

Town of Spring Lake
Regular Meeting of the Board of Aldermen
Municipal Building
300 Ruth Street
Spring Lake, NC 28390

August 23, 2021

MINUTES

6:00 p.m.

The Spring Lake Board of Aldermen held a regular meeting in the Grady Howard Conference Room of the Spring Lake Municipal Building with Mayor Larry G. Dobbins presiding.

Board Members Present: Mayor Pro Tem Taimoor Aziz
Alderwoman Soña Cooper (via Zoom)
Alderwoman Jackie Jackson
Alderman James O'Garra
Alderwoman Fredricka Sutherland

Others Present:

Samantha Wullenwaber, Interim Town Manager
Jonathan Charleston, Town Attorney
Melissa Pereira, Interim Town Clerk
Benard Lemon, Audio Visual Coordinator
Susan McCullen, NC Department of State Treasurer
David Erwin, NC Department of State Treasurer
Mark Baker, NC Department of State Treasurer
Dysoaneik Spellman, Interim Police Chief
Jason Williams, Fire Chief

1. Invocation and Pledge of Allegiance

Mayor Dobbins declared a quorum and called the meeting to order.

Alderwoman Jackson gave the invocation and led the Pledge of Allegiance.

2. Additions or Deletions

Alderman O'Garra requested to add item 7e to New Business, Discussion of Large Vehicles in Residential Areas. Alderwoman Sutherland requested to delete item 7c, Rustic Burger Grand Opening, due to a conflict of interest. Mrs. Wullenwaber requested item 6a in Presentation, Green Cross Award, due to awardee not being able to attend. Mrs. Wullenwaber requested to add item 7f in New Business, Discussion of COVID-19 Mask Mandate. Mr. Charleston requested clarification on the discussion of large vehicles in residential areas. Alderman O'Garra explained that there are 18-wheelers parking in residential areas that are impeding vision to traffic flow. Alderman O'Garra explained last Friday night a driver parked his 18-wheeler with a trailer on Laketree Blvd in front of someone's residence. Alderman O'Garra stated the resident put a note on the truck. Alderman O'Garra stated the truck driver dropped the trailer and parked on Laketree Blvd. Mr. Charleston asked Alderman O'Garra what action would he like the Board of Aldermen to take? Alderman O'Garra stated he wants to vote on implementing a policy and give the police the authority to write citations. Mrs. Wullenwaber stated the board discussed this item at the last meeting and the board did not

want to move forward with implementing a policy. She further stated that it would be an ordinance and not a policy. Mr. Charleston stated a reconsideration would require a vote from the majority.

Alderwoman Jackson also requested to delete item 7c in New Business. Alderwoman Jackson stated that Alderwoman Sutherland's statement made earlier was incorrect. Alderwoman Jackson stated the purpose of the agenda item was to let the community know about the grand opening, but no date has been determined. Alderwoman Cooper expressed the discussion of large vehicles can be viewed in greater detail amongst other things. Alderwoman Cooper requested the deletion of item 7c in new Business because as a Board we don't announce one business on the agenda but we could invite new businesses to come and speak. Alderwoman Cooper expressed concerns with the Board announcing businesses from our platform.

3. Approval of Agenda

Action: Approval of the August 23, 2021 Board of Aldermen Regular Meeting agenda with additions and deletions.

Motion by: Mayor Pro tem Aziz

Second by: Alderman O'Garra

Vote: Unanimous

4. Approval of Consent Items

Action: Revise July 26, 2021, Regular Meeting minutes, and August 9, 2021, Work Session minutes to reflect the necessary corrections and present the revised minutes at the next board meeting.

Motion by: Alderwoman Cooper

Second by: Alderwoman Sutherland

Vote: Unanimous

5. Public Comment

None.

6. Presentation

None.

7. New Business

a. Local Government Commission Board Training

Ms. Susan McCullen discussed the importance of a finance officer. Ms. McCullen stated the finance officer should understand reporting and accounting duties so they can monitor what the town finance operations, and to ensure the work is being completed in a timely and accurate manner. Ms. McCullen stated the Local Government Budget and Fiscal Control Act (LGBFCA) requires the finance officer to be bonded at an amount not less than \$50,000. Ms. McCullen stated that a finance officer is responsible for maintaining the accounting system, disbursements of all funds, preparing financial reports, managing receipt and deposit of monies, managing debt, and supervising cash investments.

Alderman O'Garra expressed concerns about whether or not a \$50,000 bond was sufficient for the town. Ms. McCullen explained the best way to estimate the amount of a bond needed is to analyze the amount of money that is used for operating purposes within a certain amount of time. Alderwoman Sutherland discussed concerns about daily bank reconciliations. She stated that all monies need to be deposited in the bank every day and posted to the town's accounting system in the general ledger. Ms. McCullen stated that there is a statutory requirement for daily deposits. Alderwoman Jackson asked who pays the bond. Ms. McCullen stated the town.

Ms. McCullen gave details about the monthly financial reports and understanding the fund balance. Ms. McCullen stated the finance officer should be presenting a monthly financial report. Ms. McCullen stated that when the yearly audits are presented there should be no surprises at the end of the year for overbudgeting. Ms. McCullen stated that the town cannot make financial decisions if they do not know the financial condition of the town. Ms. McCullen explained that when or if the town hires a third-party bookkeeper, the contract should state specifically the need for timely monthly and quarterly financial reporting. Ms. McCullen discussed Unassigned Fund Balance and its purpose. Ms. McCullen stated the fund balance should be at least eight percent at all times. Alderwoman Jackson stated it's a savings account. Ms. McCullen stated yes. Alderwoman Sutherland expressed concerns about the FEMA monies being deposited into the fund balance. Ms. McCullen stated yes and that the money can also go into a special fund.

Ms. McCullen presented to the Board the pre-audit process. Ms. McCullen stated it is the responsibility of the governing board to make sure the audit is on time. Mrs. Wullenwaber explained the town manager has the authority according to the adopted budget ordinance to move \$5,000 within the same department, but monies that need to be transferred from department to department must have a budget amendment brought to the Board for approval. Mrs. Wullenwaber stated that a transfer of more than \$5,000 within a department has to come before the Board and Local Government Commission (LGC) as well. Alderwoman Sutherland stated if the cash reserves are low, the finance officer may refuse to issue any pre-audit certificates until he or she feels that adequate funds are available. Ms. McCullen stated the finance officer cannot disperse funds unless there is a budget to pay and then when the check is cut to pay the obligation.

Ms. McCullen presented to the Board that an annual audit must be completed. Ms. McCullen stated the auditor must present the findings of the audit to the governing board at the meeting. Mr. Charleston expressed concerns about waiting on getting a financial audit until after the forensic audit is completed. Ms. McCullen explained Cherry Becker Accounting Firm can't start until the forensic audit is completed. Ms. McCullen stated a forensic audit are transactions that were recorded inappropriately and will affect your cash, operating revenues, expenditures and impact those balances. Alderwoman Cooper expressed concerns with no knowledge of forensic audit being conducted, and Cherry Becker completing our audit, and at what cost. Ms. McCullen stated they will work with Cherry Bekaert LLP accounting firm to ensure the audit fee is fair, and has Board's approval. Mr. Charleston stated that the state auditor is doing a forensic audit although the term was not used. Mrs. Wullenwaber stated the town is internally doing an analysis on every single transaction. Alderwoman Sutherland stated as a Board asked for a forensic audit over a year ago. Alderwoman Sutherland asked if the new Board will have to sign the Fiscal Accountability Agreement, and continue training. Ms. McCullen stated yes. Alderwoman Jackson expressed concerns about contracting a finance officer while the forensic audit continues. Mrs. Wullenwaber stated she is the Interim Finance Officer, and we also have three finance consultants from different firms.

Ms. McCullen discussed the importance of establishing a debt policy for the town. She referenced the Spring Lake Property Acquisition LLC and its debt. Ms. McCullen stated the Spring Lake Property Acquisitions Board was set up as a separate legal entity. Mr. Charleston stated they were not set up with the Board. Ms. McCullen stated they were originally set up with the former manager and finance director. Mr. Charleston stated there were others. Alderwoman Jackson stated there were employees too but the former manager and finance director were not the Board. Mr. Charleston stated none of the members of this Board were involved. Ms. McCullen explained how the Spring Lake Property Acquisitions would be a part of the town's financial statements, and reported as a fund. Alderwoman Sutherland expressed concerns with the new Spring Lake Property Acquisitions Board as well as their financial statements being a part of the town's financial statements. Mr. Charleston stated there are two separate issues, and one requires further discussion in a closed session because it involves legal issues. Mr. Charleston stated initially the Spring Lake Property Acquisitions was reported last fiscal year with the Local Government Commission (LGC) Ms. McCullen stated it was changed before June 30, 2021. Alderwoman Sutherland stated it should have never been created. Ms. McCullen stated she wants a copy of the agreement. Mr. Charleston stated all documents were sent to Ms. Sharon Edmundson. Alderwoman Cooper expressed concerns about the Spring Lake Property Acquisitions being a part of the town's financial statements. Ms. McCullen stated it will be included and part of your financial reporting entity as the Governmental Accounting Standards Board defines. Alderwoman Jackson expressed concerns about the Spring Lake Property Acquisitions being added to our financial statements. Ms. McCullen stated it's not good. Mayor Dobbins stated it should be good because everything will come to the light. Alderwoman Jackson asked what could happen? Ms. McCullen stated because of the Town's financial situation and debt. Alderwoman Jackson asked if none of our Board members were a part of, then we wouldn't have to worry? Ms. McCullen stated it still might meet the requirements for a blended component unit. Mr. Charleston stated financial reporting does not create legal liability. Ms. McCullen stated that's true. Alderwoman Sutherland expressed concerns about the \$800,000 payment being restructured. Mr. Charleston stated the Spring Lake Property Acquisitions are in last year's financial statement and audit. Alderwoman Sutherland stated the Spring Lake Acquisitions should be reported as a separate entity. Ms. McCullen stated it will be reported as a separate fund. Ms. McCullen discussed helping create debt service policy because debt service needs to be included in the budget.

Ms. McCullen discussed the Code of Ethics training that has to be completed within twelve months of being elected or re-elected. The Board of Aldermen expressed appreciation and thanks for the training. Mrs. Wullenwaber presented the Fiscal Accountability agreement to the Board that needs to be signed by August 23, 2021. Mr. Charleston recommended changes to the agreement prior to signature. Mr. Charleston stated he would send his proposed changes to the LGC. The revised FAA was not signed.

b. Monthly Financial Update

Mrs. Samantha Wullenwaber presented to the Board the monthly financial report. Mrs. Wullenwaber stated that the town's current finance staff are contracted through Greg Isley's firm in Raleigh and the Mid-Carolina Council of Government. Mrs. Wullenwaber stated the town has two consultants, and are working on building the finance department back to full staff. Alderwoman Jackson asked was there a contract agreement, and do we have enough money? Mrs. Wullenwaber stated yes, there are line items budgeted for outsourcing.

c. Discussion of COVID 19 Mask Mandate

Mayor Dobbins asked if the Town of Spring Lake would like to participate in the mask mandate.

Mayor Dobbins asked for a consensus. The Board of Aldermen agreed.

d. Discussion of Large Vehicles in Residential Areas

Alderman O'Garra discussed 18-wheelers parking in residential areas and obstructing traffic. Alderman O'Garra expressed concerns with these large vehicles destroying town streets, and that the town is not financially stable to repair if needed. Alderwoman Sutherland expressed concerns about an individual's right to park on their property. Alderwoman Cooper stated the town has a traffic schedule in place.

Action: To deny a policy for large vehicles parking in residential areas.

Motion by: Alderman O'Garra

Second by: Alderwoman Jackson

Vote: 3-2

Yes

Alderman O'Garra
Alderwoman Jackson

No

Mayor Pro tem Aziz
Alderwoman Sutherland
Alderwoman Cooper

8. Closed Session

- a. N.C.G.S. §143-318.11(a)(6) – Personnel

Action: The Board approved a motion to go into Closed Session N.C.G.S. §143-318.11(a)(6) - Personnel

Motion by: Mayor Pro tem Aziz

Second by: Alderman O'Garra

Vote: Unanimous

Mayor Pro tem Aziz made a motion, seconded by Alderman O'Garra, to reconvene in an open session.

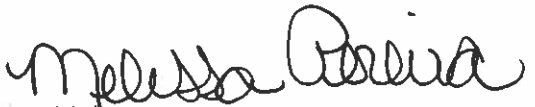
9. Adjournment.

Action: There being no further business to come before the Board, the meeting was adjourned at 9:10 p.m.

Motion: Mayor Pro tem Aziz

Second by: Alderman O'Garra

Vote: Unanimous


Melissa Pereira
Interim Town Clerk

ATTEST:



Larry G. Dobbins
Mayor