

The Smithfield Town Council met in special session on Tuesday, February 25, 2014, at 6:00 pm. in the Council Chambers of the Smithfield Town Hall. Mayor John H. Lampe, II presided.

Councilmen Present:

M. Andy Moore, Mayor Pro-Tem
J. Perry Harris, District 2
Travis Scott, District 3
Roger A. Wood, District 4
Emery D. Ashley, At-Large

Councilmen Absent

Marlon Lee, District 1
Charles A. Williams, At-Large

Administrative Staff Present

Paul Sabiston, Town Manager
Greg Siler, Finance Director
Shannan Williams, Town Clerk

The Meeting was called to order at 6:00 pm.

AUDIT PRESENTATION:

Phyllis Pearson with Petway Mills & Pearson, PA returned to present and explain to the Council the FY 2012-2013 annual audit. Ms. Pearson explained that the audit was completed on full accrual and modified accrual accounting practices. Based on the audit, the Town's net position was \$49,424,339. Ms. Pearson explained that the findings listed in the audit were based on prior year corrections. Management found the errors and corrected them prior to the audit. These errors were transfers that should have occurred in prior fiscal years, but did not actually occur.

Ms. Pearson suggested that the revenue bond on the Brogden Road electrical substation be refinanced to something other than a revenue bond. She explained that the revenue bonds are payable solely from electric customer net revenues and if electric rates cannot be increased to cover the bond note, then it should be refinanced so that this loss does not continue to show up on the annual audit.

There were general questions from the Mayor and Council throughout Ms. Pearson's presentation.

Mayor Lampe asked for suggestions on how the Town could improve its audits in the future. Ms. Pearson responded that the Town should have consistent finance staff and finance director in place. Ms. Pearson also suggested that the Council should develop a concise method of developing the budget. She further suggested that in order to complete the audit on time, the Town should begin sending information to them by June.

PRELIMINARY BUDGET DISCUSSION:

Town Manager Paul Sabiston presented the Council with a six year fund balance history. Mr. Sabiston asked for a clear direction from the Council concerning the FY 2014-2015 budget.

Mayor Lampe stated that his expectation where to have expenses that were less than the revenues. The fund balance should not be used to supplement the general fund expenses. He further stated that capital expense items should be considered in this budget.

Councilman Harris stated that it should be the goal of the Council to raise the fund balance reserve to the state average of 38.5%. He suggested that the Council consider reducing staff, consider outsourcing options and analyze fixed costs that can be reduced.

Councilman Ashley suggested that the Council discuss revenue sources.

CLOSED SESSION:

Mayor Pro-Tem Moore made a motion, seconded by Councilman Harris, to go into Closed Session pursuant to NCGS 143-318.11 (a) (3) & (6). Unanimously approved at 7:34 pm.

RECONVENE IN OPEN SESSION:

Councilman Harris, made a motion, seconded by Councilman Scott, to reconvene in open session at approximately 8:08 pm. Unanimously approved.

ADJOURN:

There being no further business, Mayor Pro-Tem Moore, made a motion, seconded by Councilman Harris, to adjourn. Unanimously approved.

The meeting adjourned at approximately 8:10 pm.

John H. Lampe, II , Mayor

ATTEST:

Shannan L. Williams, Town Clerk