

TOWN OF BROADWAY
BOARD OF COMMISSIONERS
MEETING MINUTES
FEBRUARY 22, 2021

A scheduled meeting of the Board of Commissioners was held on Monday, February 22, at 6:00 p.m. in the Council Chamber, 103 N. Main Street, Broadway, North Carolina.

Board members present were Mayor Donald Andrews, Commissioners Tommy Beal, Lynne Green, Janet Harrington, Teresa Kelly, and Jim Paschal. Also, Town Counsel Jimmy Love, Town Manager Eddie Thomas, and Finance Director Barbara Cox. Town Clerk Laura Duval was unable to attend due to illness.

The meeting was called to order by Mayor Andrews. Commissioner Paschal gave the invocation, which was followed by the Pledge of Allegiance.

Mayor Andrews requested the addition of an agenda item - Closed Session to advise staff on negotiations per G.S. Sec 143-318.11(a)5. Commissioner Kelly made the motion to accept the Agenda as amended. The motion was seconded by Commissioner Harrington. Motion carried unanimously.

Consent Agenda – Approval of January 25 Board Meeting Minutes, January 25 Work Session minutes, and the January financial statements. Commissioner Harrington made the motion to accept the Consent Agenda as submitted. The motion was seconded by Commissioner Paschal. Motion carried unanimously.

Shelton Ennis, with Joyce and Company, reviewed the audit highlights for fiscal year 2019-2020. The Town received a clean unmodified audit opinion. That means the financial statements present fairly in all material respects to the financial position the results of operations and cash flows at year end. Total cash balances for the Town increased by \$165,000 year over year, primarily due to reduced Powell Bill expenditures. There were not that many projects undertaken in fiscal year 2019-2020. Some additional funds are available for future projects. A surplus in the General Fund contributed to the increase in cash, as well. Governmental fixed assets of the Town including infrastructure as well as the Town Hall, equipment, and vehicles after depreciation decreased by about \$32,000 from year over year, mainly as a result of depreciation and a couple of new vehicles (maintenance truck and patrol car) were added. There was also the sale of the old Town Hall, which generated about \$55,000 in proceeds, which effectively went to the bottom line and added to the cash balance. The proprietary fund's (water and sewer fund) fixed assets, including the water and sewer system and water tank decreased by about \$89,000 due to depreciation. The General Fund is the main operating fund of the Town, and the major activities of that fund include public safety and sanitation, administration and public works. The total fund

balance for the general fund increased by about \$99,000 for the year. Unassigned fund balance represents the fund balance that is not reserved or restricted for a specific purpose. That increased by about \$74,000 from prior year. Water and sewer fund cash balances increased by about \$55,000. At year end fiscal 2019, there was a receivable from DOT for the road widening project that had not been received in the amount of about \$55,000. That was the reason for the increase in cash balances in the water and sewer fund. The change in net position which is the bottom line or net deficit was \$15,000 due to the fact that DOT funds were not received because the project was put on hold fiscal year 2020. Ad valorem taxes are a major source of revenue for the Town. The ad valorem taxes increased by about \$21,000 over prior year. Representative in the increase of the actual valuation from \$90,750,000 to \$95,433,000 resulted in about a 6% increase due to favorable economic conditions before the pandemic and some residential growth in the Town. The collection percentage of the taxes that are billed out to owners of property and what was collected was 98.45%. A slight decrease from prior year at 98.98%. The figure compares favorably to towns of similar size in North Carolina. The average collection rate is 98%. Long-term debt for the Town represents capital assets or fixed assets that are financed by debt commitments. The governmental debt decreased by about \$3,000 and that is due to repayment of loans that were already on the books plus the purchase of the new truck and patrol car. The water and sewer debt decreased by about \$66,000. That's the bond principle that is reduced by the same amount every year, and this current fiscal year, it will be paid down to zero.

Mr. Ennis then reviewed some of the findings more qualitative in nature. The auditors look at the operating internal controls within the Town over financial reporting. He referred to the finding located on page 5. It is a recurring finding: lack of segregation of duties. This is due solely to the small staff size, and it is not cost effective for the Town to hire more staff. Compensating controls are in place, such as the Mayor and Commissioners review check disbursements and vendor lists to make sure there is another set of eyes looking at things that could be not caught if there is an error. The controls in place to mitigate the risks are good.

One other finding is a best practice suggestion. The particular item was found during the testing of journal entries. Manual journal entries to record monthly bank activity were combined for various collections and disbursements in a single journal entry. The Town has already corrected this. It was actually corrected last year and is no longer an issue. Mr. Ennis thanked the Town staff for their efforts and cooperation in getting the information. He expressed his thanks to Barbara, Laura and Eddie, as well as Beth Kelly and Glenda Rosser with the City of Sanford who offered their assistance in getting everything that was needed to conduct the audit.

Mayor Andrews reviewed the 2019-2020 fiscal year summary. In General Fund overall revenue increased approximately 2.8% or \$26,376 compared to prior year. Actual revenue was \$18,807.02, which was 2% higher than budget. Compared to prior year, general fund expenditures increased by 1.36% or \$12,717. Compared to budget, actual expenditures were \$73,370 (7.2%) less than budget. Fund Balance increased by \$98,712. At June 30, 2020, Fund Balance was \$1,248,205. Fund Balance available for appropriation is \$1,085,091 and includes Designated: Powell Bill Funds - \$240,849, USDA Reserve - \$5,191, Cultural and recreational - \$1,592 and Public Safety - \$1,389

and Assigned: Cultural and recreational–festival - \$25,882, and Unassigned: \$810,188. Fund Balance available for appropriation excluding designated and assigned funds is 86.8% (as a percent of 2020/21 budget).

In Utility Fund overall revenue increased approximately 3% or \$11,730 compared to prior year. Actual revenue was \$11,196 (2.8%) more than budget. Compared with prior year, utility fund expenditures increased by 10% or \$35,356. Compared to budget, actual expenditures were \$24,223 (5.8%) less than budget. Net income was \$17,312 compared to a net income of \$46,138 in fiscal year 2018-2019.

The Mayor expressed his appreciation to Shelton Ennis, Barbara, Laura, Eddie, Beth, and Glenda. He realizes it takes a lot of people to conduct the audit. The meats and bones of government is making sure the money is accounted for, and Barbara is very conscientious about this in her role as Finance Director. The Town is very fortunate to have these people in place to gather audit information each year. They do a really good job, and he appreciates the hard work they do.

Mayor Andrews gave a quick update on some old business. He and the Town Manager get a lot of calls about the new houses going up on South Main Street. People wonder why the houses are being built so close to the street. The Mayor advised the zoning is R-20, which allows 30 ft. setbacks on the front. It has been checked and verified by inspections, and the houses meet the minimum requirements. The houses are being built on a slab. Water and sewer taps have been put in, so the builders are moving forward with construction.

Mayor Andrews gave an update on the two tracts of land on Seminole Road. Now, six one-acre+ lots will be developed on one of the tracts with septic and wells. No rezoning is required. The property owner was advised the tracts would have to be annexed if they wanted Town water and sewer. They decided to put in septic and wells instead.

Manager's Report – Town Manager Thomas advised that the two \$50,000 feasibility grants have been approved. He is waiting on a letter of intent from the state and then the Town can move forward with the water and sewer feasibility studies.

The GFL sanitation schedules have arrived and can be picked up at Town Hall. An updated schedule has also been posted on the Town website.

The City of Sanford has informed the Town that there will be removal of ammonia and additional chlorine placed in the water during the month of March. It will cause an odor, however, there is nothing wrong with the water and no problem drinking it.

All the accounts that were extended by the Executive Order are now in compliance. No water service had to be cut off.

A major water break occurred on Second Street and Hickory Avenue. A tremendous amount of water was lost. The excess water was going down into an existing creek bed, so that prevented the leak from being seen. Trees had to be taken

down. A twenty foot section of pipe had to be removed and replaced. The total repair will cost a considerable amount.

Commissioner Comments – Mayor Pro Tem Beal expressed his thanks to everyone who extended condolences during the passing of his mother-in-law.

Mayor Comments – Mayor Andrews advised that the Town Hall may be closed occasionally this week due to the limited number of staff. The Town Clerk is out sick and hopes to return next week. Sometime staff must take care of tasks off site, so there may not be anyone there to answer the phone or the door may be locked for brief periods of time.

Mayor Andrews publicly thanked Steve and Ann Alford for picking up trash every day when they walk through Town. They take pride in our Town and go above and beyond to help it look nice.

The new maintenance shop sign has been put up at the former Tiny Tots building.

The Mayor encouraged the Town Board to think about the Dixie Farm welcome sign, which has to be moved due to the road widening project. A decision needs to be made about moving the sign this year. A few years ago, a price of \$6,000 was given to have the sign moved. There is no guarantee it won't collapse. If the McNeill heirs give us permission, the sign can be moved back 50 feet. Otherwise, it will need to be moved to another location.

Hopefully, Hazel and Ruth Ann Lanes will be paved in the spring. The Mayor would like to proceed with getting a bid for paving West Harrington Avenue. It is the next street on the list. West Harrington is very long; it's about 3,000 feet. Ken Bright will be asked to put together the specs for bids on re-surfacing.

The Town will have to sign off on an easement with the owner of 208 South Main Street next to the NC Disabled Veterans Monument. The sewer tap will require a bore under Main Street. That will be about a \$10,000 expense for the NCVM. The cost of construction has gone crazy, so they're trying to find costs to cut in order to finish the project. The plumbing contractor and the Public Works Director think the line can be run out to the front along the edge of the sidewalk and tap onto the existing sewer on Main Street. That will require an easement with the property owner because the Town owns the park. Mayor Andrews will discuss a potential easement with Mr. Cain. As soon as the rain ceases, the brick masons can begin. Then the interior and the roof can be finished.

Town Manager Thomas publicly acknowledged Barbara's work as Finance Director. He understands that we get invaluable help from the City, but Barbara does a tremendous job with the Town's finances working as part-time staff. Mr. Thomas expressed his thanks for her financial oversight that helps keep the Town financially sound. Barbara is a key component in maintaining that position, and he appreciates her hard work and diligence.

Mayor Andrews discussed the placement of the motto, In God We Trust, on the front of the Town Hall. He shared the mock up presented by Mr. Rick Lanier. The mock up calls for metal lettering installed on the brick above the front door. The Mayor wonders if it would be better to place it in gold lettering on the window above the front double doors. It would probably be more visible there, and gold lettering would match the lettering on the Town Hall sign. In God We Trust will also be placed in the Council Chamber in black vinyl letters. There is no cost to the Town. Mr. Lanier's group is responsible for raising the funds through private donations. Lee County plans to participate with the motto placed on the courthouse, administrative building, and government building. The Mayor asked the commissioners to think about placement, and a resolution will be presented for adoption at the next meeting.

Commissioner Paschal made the motion to go into closed session as allowed under G.S. Sec 143-318.11(a)5. The motion was seconded by Mayor Pro Tem Beal. Motion carried unanimously.

After returning to regular session, there was no further business to come before the Town Board. Mayor Pro Tem Beal made the motion to adjourn the meeting. The motion was seconded by Commissioner Paschal. Motion carried unanimously to adjourn.

Donald F. Andrews
Mayor

Laura K. Duval, Town Clerk