be addressed. First, she went over the lack of current financial information. The Board cannot operate unless they know where they stand financially. It is essential to correct this problem. She feels that the Town is taking steps in the right direction by looking at a contract with a CPA for bookkeeping and financial direction. Mrs. Edmundson stated that the second issue was a by-product of the first issue. This is that there is no effective pre-audit of expenditures. Mrs. Edmundson informed the Board that this was in no way any condemnation of the staff and to please not take it that way, if you don't have current financial information there is no way to do this, that the staff is doing the best they can with the information that they have. Mrs. Edmundson went over was the pre-audit meant. Statutes require that any time you are going to obligate the Town's money that you must do two things. These are verifying that it is an actual obligation of the town and that there is money in the budget to pay the obligation. Right now there is no way to know that the money is there and this needs to be changed. Mrs. Edmundson feels that this will change once the books are caught up. A third concern is that the internal control system needs to be strengthened some. Mrs. Edmundson stated that she realized that Snow Hill was a small town and that North Carolina was made up of small towns that were going through the same things. Mrs. Edmundson stated that one internal control that needed to be looked at was the operation of cash drawers by staff. Currently the staff operate out of the same cash drawer and that not that anything is going on but if something were to happen there would be no way to know who is responsible for what. She emphasized again that she was not condemning staff. She believes that current software setup would allow for staff to operate out of one drawer. Mrs. Edmundson will be working with staff on this and will get information to help. Mrs. Edmundson stated that she understood that there were limitations due to small staff and that she would get Mayor Liles information on involving the Board to help with some segregation of duties. The last thing is to keep a tight control over the budget. Mrs. Edmundson cautions against anymore appropriations from fund balance. She asked that any additional budget amendments be sent to her so that she can take a look at them as well as monthly financials when caught up. Mrs. Edmundson also recommended making amendments for both revenues and expenditures due to finances being tight like they are.

Mrs. Edmundson moved to the water and sewer fund. She stated that the Town is in the business of selling water and sewer and that the Town is not generating enough cash to cover the debt service payments. Mrs. Edmundson informed the Board that the drought bill that became effective as of July 1, 2009 requires the Town be able to

cover expenses and the rate structure now does not qualify the Town to be eligible for any grant funding.

Mrs. Edmundson spoke about it being time to start on the 2010 – 2011 budget. The lack of current financials doesn't allow the Town to start that now. She recommends starting with revenue side of budget first, then move to prioritizing expenditures. She recommended that the Board try not appropriating any from fund balance in order to balance the budget until they know where they stand. She also recommended that the Board determine as part of policy what goal they wanted to set for a fund balance to work towards.

Commissioner Scarborough asked about the change in the purchase order threshold to \$750.00 and whether Mrs. Edmundson was concerned about that. Mrs. Edmundson stated that she was not concerned with that but the pre-audit process has to occur. She spoke briefly about the use of purchase order systems.

Mrs. Edmundson spoke on the cemetery fund. She stated that in speaking with Mr. Jay Parris and the staff that there was no legal reason why the cemetery fund could not be separated again but also no legal reason that it not be combined with the rest of the general fund.

Mayor Liles thanked Mrs. Edmundson and her staff for coming and speaking to the Board.

Mr. Clark asked Mrs. Edmundson to speak on investment income. Mrs. Edmundson stated that she didn't think we would meet the \$10,000.00 of investment income the Town had projected as interest rates were pitiful right now with the economy the way it is right now.

Commissioner Whitson asked if it was standard to ask a Town in a situation like the one Snow Hill is in to send in financial statements. Mrs. Edmundson stated that it was indeed standard, that she had thirteen accountants on staff and they could be an extra set of eyes in case there was something that needed attention.

Commissioner Scarborough asked Mrs. Edmundson to please copy all Board members in communication from her office. Mrs. Edmundson stated that she would. That sometimes it was hard to make sure that everything got to them but she would do what she could. She informed the Board that anytime there was a question please do not hesitate to call her office.

Commissioner Whitson asked Mrs. Edmundson to look over the LGC 203 report that had been completed that was originally due on January 25, 2010. Mrs. Edmundson reviewed the report and stated that she really had no way of knowing just by looking at it if it was correct or not and that there were quite a few other Town's that had not submitted their reports yet.

Mayor Liles again thanked Mrs. Edmundson for coming.

- 8. Public Hearing:** Consider non-contiguous annexation of the Snow Hill Rural Fire Department, Inc. property at 205 Carolina Dr. consisting of 6.57 acres, more or less – **Mayor Liles opened the public hearing at 7:32 p.m. and asked if there were any public comments. With there being no public comments Mayor Liles closed the public hearing at 7:33 p.m.**

9. Report of Officers:

- a. *Mayor: 2010 Census* – Mayor Liles reported ~~t~~hat the 2010 census was getting ready to begin ~~;~~ was very important to the community and would be brought back in future meetings.
- b. *Town Clerk-Revenue Collector:* Report of past due 2009 taxes – Miss Strickland handed out (a copy hereby incorporated by reference and made a part of these minutes) a report listing all of the past due taxes for 2009 and answered questions of the Board about the report. Miss Strickland informed the Board that she had spoken with Mrs. Edmundson regarding the drop in the tax collection rate and that Mrs. Edmundson had indicated that this was happening all over North Carolina due to the decline in the economy.
- c. *Interim Finance Officer:* LGC 203 Report of Deposits and Investments as of December 31, 2009 – Commissioner Whitson shared the LGC 203 (a copy hereby incorporated by reference and made a part of these minutes) with the Board. Miss Strickland stated that it was presumed that the report had been sent in by the previous Finance Officer but notice had been sent that the report was still outstanding. The numbers on the report reflect the balances of the Town's accounts with Wachovia and North Carolina Capital Management as of December 31, 2010. Commissioner Whitson advised the Board that he would be signing the report for submission after having reported it to the Board. Commissioner Taylor asked why it was not noticed that the report had not been submitted. Mr. Clark recommended that these reports be brought to the Board as they now had a copy of the Finance Officer calendar.

Mayor Liles thanked Commissioner Whitson again for taking on the Interim Finance Officer ~~responsibilities.~~~~Position.~~

- d. *Public Works & Utilities Director:*
1. Private septic tank haulers waste disposal and fee – Mr. Hill asked the Board to review (a copy hereby incorporated by reference and made a part of these minutes) an agreement to accept septic tank waste at the Town's wastewater treatment plant as well as his recommendation to add to the Town's fee schedule the prices for accepting this waste. Mr. Hill

informed the Board that he had already accepted a few loads from Parks Septic Services to see what the impact on the system would be. He indicated that this particular hauler had been given the opportunity because of an agreement that he had with them in the past for helping the Town in exchange for taking loads occasionally. Mr. Hill reported that he had already taken in \$850.00 worth of septic tank waste since the previous Thursday from this one hauler. Mr. Hill cannot tell the maximum that would be able to be taken in without overloading the system. Mr. Hill would like to work with one hauler until he knows the limits of the plant and that someone needs to be there to monitor this. Mr. Hill estimates that by accepting this waste from one hauler for the remainder of the year \$14,000.00 in revenue could be generated. There will be some increase in expense to go along with that, but the majority would be revenue with really no additional labor needed. Mr. Hill estimates a yearly net profit of \$31,000.00. Commissioner Taylor recommended offering the service to the one local hauler. Mr. Hill believes that after another week of trial runs with Park Septic Service he would be able to add the local hauler. Mr. Hill informed the Board that the billing would go out at the beginning of each month. He will keep the Board updated on the progress. Mr. Rand looked over the agreement and advised that he would change the word “fined” to “charged” due to the nature of fines and an ordinance would be necessary if it was called a fine. Mr. Clark recommended amending the agenda to add amending the 2009-2010 rate schedule to reflect Mr. Hill’s recommendation. The Board commended Mr. Hill on his efforts to increase revenues for the Town during these tough times.

Motion was made by Commissioner Scarborough, seconded by Commissioner Shackelford and carried unanimously to amend the agenda to add item 11b as “Consider motion to amend 2009-2010 rate schedule to add septic tank fees recommended by Mr. Hill in his presentation.”

2. Proposed Jason-Shine Water system billing/collection services amendment – Mr. Hill spoke to the Board about the current agreement with Jason Water Corporation and informed them that he had met with Glen Gray, President of the Jason Water Corporation to discuss changes to the agreement. One of these changes will need to take place due to the changes in the way the system has to be monitored, the other due to the Town losing money in the services they provide for Jason Water Corporation. Mr. Hill stated that Mr. Gray would need to take these proposals to his Board for approval. Mr. Hill requested the Board give him approval to put together a proposal for services. Mr. Hill informed the Board that there was no current contract that could be found and that the next meeting of Jason Water Corporation would be in May.

Mr. Hill advised the Board of a fatal fire on Carver Drive. The SBI is still on scene; Mr. Hill requested the Board approve his leaving when they went into closed session. There was no objection to this.

- 10. Report of the Boards, Commissions, Committees and/or Taskforces:** Finance & Administration Committee report – Commissioner Whitson passed out (a copy hereby incorporated by reference and made a part of these minutes) a list of ideas from the recent Finance & Administration Committee meeting. Some of these ideas would affect the current budget only and some would affect the upcoming year's budget. The Board spoke at length about the potential \$50,000.00 for the reimbursement of the Hart Street CDBG clearance. Mr. Whitson stated that he was embarrassed that the Local Government Commission wanted to see the Town's financials. The Board spoke about the types of loans available to the Town and funding for the replacement of Lift Station #1. Mayor Liles informed the Board that he, Mr. Clark, Mr. Hill, and Miss Strickland had been meeting to go over cost-cutting ideas. It was by consent to authorize the non-expenditure of current year decreased spending as presented. A budget amendment will follow to show these decreases in expenditures.

Mr. Clark handed out (a copy hereby incorporated by reference and made a part of these minutes) information on the brick selling fundraiser for the Community Center that are going to be sent out by the alumni association. [Profit from the fundraiser would be donated by the Greene County Improvement Association to the Town to help with the Community Center project.](#) Mr. Clark informed the Board that this was for informational purposes and that he would be updating the Board on the fundraiser.

- 11. New Business:**
- a. Consider Ordinance No.1-2010 for the non-contiguous annexation of the Snow Hill Rural Fire Department, Inc. property at 205 Carolina Dr. consisting of 6.57 acres, more pursuant to G.S. 160A-58. – **Motion was made by Commissioner Scarborough, seconded by Commissioner Whitson and carried unanimously to approve Ordinance No. 1-2010 for the non-contiguous annexation of the Snow Hill Rural Fire Department, Inc. property at 205 Carolina Dr. consisting of 6.57 acres, more pursuant to G.S. 160A-58.**
 - b. Consider motion to amend 2009-2010 rate schedule to add septic tank fees recommended by Mr. Hill in his presentation – **Motion was made by Commissioner Scarborough, seconded by Commissioner Bizzell and carried unanimously to amend the 2009-2010 rate schedule to add septic tank fees recommended by Mr. Hill in his presentation.**
- 12. Consider a closed session pursuant to NCGS 143-318.11(6) --personnel matter – Motion was made by Commissioner Shackelford, seconded by Commissioner Bizzell and carried unanimously to enter into closed session at 8:34 p.m.**

Motion was made by Commissioner Taylor, seconded by Commissioner Whitson and carried unanimously to reconvene in open session at 9:33 p.m.

Motion was made by Commissioner Scarborough, seconded by Commissioner Whitson and carried unanimously to amend the agenda to change item 13 to “Consider a motion to amend the policy and discontinue water and sewer discounts effective April 1, 2010 billing for non-profits” and to renumber the remaining items on the agenda.

- 13. Consider a motion to amend the policy and discontinue water and sewer discounts effective April 1, 2010 billing for non-profits – Motion was made by Commissioner Whitson, seconded by Commissioner Scarborough and carried unanimously to amend the policy and discontinue water and sewer discounts effective April 1, 2010 billing for non-profits.**
- 14. Announcements and Public Comments – Mayor Liles thanked Mrs. Edmundson again for taking the time to attend the meeting.**
- 15. Adjournment – Motion was made by Commissioner Shackelford, seconded by Commissioner Scarborough and carried unanimously to adjourn at 9:37 p.m.**

Dennis K. Liles, Mayor

Michelle Strickland, Town Clerk