



**APRIL 15, 2025, CITY COUNCIL MINUTES
SPECIAL MEETING - BUDGET WORKSHOP
5:00 PM**

The City Council of the City of Clinton, North Carolina, met in a special meeting at 5:00 PM on April 15, 2025, in the City Hall Auditorium. Mayor Starling presided. Councilmembers Ruggles, Strickland, Corbett, DuBose, and Mayor Pro Tem Becton were present.

City Attorney Joel Starling was also present.

Present were City Manager James P. Duncan; City Clerk Elaine F. Hunt; Police Chief Anthony Davis; Parks and Recreation Director Garrett Bryant; Finance Director Rhonda Sommer; Public Works Director Chris Medlin; HR Director Natalie Blue; Fire Chief Hagan Thornton; Planning and Zoning Director Mary Rose; and Senior Planner Lyle Moore.

Sherry Matthews and Carson Kriger, from Sampson Independent, were also present.

Mayor Starling called the meeting to order. Mayor Pro Tem Becton gave the invocation.

PROCLAMATION – NATIONAL DAY OF PRAYER – MAY 1, 2025

Upon a motion made by Councilmember Strickland, seconded by Mayor Pro Tem Becton, the following proclamation passed unanimously:

PROCLAMATION

WHEREAS, the City of Clinton will join with the entire country on May 1, 2025, to celebrate the National Day of Prayer; and

WHEREAS, the National Day of Prayer, an annual observance held on the first Thursday of May, was established in 1952 by a joint resolution of Congress and signed

into law by President Truman, and is a day for Americans to "turn to God in prayer and meditation"; and

WHEREAS, the National Day of Prayer is a day for Americans to express gratitude and seek guidance and strength through prayer. We recognize the power of prayer to strengthen our spirits, draw us together, and create hope for a better tomorrow; and

WHEREAS, may we see each other not as enemies but as fellow human beings, each made in the image of God and each precious in His sight. May we strive to leave no one behind, treat everyone fairly and with respect. May we remember that nothing is beyond our capacity if we act together and give hate no safe harbor; and

WHEREAS, this year's theme is "Pour Out to the God of Hope and Be Filled," Romans 15:13, a verse from the New Testament, states, "Now may the God of hope fill you with all joy and peace in believing, so that you will abound in hope by the power of the Holy Spirit."

NOW, THEREFORE, I, LEW STARLING, MAYOR, OF THE CITY OF CLINTON, NORTH CAROLINA, do hereby proclaim Thursday, May 1, 2025, as the National Day of Prayer in the City of Clinton, and encourage all to give thanks, in accordance with their own faith, for our many freedoms and blessings.

PRESENTATION -- 2023-2024 FINANCIAL AUDIT

Sharpe Patel CPA's representative, Jay E. Sharpe, CPA, CFE, appeared before the Clinton City Council to present the 2023-2024 Financial Audit. Copies of the audit presentation were distributed to the Clinton City Council, and Mr. Sharpe reviewed page by page with them. (SEE ATTACHMENT #1).

The auditor concluded by stating that the City of Clinton has a healthy cash reserve, positive cash flow over the past years, and a clean audit opinion, with no material weaknesses or significant deficiencies noted and no compliance finding related to the federal single audit.

Mayor Starling thanked the auditor. He informed the group that anyone is welcome to review the City's audit. He stated that the City had challenges, but we communicated with the Local Government Commission. A letter was passed around and signed by Mayor Starling and every councilmember. Mayor Starling stated that this letter will be sent to the Local Government Commission regarding the City's response to the audit findings, recommendations, and fiscal matters for financial statements as of June 30, 2024. He

announced, "Excellent report," and asked for a motion to receive the 2023-2024 Financial Audit.

Councilmember Ruggles made a motion, seconded by Mayor Pro Tem Becton, and it passed unanimously, acknowledging and receiving Mr. Jay E. Sharpe's presentation.

PRELIMINARY SUBDIVISION PLAT -- LOCATED OFF WEST ELIZABETH STREET -- DWIGHT MILLER

City Manager Duncan stated that this item was continued until this meeting because the City Council requested NCDOT representative(s) to be present. It was stated that NCDOT representative(s) were not present; however, Mr. Miller did have a letter from them. City Attorney Joel Starling stated that the showing on the plat is one entrance off West Elizabeth Street currently. Furthermore, it was mentioned that NCDOT reviewed, but what is being ordered is not in alignment with the City of Clinton's codes. Again, it was stated that the plat shows one point of egress; however, a letter from NCDOT mentions two entrances/exits.

Mayor Starling inquired about the owner's whereabouts. Mr. Miller stated that the owner was on his way; however, his sister got sick. Mr. Miller stated that the owner could be reached by phone; however, Mayor Starling did not call. He stated that they do not handle matters in that manner.

Councilmember Strickland stated that in his thirty (30) years of working with NCDOT, he has never seen them issue a driveway permit without issuing a turn lane. Mayor Starling noted, "This is a conflict." Attorney Joel Starling stated, "It doesn't jibe with the City's ordinance."

Mayor Starling questioned the first house in the area, and Mr. Miller stated that the owner is going to demolish the house. Mayor Starling stated that NCDOT representatives can meet with Mr. Miller, the City's staff, and Attorney Joel Starling to discuss this further. City Manager Duncan gave the proposed dates—Monday, April 28th; Wednesday, April 30th, or Thursday, May 1st. Mayor Starling stated that two councilmembers can also attend this meeting. It was decided that the meeting with Dwight Miller, Attorney Joel Starling, NCDOT, City's staff, Councilmembers Holden DuBose and Neal Strickland, will occur on Monday, April 28th at 10:00 AM.

A motion was made by Councilmember DuBose, seconded by Councilmember Strickland, to continue this item, "Consideration of approval of a 36-lot preliminary subdivision plat request by Dwight Miller for property located off West Elizabeth Street and owned by Ismail Awawdeh," until the May 6, 2025, City Council meeting. The motion passed unanimously.

BUDGET WORKSHOP

Mayor Starling asked City Manager Duncan to begin the discussion, and he asked Finance Director Sommer to proceed.

Handouts were distributed to everyone. Also, Mrs. Sommer distributed budget binders to the City Council.

Finance Director Sommer went over the handout page by page. (SEE ATTACHMENT #2). She mentioned the proposed water and sewer fee increase. Mrs. Sommer informed the group of short- and long-term needs that included exploring funding options to complete the WWTP expansion. A proposed one-cent increase in the property tax was mentioned, to which Councilmember Ruggles expressed his opposition. Mrs. Sommer said, "This is a proposed budget—not the final budget."

Discussion of the city's water capacity arose. It was stated that Smithfield Packing, Cintas, and two truck washes are major water users. Public Works Director Medlin noted that residential areas should also be mentioned. He stated that currently, the City cannot add any new manufacturing companies.

Mr. Medlin stated that he has spoken to the Wooten Company. He stated that during the first phase regarding capacity, the City can say, "Yes, we do have sewer capacity."

Mayor Starling stated that truck washes are very costly and do not treat their water. However, he stated that Smithfield Packing does treat its water.

System development fees for new industries were noted; however, City Attorney Joel Starling stated that there have been lawsuits in the past regarding this procedure. He stated that one needs to be careful.

Mrs. Sommer mentioned adding a capital charge to the bill. Councilmember Strickland asked City Manager Duncan to research types of bonds to get the funds that the City will need.

Mayor Starling recommended contacting our representatives in Raleigh, NC, as the City has done in the past, to request assistance with funding for our Wastewater Treatment Plant expansion. As noted, a resolution/letter was written to the representatives in the past.

A motion was made by Councilmember Ruggles, seconded by Councilmember Strickland, and passed unanimously to contact the City's State legislators to request assistance in obtaining funds to help with the limited water capacity issue and the WWTP Expansion.

Finance Director Sommer informed the City Council that the proposed Fee Schedule and proposed Budget Schedule were both included in the binder. She stated that the rural fire tax rate is currently \$.09; however, we are requesting \$.10.

Mrs. Sommer concluded by saying that she had presented to the City Council a balanced budget; however, it is only a draft.

Councilmember Ruggles asked about the Powell Bill and paving. Mrs. Sommer stated that she now has the Powell Bill in a separate department. Furthermore, she stated that a municipality has ten (10) years to spend Powell Bill funds.

Public Works Director Medlin was asked about unpaved roads, and he stated that the City has no unpaved roads.

Mayor Starling thanked Finance Director Sommer and her staff for the job well done. Councilmember Ruggles thanked everyone.

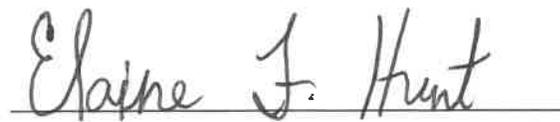
Before adjourning the meeting, Mayor Starling informed the group that recently, he had given two (2) Keys to the City to well-deserving individuals. He stated Jimmy Matthews and Rev. Dr. Ted Thomas were the recipients.

Being no further discussion, Mayor Pro Tem Becton made a motion to adjourn. Councilmember Ruggles seconded the motion, which passed unanimously.

The time of adjournment was approximately 6:22 PM.



Lew Starling, Jr., Mayor



Elaine F. Hunt, City Clerk, MMC, NCCMC



SHARPE
PATEL CPA

City of Clinton

Audit Presentation

Presented by Jay E. Sharpe, CPA, CFE
April 15, 2025

Status

- ▶ Fieldwork has been completed.
- ▶ Financial statements have been prepared
- ▶ The audit has been submitted to the Local Government Commission (LGC) for their review and has been approved.

Role and Objectives

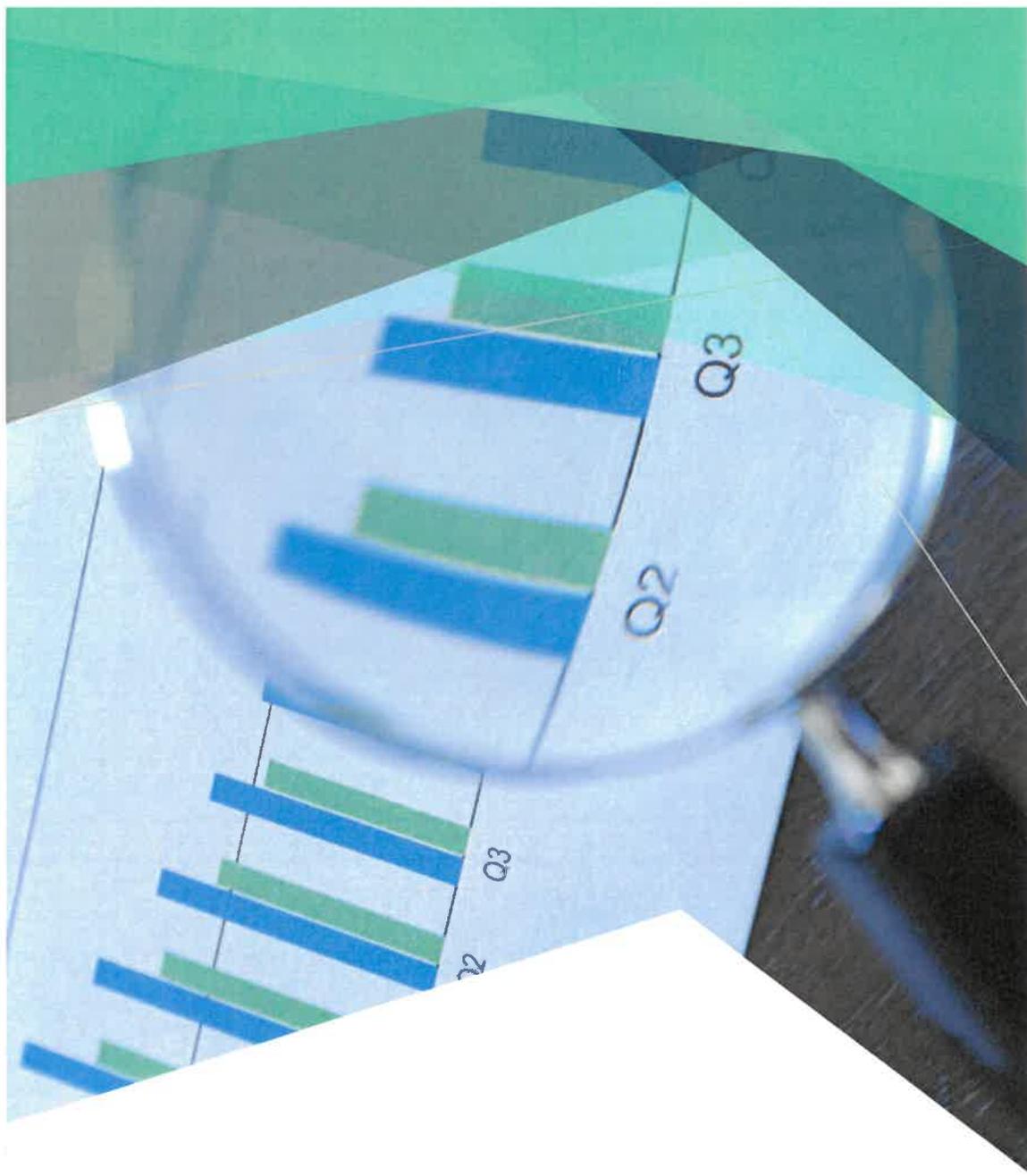
- ▶ Plan (including obtaining an understanding of internal controls over key areas).
- ▶ Test of Controls:
 - Disbursements
 - Payroll
 - Credit cards
- ▶ Perform risk assessment (risk-based approach)
- ▶ Perform audit procedures to obtain **sufficient** evidence to render an opinion.
- ▶ Opinion concentrates on whether the financials are free from **material** misstatement. Reasonable assurance.

Results of the 2024 Audit

- ▶ Scope and timing of the audit were not on track.
- ▶ Independent Auditors' Report:
Unmodified Opinion
- ▶ Findings:
 - No material weaknesses or significant deficiencies noted.
 - No compliance finding related to federal single audit
- ▶ Several PBC and audit adjustments (routine)

Required Communications

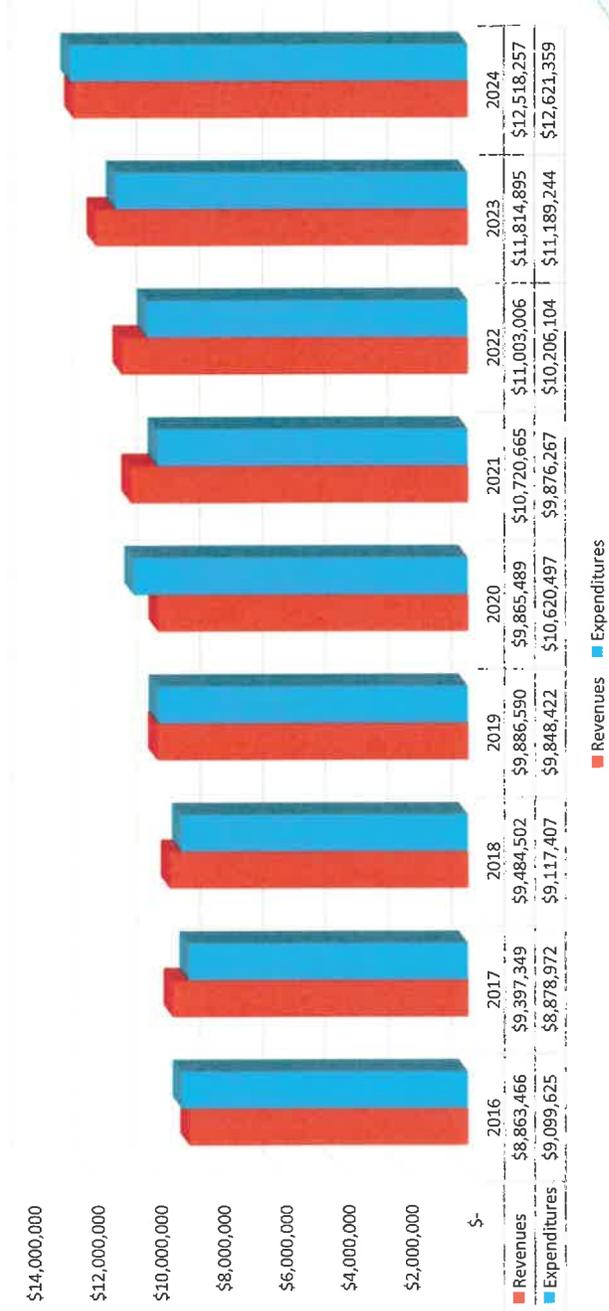
- ▶ Accounting policy changes:
None
- ▶ Estimates appear reasonable:
Depreciation
Allowance for doubtful accounts
- ▶ No disagreements with management
- ▶ Difficulties encountered related to turnover at finance officer position led to delays in audit being completed.



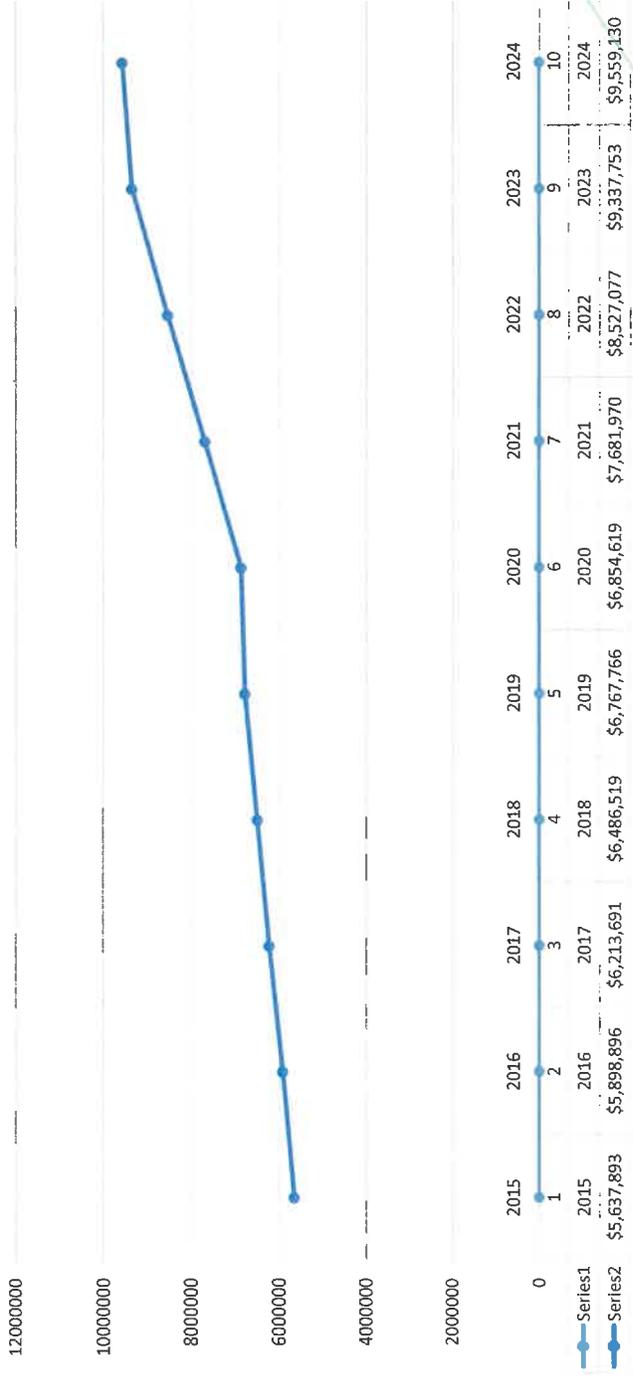


GENERAL FUND

Revenues and Expenses - General Fund

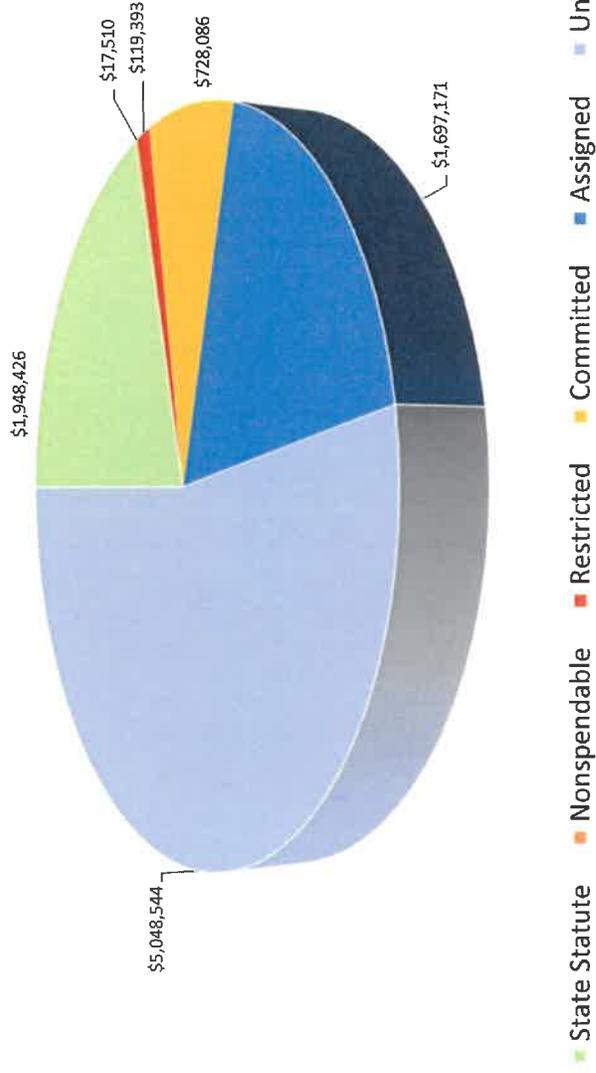


Fund Balance - General Fund



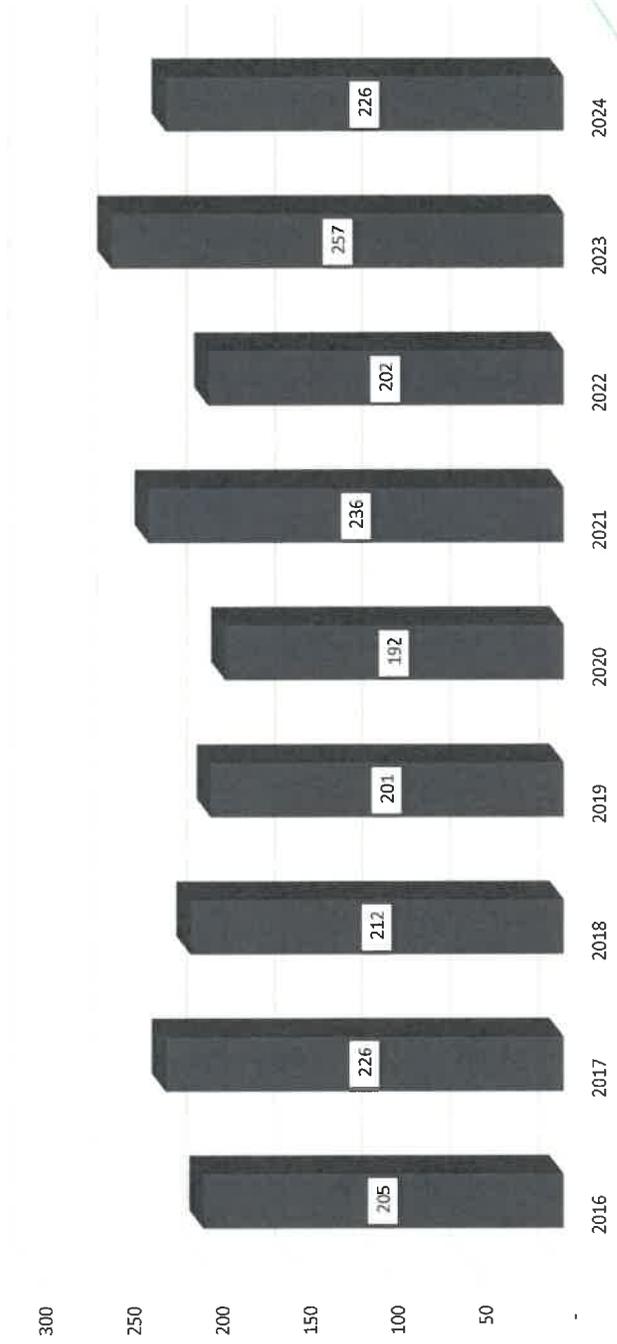
Fund Balance Breakdown - General Fund

(40% of expenditures)

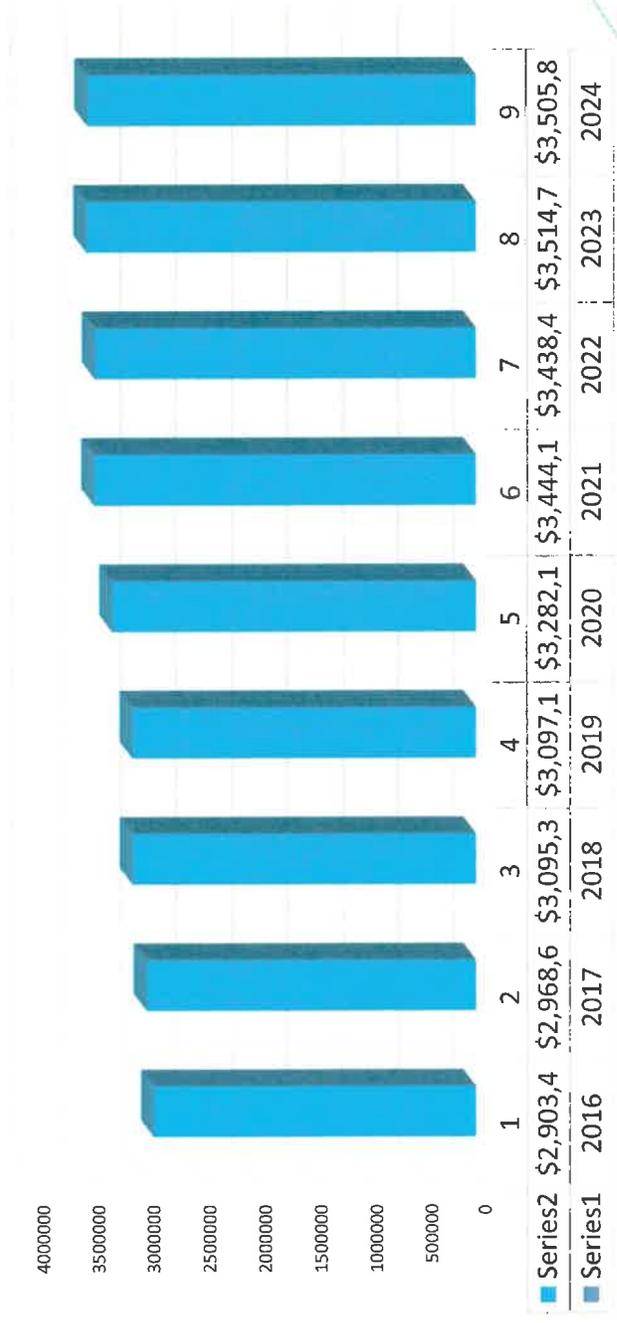


Cash Reserves - General Fund

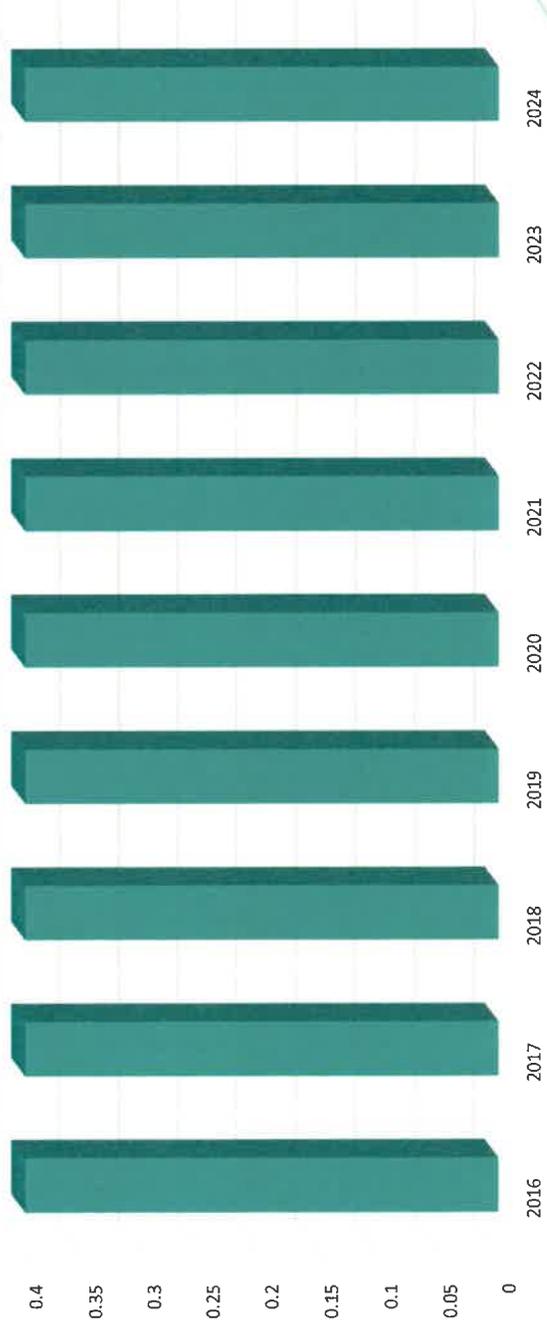
(recommendation: 3 to 6 months)



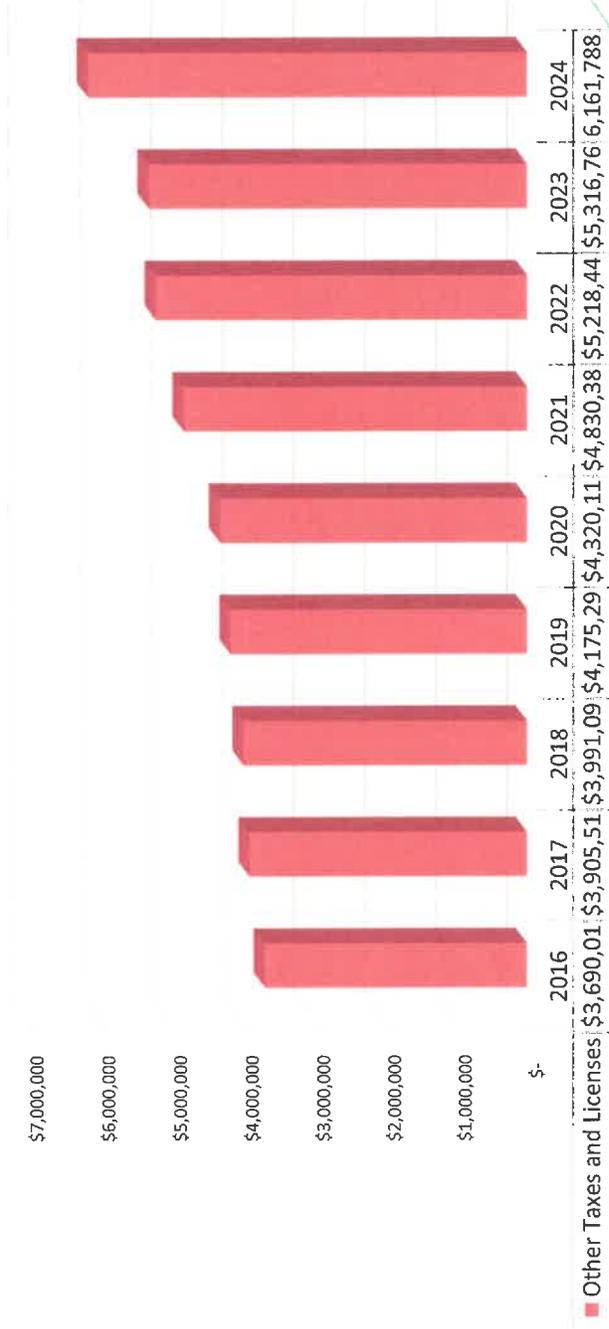
Property Taxes



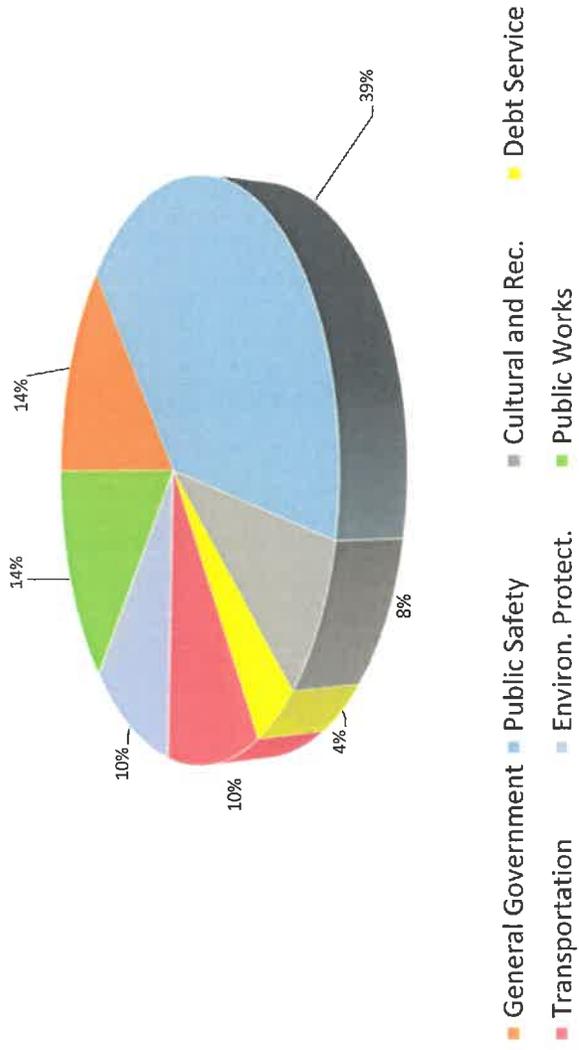
Property Tax Rates



Other Taxes and Licenses



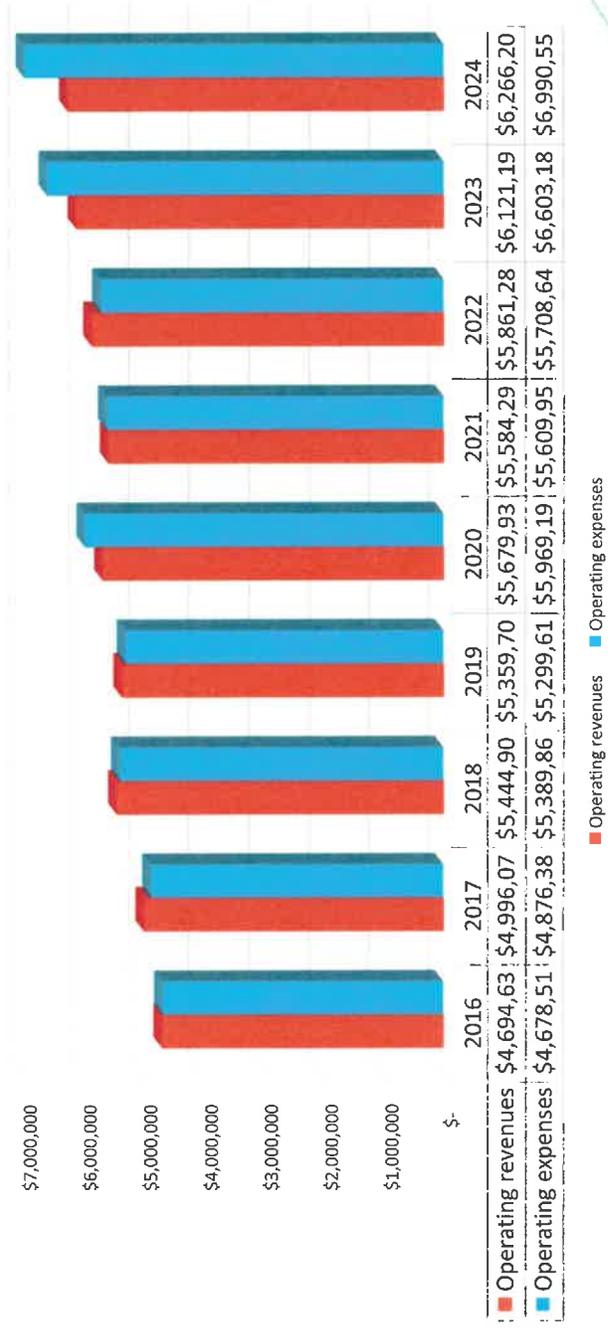
Expenditure Breakdown - 2024



WATER & SEWER FUND

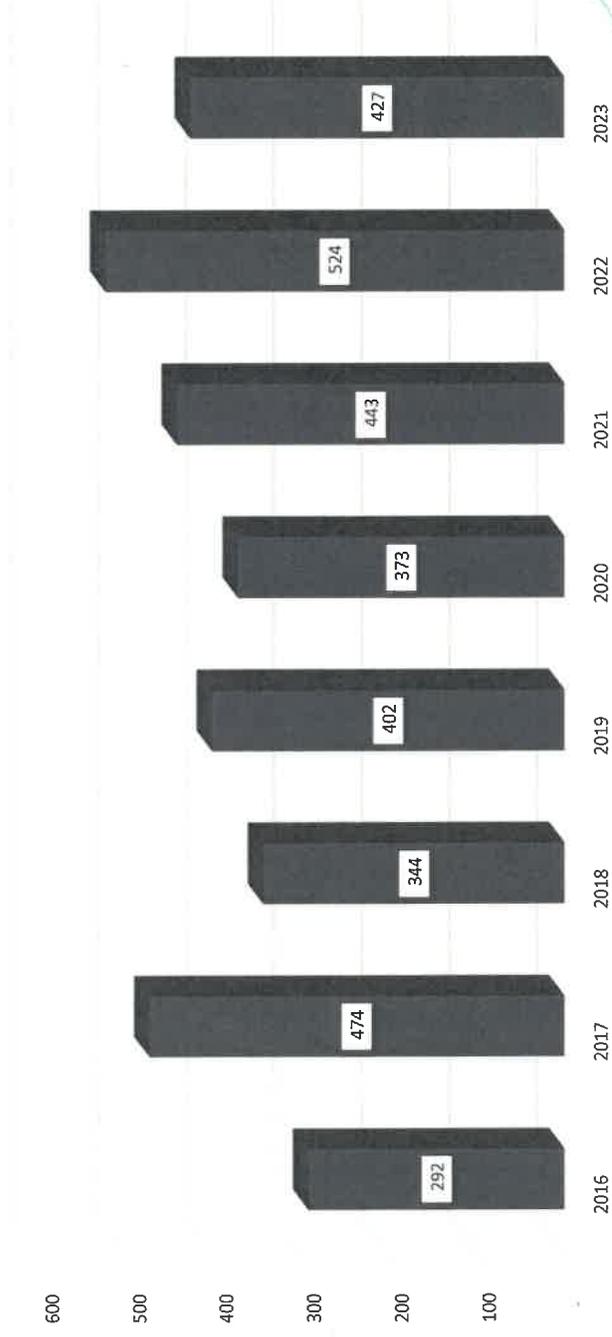


Operating Revenues and Expenses - Water & Sewer Fund

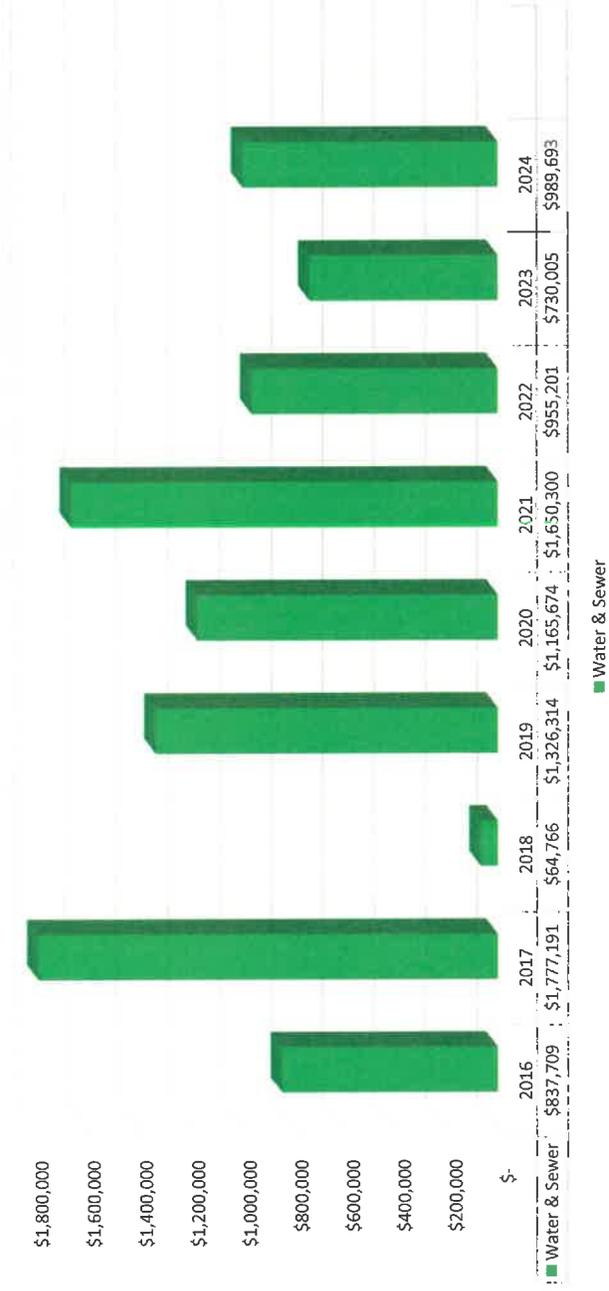


Cash Reserves - Water & Sewer Fund

(recommendation: 3 to 6 months)



Operating Cash Flows - Water & Sewer Fund



Questions?

Jay E. Sharpe, CPA, CFE

jay@sharpepatelcpa.com

919-961-7496



Budget Workshop

FY2025-2026



Clinton
NORTH CAROLINA

Budget Development Drivers

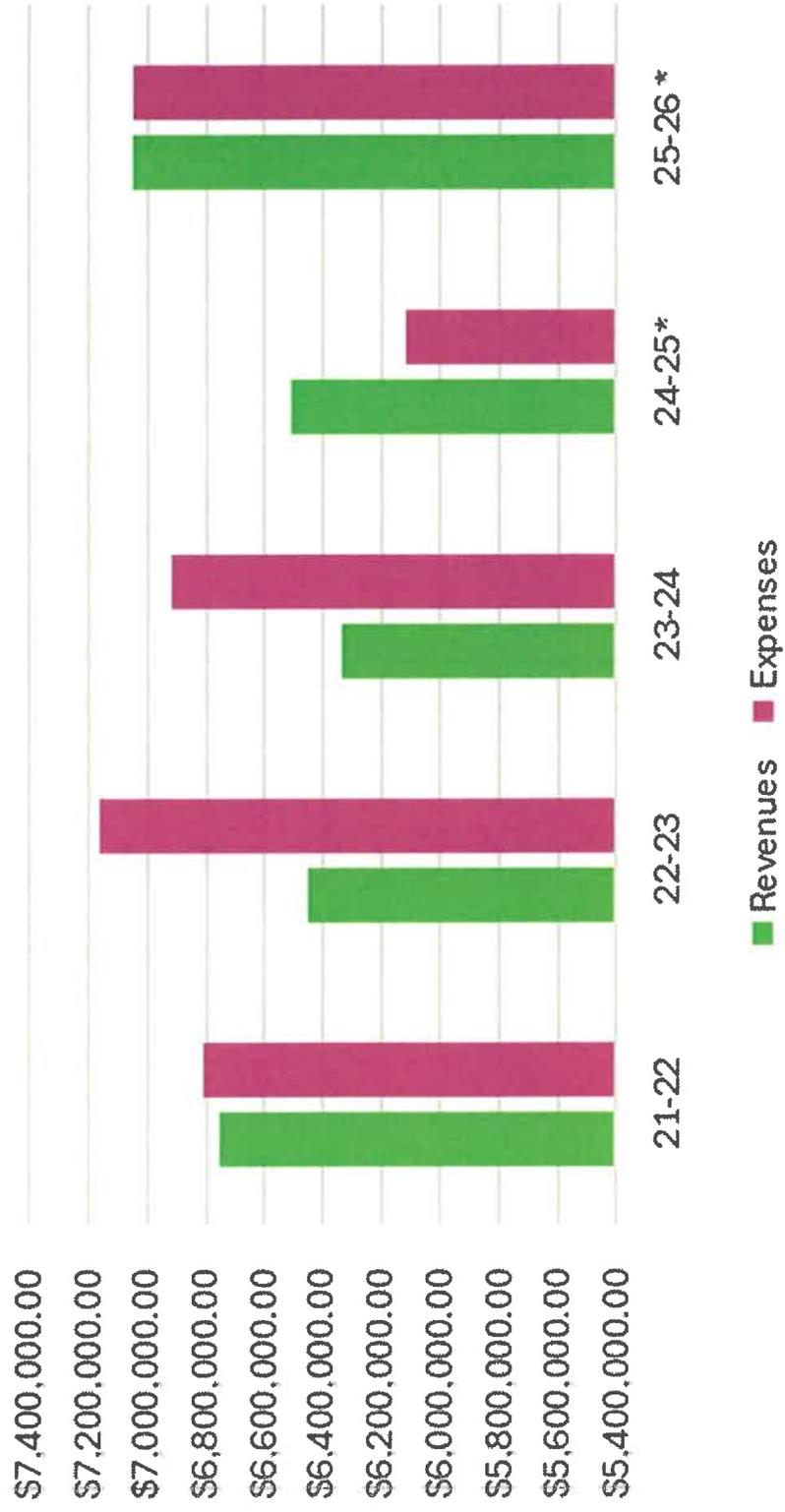
Water and Sewer Fund:

- Inflation (2.7%)
- Rising costs
- Aging infrastructure
- Sewer capacity
- Maintaining existing service levels



Water & Sewer Fund Revenue and Expenditure Trend

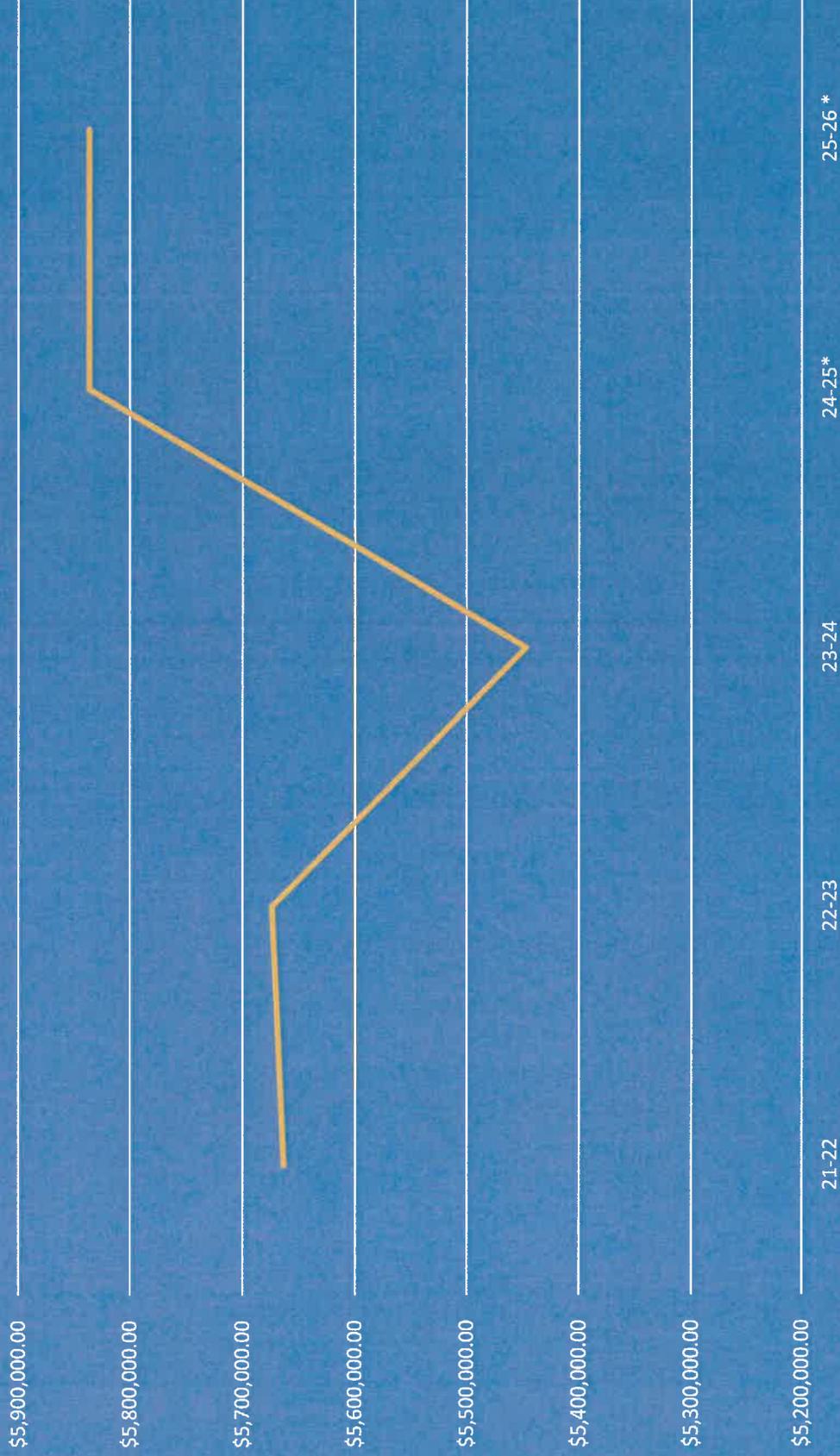
Water Sewer Fund Revenue and Expenditure Trend



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Water & Sewer Fund: Fund Balance Trend

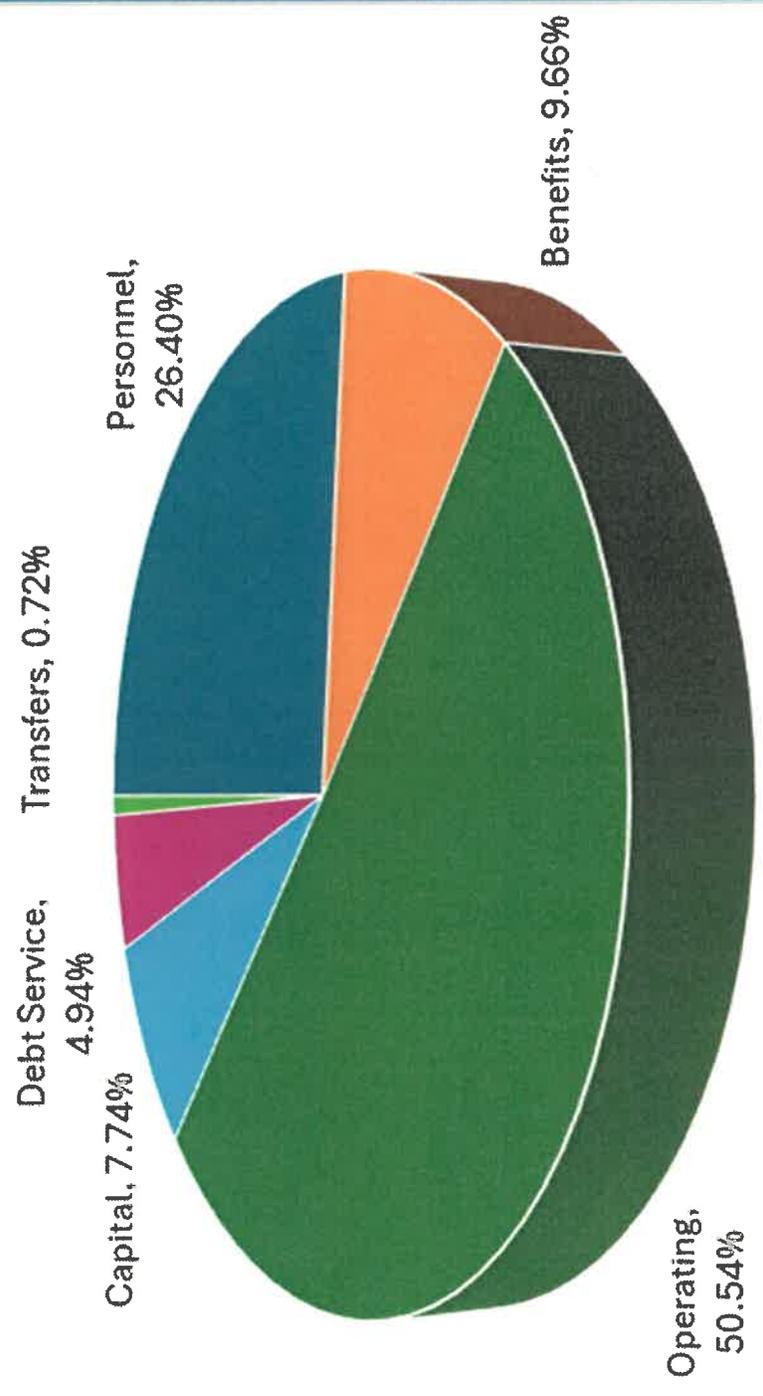
Water Sewer Fund Unrestricted Net Position



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FY25-26 Water & Sewer Fund: Expenditures by Type

WS Expenditures by Type



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Water and Sewer Fund: Key Points

Personnel Expenditures:

- COLA = +2%
- Retirement Contribution = +.53%

Capital Improvement Expenditures:

- Utility Lines: \$250k AMR,
\$55k Replacement Tractor,
\$50k Replacement Vehicle;
\$80k Roller for Street Patches
- Waste Treatment: \$65k Clarifier Rehab
- Water Production: \$46k Replacement
Vehicle

Future Needs:

- Aging Infrastructure
- WWTP nearing capacity



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Water and Sewer Fund: Revenue Assumptions

- 3.0% base and consumption rate increase
- Bulk water price remains at \$1.75
- Surcharges increase by 3.0%



Water and Sewer Proposed Fees: Rates

- Water base current: \$16.09 (0-300 cu ft)
- Water base proposed: \$16.57 (0-300 cu ft)
- Water consumption current: \$2.47/100 cu ft
- Water consumption proposed: \$2.54/100 cu ft
- Sewer base current: \$16.78
- Sewer base proposed: \$17.28
- Sewer consumption current: \$2.39/100 cu ft
- Sewer consumption proposed: \$2.46/100 cu ft



Water & Sewer Fee Increase Effect

Scenario 1: <300 cu ft (~2.2k gal)

Existing Monthly Bill

Water	\$16.09
Sewer	\$22.76
Total	\$38.85

Proposed Fee Monthly Bill

Water	\$16.57
Sewer	\$23.50
Total	\$40.07

Difference \$1.22

Scenario 2: 800 cu ft (~6k gal)

Existing Monthly Bill

Water	\$28.44
Sewer	\$35.90
Total	\$64.34

Proposed Fee Monthly Bill

Water	\$29.27
Sewer	\$36.96
Total	\$66.23

Difference \$1.89

Scenario 3: 1600 cu ft (~12k gal)

Existing Monthly Bill

Water	\$48.20
Sewer	\$55.02
Total	\$103.22

Proposed Fee Monthly Bill

Water	\$49.59
Sewer	\$56.64
Total	\$106.23

Difference \$3.01

Scenario 4: 145k cu ft (~1.08m gal)

Existing Monthly Bill

Water	\$3,590.18
Sewer	\$3,482.28
Total	\$7,072.46

Proposed Fee Monthly Bill

Water	\$3,691.95
Sewer	\$3,584.28
Total	\$7,276.23

Difference \$203.77



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Short & Long Term Needs

- EPA & NC DEQ regulation changes
 - monitor & meet “Forever Chemicals”
- Continue exploring funding options for complete WWTP Expansion



Comments & Questions for Water and Sewer Fund Budget?



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Budget Development Drivers

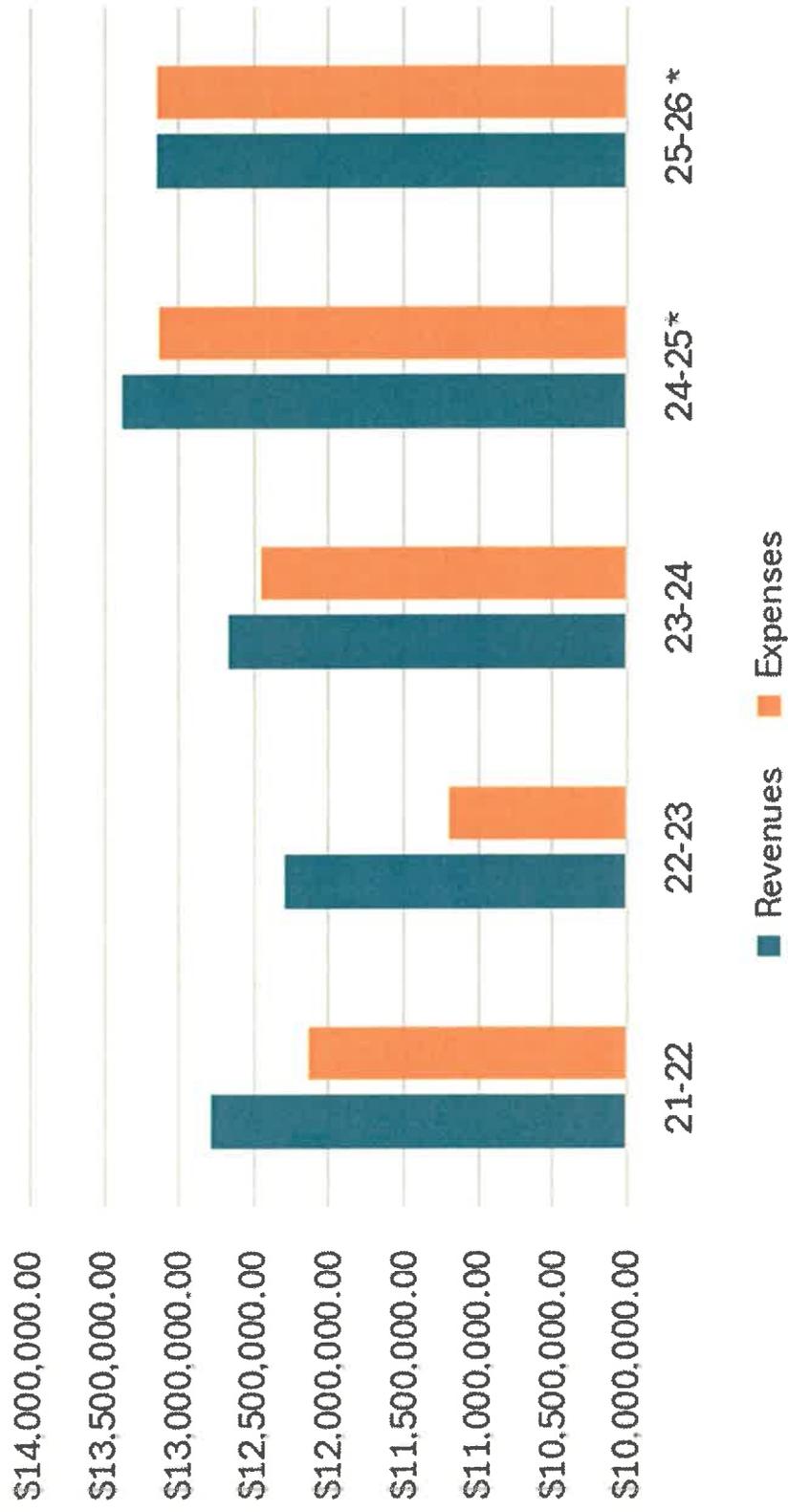
General Fund:

- Inflation (2.7%)
- Rising costs (of everything!!)
- Maintaining existing service levels
- Replacement schedule challenges



General Revenue and Expenditure Trend

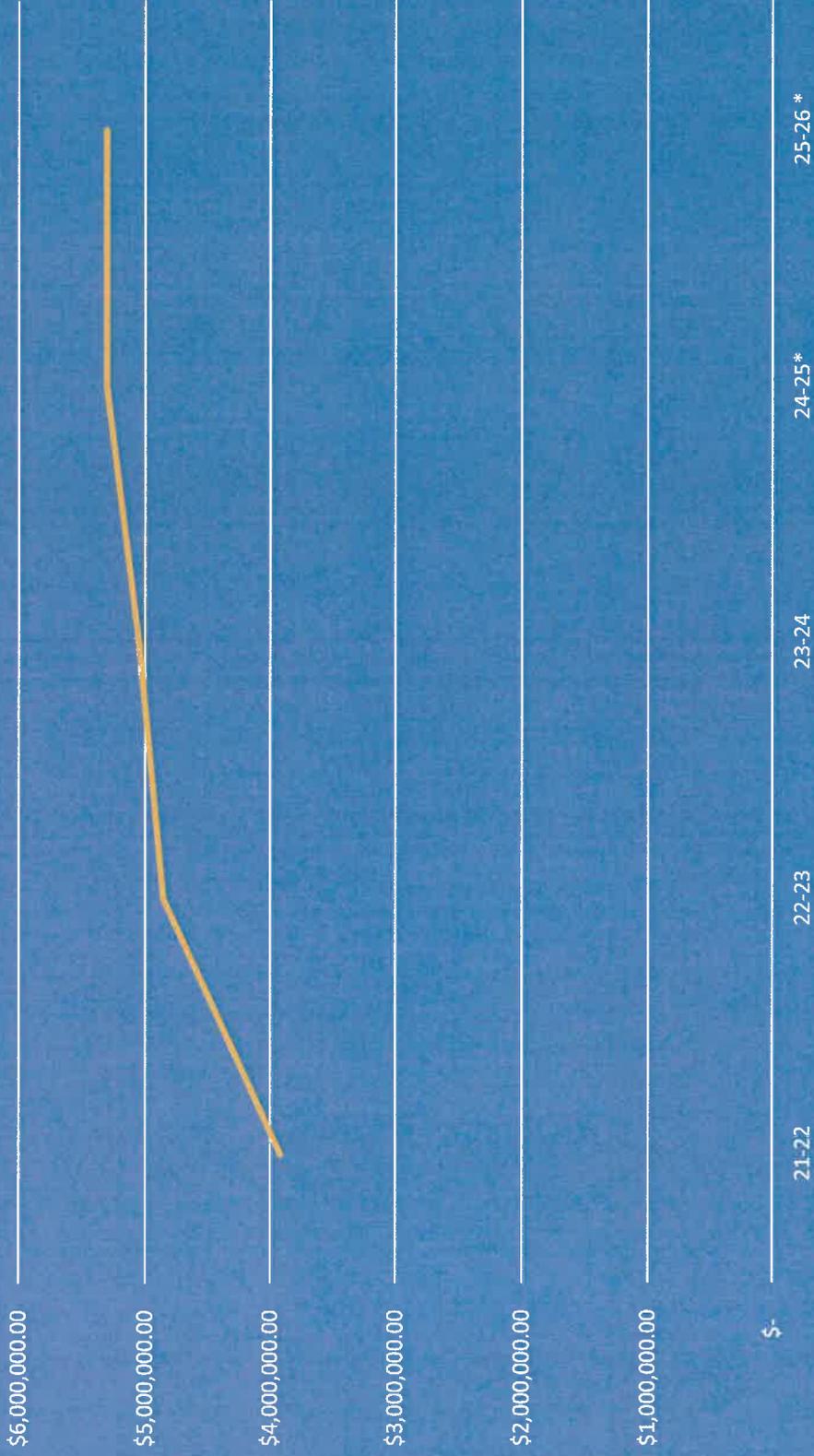
General Fund Revenue and Expenditure Trend



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General Fund: Fund Balance Trend

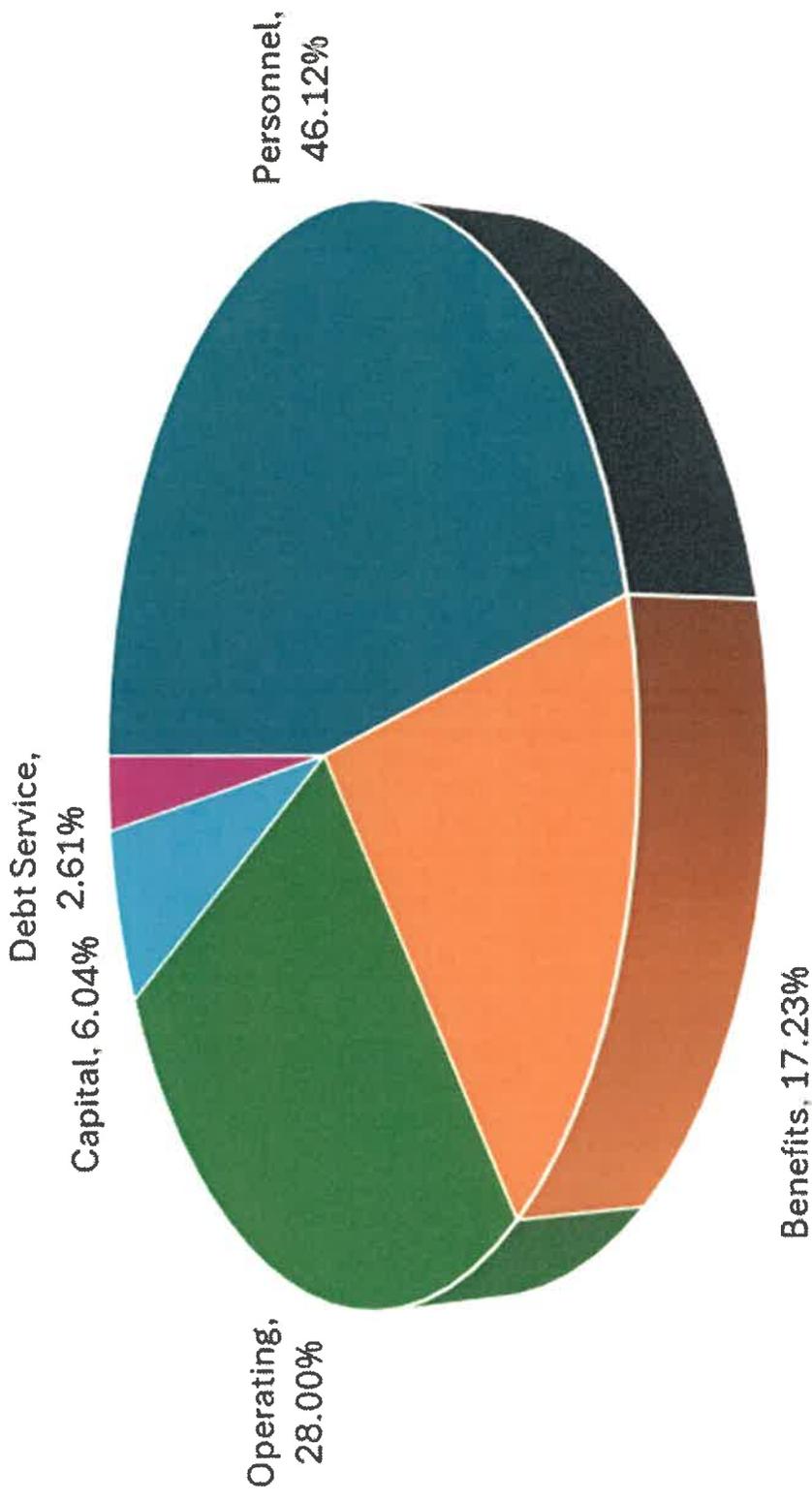
General Fund Unassigned Fund Balance



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FY25-26 General Fund: Expenditures by Type

General Fund Expenditures by Type



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General Fund Capital

The following items are included in the General Fund Budget:

- Police – replacement vehicles
- Fire – replacement equipment
- Powell Bill – street paving, drainage and sidewalks
- Recreation – replacement vehicle
- Grounds – replacement mowers
- Mayor & Council – election expense



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General Fund Revenue Assumptions

- Proposed one cent increase in the property tax
(New rate would be .35 cents per \$100)
- Rural Fire Tax rate is currently included at .09 cents
(Pending action on our request for .10 cents)
- Fund balance usage for some of the capital outlay funding



Comments & Questions for General Fund Budget?



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