

# UPTOWN

## Leventis receives MASC Distinguished Service Award

The Municipal Association of SC presented Senator Phil Leventis with the Distinguished Service Award during *Hometown, SC* Legislative Action Day on February 28.

The Municipal Association established the award to recognize individuals outside of municipal government who contribute to the advancement of municipal government in the state.

Leventis said he was proud to receive the award, presented just 20 times since 1975. Others who have received the honor include U.S. Representative Jim Clyburn, former U.S. Senator Ernest "Fritz" Hollings and former S.C. House Speaker David Wilkins.

MASC Executive Director Howard Duvall said Leventis was selected

because of his unwavering stance on Home Rule issues. "He consistently takes the local government point of view," Duvall said.

Leventis led the defense of the right of local governments to regulate billboards against the well-funded outdoor advertising industry. His efforts stalled the legislation for at least a year. He also has been very involved in the issues of property taxes and telecommunications, Duvall added.

"He's not afraid to speak at length – to filibuster – to prevent pieces of legislation that are harmful to local



Senator Phil Leventis is congratulated by MASC President Mayor Doug Echols of Rock Hill for receiving the MASC Distinguished Service Award.

government from going through," Duvall said.

**LEVENTIS continued on page 2**

## Advocacy and communications missions combine

In January, MASC took the opportunity of an open staff position and combined its advocacy and communications areas to form a new department within the Association. Reba Campbell will lead the new department as director of advocacy and communications.

"Advocacy and communications go together," said MASC Executive Director Howard Duvall. "Whether it is sharing information with our members, legislators or key influencers, the bottom line is you have to be able to communicate the information in a clear and effective manner."

Campbell has more than 20 years of experience at the local, state and federal levels in policy, politics and communications including 10 years in a similar position at South Carolina ETV. "Combining our advocacy and communications efforts

**ADVOCACY continued on page 6**

March 2007

## Inside This Issue

Who files a Statement of Economic Interests Form?  
page 2

Greenville creates campaign to educate public on smoke-free status  
page 6

The debate over election dates  
page 9

## Leventis continued from cover

Leventis jokes that his father, a former Richland County councilmember, told him 35 years ago that local government was more important than state government because “we can cut your water off.”

“Local government is the front line of services that define the quality of life for residents,” Leventis said. “If the quality of life is desirable, people will vote with their feet – they’ll move in. If it’s not satisfactory, people won’t

vote you out of office, they just won’t live there.”

Leventis said local governments and school boards are the bedrock of quality of life for residents. “When local government is up to task, we all enjoy the benefits of what they can do,” he said. Taxes are an investment residents make in their community, Leventis added.

“The question is not ‘are taxes too high or too low?’” Leventis said. “The question is, ‘Are we getting a return on

our investment that we believe is appropriate.”

Leventis said he has the highest admiration for his mayor, city council, manager and the staff who “put on the programs we enjoy every day.”

“Local governments are right next to the constituents, all day, every day,” he said.

## Who files a Statement of Economic Interests Form?

The deadline for filing a Statement of Economic Interests Form with the State Ethics Commission is fast approaching. The SC Ethics Commission must receive the form before April 15. Failure to file the statement by the deadline is considered a misdemeanor and could result in a fine, jail time or both.

### Who needs to file

- Any elected public official or candidate for public office
- Any official appointed to fill an unexpired term
- City manager/administrator or chief administrative officials, regardless of title
- Chief financial officer and chief purchasing official, regardless of title

### What is reported on the form

- Details about income received from a governmental entity by the filer or a member of the filer's immediate family.
- Details about any real property owned and options to purchase real property by the filer or a member of the filer's immediate family if there have been any public

improvements of more than \$200 on or adjacent to the real property within the reporting period. The filer must be aware of the public improvements.

- Contract details if the filer sells, leases or rents personal property to the state, county or municipal government. A copy of the contract must be attached to the Statement of Economic Interests Form.
- Name of each organization that paid for or reimbursed any expenses for speaking before a public/private group. The amount, purpose, date and location of the speaking engagement must be disclosed.
- Name/address of each creditor to whom the filer or member of the filer's immediate family owed a debt in excess of \$500 at any time during the reporting period if the creditor is subject to regulation by city. This does not include credit card installments, mortgage payments or automobile payments.
- The name of any lobbyist who is a member of the filer's immediate family or an individual with whom or business with which the filer or member of the filer's immediate family is associated.

- Any compensation received from an individual or business which contracts with the city.
- Any gifts received during the previous calendar year from any person if the gift was believed to be given because of the filer's position or if the gift is given in hopes of seeking a contractual, business or financial relationship with the city.

(For a complete listing, visit <http://ethics.sc.gov>)

The statement, due April 15, covers activity during the previous calendar year (January – December 2006). All forms submitted are considered a public record.

In addition to filing annually on April 15, the individual must file a Statement of Economic Interests Form when filing as a candidate for public office or prior to taking a seat on council or beginning to work for the city.

For more information and to download a copy of the statement, visit <http://ethics.sc.gov/economicinterests/statementofeconomicinterestsform.htm>.

# Fix the whole tax system

By Harris DeLoach and Doug Echols

*This column appeared in The State and other newspapers around South Carolina.*

“Taxes are the dues we pay for a democratic society.” The descriptive observation by Justice Oliver Wendell Holmes reminds us that these dues educate our children, protect our lives and property and provide for our quality of life.

The amount of “dues” every resident and business pay to live in this democratic society should be predicated on a fair tax system. Unfortunately, South Carolina’s tax system has become unbalanced after years of tinkering without taking a comprehensive look at how these changes affect our overall tax structure. This patchwork of changes is forcing more of the burden on to businesses while giving local governments and school districts less flexibility in how they provide services to residents and businesses.

Today, South Carolina’s businesses pay 45 percent of all state and local taxes, which is up from 42 percent a year ago, according to the Council on State Taxation. Businesses in North Carolina and Georgia pay 36 percent and 39 percent respectively.

Last year’s tax shift removed school operations from the tax bills for owner-occupied homes and funded them with a 1 percent addition to the sales tax. The legislation removed the ability of school districts to raise taxes on owner-occupied homes. The main place that schools can go now to raise money is to the business community, which further exacerbates the problem of South Carolina businesses paying high taxes.

This example clearly illustrates South Carolina’s need to balance tax policy so that one sector of the economy is not unfairly burdened. At the same time, the tax system must



**Harris DeLoach, board chairman,  
SC Chamber of Commerce**



**Doug Echols, MASC President**

ensure flexibility of resources so government can provide services at the level expected by citizens and businesses. It’s a delicate balancing act that must be approached deliberately and purposefully to avoid tying the hands of local governments or hurting business growth.

Comprehensive tax reform is a legislative priority for both the state’s business community and the local elected leadership of the state’s cities and towns. While sometimes it may appear the interests of the business community can be at odds with the priorities of local governments over issues like spending caps, in reality, we are all working toward the same goal — moving our state forward. In the same way that citizens and businesses need stability and predictability in their tax liability, governments also need stability and predictability in their revenues to provide services taxpayers demand.

Thriving businesses are drawn to strong cities with good schools, stable infrastructure and safe streets. The success of our state’s economic development efforts is directly tied to the strength of our cities and towns to provide the quality of life, services and amenities that taxpayers and businesses demand.

South Carolina must remain globally competitive. Strong businesses, strong cities and strong schools are dependent on a balanced tax system. We urge the General Assembly to take a comprehensive approach to reforming our tax system. Without it, we lose the opportunity to guide our state to a prosperous future.

*DeLoach is chairman of the board of the SC Chamber of Commerce and chairman and CEO of Sonoco Products Co. Echols is president of the board of the Municipal Association of South Carolina and the mayor of Rock Hill.*

# Statewide Brownfields Revolving Loan Fund offers benefits to municipalities

The cost of environmental remediation can add up quickly. This can be particularly true when a municipal government owns the property. Questions surrounding the scope of environmental remediation, potential uses of the property after cleanup, and the entire project's financial viability loom large in the minds of city officials.

To help local governments with environmental remediation needs, the Brownfields Revolving Loan Fund (BRLF) of the Department of Health and Environmental Control (DHEC) provides ways to reduce the environmental cleanup costs and spread them over a multi-year period. In addition to units of local government (including municipalities and county government), non-profits, for-profit developers and individual landowners are eligible borrowers.

The City of Rock Hill executed a brownfields Voluntary Cleanup Contract with DHEC in 2003 and applied for a loan from the BRLF. Rock Hill's staff prepared a project budget for the cost of environmental cleanup and City Council pledged a portion of the City's Community Development Block Grant proceeds to repay the loan. Work began on the project in 2005. To date, more than \$300,000 has been funded for cleanup costs; remediation is scheduled for completion this year. The City plans to convert the site into single-family residential lots to develop affordable housing.



Rock Hill City Manager Carey Smith explained, "The Brownfields Revolving Loan Fund was a very important financial tool which made it possible for us to turn a community hazard into a community asset."

Additionally, for governmental and non-profit borrowers, 30 percent of a loan (up to a maximum of \$150,000) may be forgiven over the repayment period. For example, if a \$500,000 loan is made to cover cleanup costs of a project, the total loan principal may be reduced by up to \$150,000

because of the program's forgiveness provision.

Serving as statewide program administrator, the Catawba Regional Council of Governments (CRCOG)

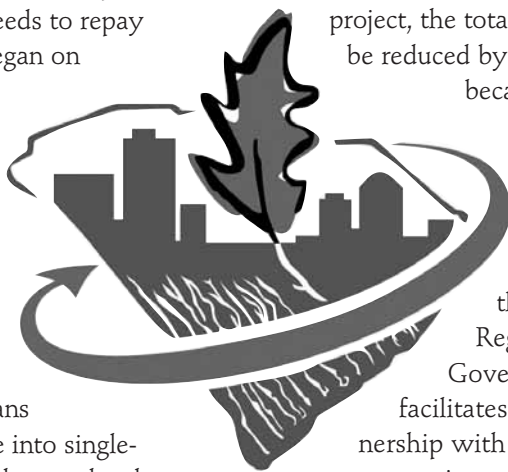
facilitates the BRLF in partnership with DHEC. Using its past experience in brownfields remediation, CRCOG markets and

services loans created through the program.

"We've discovered that when grants are unavailable, BRLF is the next best thing," said Rock Hill Mayor Doug Echols. "This pool of funds should be explored by local governments that find themselves owners of brownfields property. The financial benefits of the BRLF, coupled with the community benefit of removing environmental contamination, combine for a winning proposition."

Loan terms can be tailored to the borrower's need and repayment ability. Loans may range from \$50,000 to more than \$1 million and are structured based upon potential sources of repayment, collateral availability and the overall risk of the project. Interest rates are usually well below conventional market rates, and may be as low as 1 percent.

Eligible activities for financing, after a Voluntary Cleanup Contract has been executed with DHEC, include installing drainage controls; stabilizing berms,



**BRLF LOAN continued on page 5**



■ The National League of Cities appointed Mayor Doug Echols of Rock Hill (MASC president) 2007 chairperson of the Leadership Training Council. NLC also named Mayor Joe Riley of Charleston its 2007 vice chair of the Council on Youth, Education, and Families.

■ Rock Hill's holiday event, ChristmasVille, received two regional awards from the SC Festival and Event Association. ChristmasVille won awards for Best Mass Media Production in TV or Radio and the SC runner-up for Event of the Year.

■ "The City of Isle of Palms 50th Anniversary Documentary" received a 2006 Aurora Award in the Documentary – Historical Event category. The Aurora Awards is an international competition recognizing local, regional, independent and industrial excellence in the film and video industries. MMG Productions produced the film.

■ The Awards for Municipal Excellence recognize outstanding programs that improve the quality of life in America's communities. Given through a partnership between the National League of Cities and CH2M HILL, the Awards honor a range of population sizes, with two awards in each population category. Visit [www.nlc.org](http://www.nlc.org), under "Resources for Cities" and "Awards and Recognition" for a nomination packet and additional information, call 202.626.3130 or e-mail [awards@nlc.org](mailto:awards@nlc.org).

## BRLF loan continued from page 4

dikes or drainage lagoons; capping contaminated soils; excavating or removing highly contaminated soils from drainage or other areas; removing drums, barrels, and tanks that contain hazardous substances; cleaning mildly contaminated petroleum sites; and con-

ducting site monitoring activities necessary during the cleanup process.

For further information about the program, contact Randy Imler or Elaine Fairman at CRCOG at 803.327.9041, [rimler@catawbacog.org](mailto:rimler@catawbacog.org) or [efairman@bellsouth.net](mailto:efairman@bellsouth.net).

### 10 Steps to a BRLF loan

1. If a Voluntary Cleanup Contract (VCC) has not been executed for a specific site, call Craig Dukes at DHEC at 866.576.3432.
2. If a VCC has been executed or is currently being negotiated with DHEC, contact Randy Imler at CRCOG at 803.327.9041 or [rimler@catawbacog.org](mailto:rimler@catawbacog.org) to discuss the possible benefits of a BRLF loan.
3. With DHEC's involvement, the borrower determines the scope and budget of work required under the VCC. CRCOG and DHEC will provide guidance regarding eligible activities.
4. Complete a BRLF application (available from CRCOG).
5. A loan proposal (term sheet) is presented by CRCOG and negotiated between BRLF representatives and the borrower.
6. The prospective loan is underwritten and approved by the BRLF Loan Committee.
7. Legal documents are drawn by the BRLF attorney and reviewed by municipal staff/counsel.
8. Loan documents are executed, and the loan is closed.
9. Loan proceeds are funded based upon presentation and certification of eligible costs by DHEC.
10. Loan repayment is based upon negotiated terms under the loan agreement and note.

# Greenville creates campaign to educate public on smoke-free status

For nearly a decade, Greenville has prohibited smoking in most public buildings. Yet workers and patrons still could be exposed to secondhand smoke at bars and restaurants.

Greenville City Council and Mayor Knox White decided it was time to revisit the issue after a June 2006 U.S. Surgeon General's report showing that any exposure to secondhand smoke can cause serious harm.

Armed with the report, practical experience and constituent concerns, councilmembers decided the bar and restaurant exemption "was no longer justified in keeping with the city's commitment to healthy lifestyles," White said.

Greenville City Council approved a smoke-free ordinance at the end of October. The ban took effect January 1, 2007. Officials decided it was important to educate the public and business owners because of the quick effective date, said Julie Horton, intergovernmental relations manager for Greenville.

The City created the "Breathe Easy" campaign, which incorporated print, broadcast and Internet advertisements to inform the public about Greenville's great restaurants, lively bars and outdoor events, Horton said. The campaign featured a new logo printed on buttons and stickers for restaurants and bars, and on

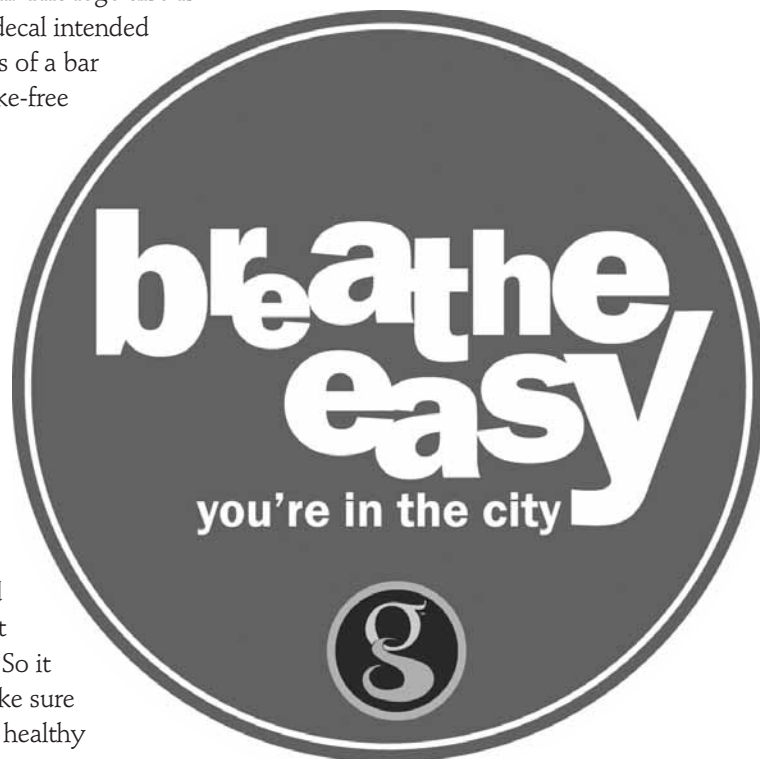
banners across town. The logo also is used in a window decal intended to inform customers of a bar or restaurant's smoke-free status.

As part of the process, the City held meetings with bar and restaurant owners to discuss their concerns, Horton said.

"They were the ones who would be most directly impacted," she said. "They had concerns the impact would be negative. So it behooved us to make sure they would remain healthy financially."

The business owners offered input on the marketing campaign, even while a few were involved in a lawsuit against the City. The lawsuit is pending, but officials "still believe it's the right thing for the City to do," Horton said.

The City also prohibited smoking at its December Christmas parade — the first smoke-free event in Greenville. Police officers provided ashtrays and asked smokers to put out their cigarettes.



The City has received good feedback since enacting the ordinance, White said. "The e-mails and letters we've received at City Hall have been overwhelmingly positive."

For more information about Greenville's "Breathe Easy" campaign, visit [http://www.masc.sc/hometownnc/best\\_practices.htm](http://www.masc.sc/hometownnc/best_practices.htm) or <http://www.greatergreenville.com/BreatheEasy/>

## Advocacy continued from cover

makes perfect sense as we work toward making long-range changes in how cities and towns are perceived in their role as part of the state's economic development efforts," Campbell said.

Warren Harley, former assistant administrator for Orangeburg, joined

the staff in November as governmental affairs liaison. In addition to providing technical assistance, he is part of MASC's lobbying team. At press time, Campbell was conducting interviews to fill two new lobbying positions.

"With increased staff on the ground at the State House and a more strategic approach to communicating the value of cities, I feel certain we can meet the *Hometown, SC* goal of increasing the influence of cities and towns in the policy making arena," Campbell said.

# Sullivan's Island first in state to ban smoking

Although many employees and patrons are breathing sighs of relief after their cities banned smoking at indoor workplaces, some business owners are concerned the ban will hurt them financially. Many cities are facing lawsuits and appeals over their no-smoking ordinances.

The Town of Sullivan's Island has been smoke-free since June 2006. It survived a legal challenge, but still faces appeals, Town Administrator Andy Benke said.

The town's ordinance banning smoking inside public places passed in May. The ordinance has a waiver provision for businesses, but only one sought a waiver initially, said Benke. After one establishment challenged the ordinance, a judge ruled in favor of the town. The plaintiff, Benke said, now is appealing the judge's decision.

He said enforcement of the ordinance has not been an issue. So far, only one citation has been issued and one warning given. He compares no-smoking enforcement to seat belt



enforcement – there are no non-smoking checkpoints. Yet if a police officer is on patrol and notices safety, parking or noise violations or underage drinking, he might also notice smoking violations, Benke said.

Signs are posted in bars and restaurants to inform customers that smoking is prohibited.

The town was not trying to be the first or make a statement, Benke said. Instead, it's a quality of life issue. "It's an ordinance that protects people in the workplace," Benke said. "The idea is to protect workers from secondhand

smoke, and patrons to some extent."

The City of Greenville passed its own ban. It took effect New Year's Day. The ordinance survived a court challenge, but appeals are pending. Mayor Knox White said it's possible the case could go to the state Supreme Court.

Despite the lawsuits, other cities are following suit. The City of Charleston adopted an ordinance Jan. 23 to ban indoor smoking in businesses including bars, restaurants, private clubs, stores and offices. That ban takes effect in July.

The Town of Bluffton and Beaufort County passed smoking bans in January. The City of Columbia passed a ban, but officials there are delaying enforcement until they clear up legal issues.

Lexington County, the Town of Hilton Head Island and the City of Rock Hill also are debating bans.

"We see it as a public health interest," said Brian Hulbert, staff attorney and Hilton Head Island town prosecutor. "Our concern is the citizens."



## Classifieds

■ The International Institute of Municipal Clerks is accepting applications for an executive director. Send resume and four current professional references by express mail to the International Institute of Municipal Clerks, Attn: Denice Cox, Office Manager, 8331 Utica Avenue, Suite 200, Rancho Cucamonga, CA 91730, fax 909.944.8545, or e-mail [denice@iimc.com](mailto:denice@iimc.com). Deadline is March 30, 2007.

■ The City of Hardeeville is accepting applications for police chief. Provide a cover letter and detailed resume including references to PO Box 609, Hardeeville, SC 29927, Attn: City Manager, or e-mail to [rshaynes@cityofhardeeville.com](mailto:rshaynes@cityofhardeeville.com). Faxes will not be accepted. For more information, visit [www.cityofhardeeville.com](http://www.cityofhardeeville.com). The position will remain open until filled.

■ The Town of Fort Mill is accepting applications for town engineer. Send resume to David Hudspeth, Town Manager, PO Box 159, Fort Mill, SC 29716. The position will remain open until filled.

■ Colleton County is accepting applications/resumes for an information technology director. Submit application/resume to the SC Employment Security Commission, 101 Mable T. Willis Blvd., PO Drawer 530, Walterboro, SC 29488. The position will remain open until filled.

■ Aiken County is accepting applications for a building official and a planner I (transportation emphasis). Apply to Aiken County Human Resources, 828 Richland Ave West, Aiken, SC 29801. For more information, call 803.642.1552. The position will remain open until filled.

# Dual roles for clerks a problem

In many small South Carolina towns, it's fairly common for a municipal court clerk to also serve as records clerk for the police department. Yet this dual role is improper and can lead to legal problems, according to one legal opinion.

The opinion by Danny Crowe, attorney with Turner, Padgett, Graham and Laney and former MASC general counsel, finds that formal relationships between officials in the municipal court and law enforcement "are strongly disfavored in our state as creating an appearance to the public of possible bias or partiality by the court in favor of law enforcement."

Crowe reviewed opinions by the State Supreme Court's Advisory Committee on Standards of Judicial Conduct and opinions by the S.C. Attorney General's Office.

One of those opinions, Advisory Committee Opinion 08-2002, determined "a municipal police chief should not supervise the municipal court." This is based on Canon 2 of the Code of Judicial Conduct, which requires a judge to remain impartial and avoid even the appearance of impropriety.

"The concern ... is the public would perceive an improper influence on judicial decisions when law enforcement has both a formal supervisory role in administration of the municipal court and is the prosecuting agency in the municipal court," Crowe writes.

Another opinion, Advisory Committee Opinion 19-2001, also cites the code of conduct when determining that a clerk of the municipal court should not also serve as a records clerk for the police department.

Opinions by the state attorney general's office back that up. A December 1999 opinion found "it would not be appropriate for an individual to work simultaneously for the Police Department and the Municipal Court," as the two should be "separate and distinct." Other similar opinions determined that the clerk of court serves as an arm of the municipal court and "must maintain the appearance of neutrality" and avoid any potential conflicts of interest.

"This dual role is improper because it could create a negative public perception of the court," said Howard Duvall, Municipal Association of SC executive director. "The court should be above reproach."

**CLERK OF COURT continued on page 9**



## Hometown Happenings

**H**ometown Happenings is a new service to municipalities as a part of the Hometown, SC initiative launched in the summer of 2006.

Each month, municipal officials will have the opportunity to download materials that will help them share the value of cities and towns with the community and, more specifically, their key influencers. Through each suggested activity and corresponding materials, municipal leadership will form partnerships with the local business community, the media, local non-profit organizations and policy makers.

Information includes sample press releases, sample letters to the editor and guest editorials, suggested events and Web site links. Other information as noted below will be posted to the MASC Web site in early March.

## April 2007 Hometown Happenings

**Earth Day/Keep America Beautiful** — many organizations in your community plan events surrounding Earth Day and Keep America Beautiful like tree planting and picking up trash. Partner with those organizations or start your own event. South Carolina's Palmetto Pride participates in the Great American Cleanup from March until May to spread the anti-litter message to communities. Use this opportunity to promote environmentally-friendly businesses, beautiful landscapes or nature conservancies in your municipality.

**Web sites:** <http://www.earthday.net/default.aspx>  
<http://www.kab.org/>  
<http://www.palmettopride.org/>

**National Volunteer Week** — Volunteers are an essential part of the success of any organization — including cities and towns. Use this week to recognize those residents of your municipality who make a difference by volunteering their time to a local organization like Boys and Girls Club or volunteering at City Hall. Make sure they know they are appreciated and let your local newspapers know who makes a difference in their community.

**Web sites:** <http://www.pointsoflight.org/programs/seasons/nw/>  
<http://www.presidentialserviceawards.gov/>

Visit the MASC Web site to download *Hometown Happenings* materials.



# The debate over election dates

What is the best date for municipal elections? That may sound like a trick question, but it has been debated for many years in South Carolina. The issue is poised to resurface this legislative session.

The South Carolina Association of Registration and Election Officials asked the state Election Commission to propose legislation to require municipal elections be held in November of the odd year.

As it has consistently done, the MASC Board of Directors supports the authority of each municipality to decide the best date for its municipal election. State election law and Home Rule authority give municipal councils the authority to set municipal election dates.

The most recent attempt to legislate uniform election dates was in 1994. "You could find a municipal election being held in 50 out of 52 weeks of the year," said MASC Executive Director Howard Duvall. Lawmakers believed a Local Government Election Day would increase public participation in these elections.

While the MASC board opposed this legislation, it agreed to encourage municipalities to move their election dates to either the Tuesday after the first Monday in November or April. Almost 200 of the state's 269 municipalities hold their elections on one of these two dates.

The Town of Hilton Head Island moved its election date in 2004 from the first Tuesday after the first Monday in odd-numbered years to the first Tuesday after the first Monday in even-numbered years to coincide with national elections. "Council hoped the



change would increase voter participation," Town Clerk Betsy Mosteller said.

Increased public participation is not the only driving force behind a uniform election date. In 1992, the General Assembly allowed municipalities to contract with the county to conduct municipal elections. Municipalities have an even stronger incentive to contract with the county now that state law requires electronic voting machines for all municipal elections. "Counties have the electronic voting machines," Duvall said.

In cases where the county election staff is handling the election, the county is strongly encouraging or sometimes requiring the municipality to move its election date. "The Florence County Election Commission, which administers the local elections ... on behalf of

the City of Florence and Florence School District One, asked us to consider changing the election date for purposes of efficiency and consistency (holding all local, state, and national elections simultaneously)," according to Florence City Manager David Williams. City council and the school board agreed.

The Town of Irmo changed its election date in 2006 when it decid-

ed to contract with the county to handle its elections. Town Administrator John Hanson said the county conducted an annexation election for the town. That led to additional conversations about retiring the municipal election commission and turning to county-run elections.

"The town is getting bigger and more complex," Hanson said. "We felt the county could better handle the elections with its larger pool of volunteers and larger election staff." (Irmo is located in both Richland and Lexington counties. The counties worked out an agreement for Lexington to conduct the elections.)

If your municipality would like to change its election date, a model ordinance is located on the MASC Web site at [www.masc.sc/resources/Changingelection.pdf](http://www.masc.sc/resources/Changingelection.pdf).

## Clerk of Court continued from page 8

The clerks of court should report to anybody except the chief of police, Crowe said. It would be appropriate for them to answer to town clerks, administrators or managers, he added.

Still, Crowe's research found no problem with housing both the police and court administration in

the same building – a common practice in many small South Carolina towns. A 2002 attorney general's opinion said that while "the functions of law enforcement and the judiciary must remain separate and distinct," there is no indication that the practice is prohibited.

# Hiring an auditor

By Walda Wildman, CPA

To understand how to hire an auditor, you need to understand a couple of things an audit is not.

First, an audit is not preparing financial statements. For a long time, local governments have expected auditors to take full responsibility for preparing financial statements. Many folks actually equate financial statement preparation with auditing. I have read all too many audit RFPs that make it very clear the government wishes to take no responsibility for the financial statements. Show up, please, CPA firm, with 100 copies of the financials and don't bother us in the meantime.

But post-Enron, audit standards are ending this practice. Enron highlighted the need for auditor independence. I audit "your" financial statements. If I prepare your financial statements, I'm not independent.

Second, an audit is not done to detect theft. If your theft prevention program is your auditor, your town is in deep trouble. While an auditor is responsible for detecting fraud, the fraud he's supposed to try to detect has to be material to the financial statements. So, for example, if you have a \$5 million general fund budget, someone might have to steal \$25,000 before it would be material to the audit. I suspect you'd probably be concerned if that was your town and someone had stolen \$22,500.

Plus, even material fraud is just plain hard to detect. It involves cover-ups and collusion. If you want to keep folks from stealing your town's money, you should have controls in place

that kick in long before the auditor shows up.

So what is an audit? An auditor's job is to render an opinion on whether your town's financial statements are in accordance with the United States' generally accepted accounting principles. I agree that sounds pretty useless when what you're really worried about is aging infrastructure and sufficient police presence.

**Council may hire an auditing firm, without competitive bid, for up to a four-year term.**

**Council must designate an auditor no later than 30 days after the beginning of the fiscal year.**

**SC Code 5-7-240.**

So why do we have audits that result merely in an opinion? Because the American capital system relies on auditor opinions to tell lenders and investors they can compare prospective investments on a level playing field. In addition, in the government arena, expanded Single Audit work tells grantors that their money is being spent in compliance with laws and regulations. And, theoretically, audits are supposed to tell citizens how well their governments are doing.



So how do you hire an auditor? I know it sounds self-serving, but you shouldn't hire an auditor simply on the basis of the low bid. Think of the RFP process as a job interview rather than an auction. Ask the same kinds of questions of prospective auditors that you would of job applicants:

- What is your experience with towns like ours?
- Do you have references?
- Do you have a good track record for getting jobs done on time?
- Do you have a good track record for getting jobs done on budget?
- What about your staff?
- What's their experience?
- What kind of quality control program does your firm have?
- When was your last peer review, and what was the result?
- What is your most recent continuing education?
- Are you available to advise our staff on issues during the year and how much will that cost?

And the final piece of advice: make sure you and other members of council are involved in selecting the auditor. Councils, after all, are the audit clients.

## MASC online compensation survey updates go live in March

Each year, the Municipal Association of SC conducts an online compensation survey for municipal governments. “The online system provides timely results to municipalities and makes comparisons easier than the hard copy publication printed before 2006,” said Tracie Barnes, SC Municipal Human Resources Association president.

In February, municipal staff entered their salary information on a secure server. After review, MASC will pub-

lish the updated results online in March. The online format allows users to browse all data, search for specific data or compare 2005 and 2006 information, such as municipality, position, salary range and fiscal budget. The information is available to export to an Excel file to allow for further analysis.

*For more information, contact Michelle James, MASC director of education and training, at 803.933.1228 or [mjames@masc.sc](mailto:mjames@masc.sc).*



## South Carolina well represented at National League of Cities' meeting



In December, approximately 25 SC municipal officials attended the National League of Cities' annual Congress of Cities meeting in Reno, Nevada. South Carolina officials joined delegates from across the nation to hear speakers Henry Cisneros and Jack Kemp, both former secretaries of the Department of Housing and Urban Development, discuss affordable housing.

# Educational Opportunities



## Municipal Clerks and Treasurers Institute

■ **March 14-16**, will hold the spring session at the Clarion Townhouse Hotel in Columbia. Topics include an overview of South Carolina government, the role of the clerk and procurement.

## MASC

■ **March 15**, will co-sponsor a Sunshine Week Freedom of Information Act satellite seminar from 6 – 7 p.m. Visit MASC's Web site for viewing locations.

## SC Utility Billing Association

■ **March 21-23**, will hold its Annual Meeting at the Marriott Resort at Grand Dunes in Myrtle Beach. Topics include theft and fraud prevention, radio reads, rates survey and a customer service pre-conference workshop.

## Municipal Elected Officials Institute of Government

■ **March 22**, will present "Basic Budgeting for Municipal Officials." The session will be broadcast via satellite to the 10 regional councils of governments.

## Hometown Connection

■ **March 27**, municipal officials from Beaufort, Berkeley, Charleston, Colleton, Dorchester, Dillon, Florence, Georgetown, Hampton, Horry, Jasper, Marion and Williamsburg counties visit with their state legislators. Officials will meet at MASC's office at 1411 Gervais Street in Columbia at 10:30 a.m.

## Municipal Finance Officers, Clerks and Treasurers Association

■ **April 5**, will hold its Spring Meeting at Embassy Suites in Columbia. Topics include GASB 45, election laws, technology in council chambers, preparing for court audits, and understanding sales and use tax.

## Hometown Connection

■ **April 24**, municipal officials from Anderson, Cherokee, Chester, Fairfield, Greenville, Lancaster, Oconee, Pickens, Spartanburg and York counties visit with their state legislators. Officials will meet at MASC's office at 1411 Gervais Street in Columbia at 10:30 a.m.

## SC Association of Municipal Power Systems

■ **April 24**, will hold a member meeting and Legislative Reception at the Clarion Townhouse Hotel in Columbia.

## Main Street South Carolina

■ **April 26-27**, will conduct a training session "Main Street in the Year 2025" at the Breeden Inn Bed and Breakfast in Bennettsville.

## Municipal Elected Officials Institute of Government

■ **May 3**, will present "You've Been Elected, Now What," and "Freedom of Information Act." The session will be broadcast via satellite to the 10 regional councils of governments.

For more information about these meetings or other MASC meetings not listed, please call 803.799.9574, or visit our Web site at [www.masc.sc](http://www.masc.sc).



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