

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

July 25, 2022

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 Kia Anthony presiding.

Board Members Present:

- Mayor Pro Tem Robyn Chadwick
- Alderwoman Sofia Cooper
- Alderman Marvin Lackman
- Alderman Raul Palacios
- Alderwoman Adrian Thompson

Others Present:

- Joe Durham, Interim Town Manager
- Michael Porter, Town Attorney
- Banard Lemon, Audio Visual Coordinator
- Dysoaneik Spellman, Interim Police Chief
- Jason Williams, Spring Lake Fire Chief
- Tim Garner, Director of Water Treatment Plant
- David Erwin, Finance Director, Local Government Commission
- Susan McCullen, Director of Fiscal Management, Local Government Commission
- Tiffany Anderson, Financial Analyst, Local Government Commission

1. Call to order

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

2. Invocation and Pledge of Allegiance

Spring Lake Fire Chief Jason Williams gave the invocation and led the Pledge of Allegiance.

3. Additions or Deletions

There are no additions or deletions.

4. Approval of Agenda

Action: Approval of July 25, 2022, Board of Aldermen Regular Meeting agenda.

Motion by: Alderwoman Cooper

Second by: Alderwoman Thompson

Vote: Unanimous

5. Approval of Consent Items

Action: Approval of the draft minutes of July 11, 2022, Work Session Meeting and Board application for the Appearance and Sustainability Committee

Motion by: Alderwoman Cooper

Second by: Alderman Palacios

Vote: Unanimous

Alderman Lackman expressed his gratitude for Dr. David Dickerhoff's involvement.

6. Public Comment

There are no public comments.

7. New Business

a. Update from the Local Government Commission – Susan McCullen (David Erwin gave the Update)

Mr. David Erwin gave details to the questions he's received regarding the priorities of the Local Government Commission and the Spring Lake Board of Aldermen. He begins by reviewing the items containing the Fiscal Accountability Agreement from 2021. One of the priorities of the Board is to hire a permanent town manager which is primary. The Board needs to hire a finance director and give attention to the other financial duties. Mr. Erwin mentions there is issues with the bank reconciliations; Sylvia in the finance department is spending a lot of time with the outstanding checklist which is inaccurate. The goal is to get to a good outstanding checklist for July 2021 and in order to complete an audit for the last fiscal year 2022 the town needs good beginning balances. Mr. Erwin recommends finding a town manager, then finding a finance officer and have the finance officer participate on the search for the remaining finance staff. Alderman Palacios asks about the starting of the audit process. Mr. Erwin responds until they get good beginning balances, they can't finish the audit. Alderman Palacios asks about the duration of the outstanding checks. Mr. Erwin says 60 days determining if the payment is outstanding. Alderwoman Cooper asks if there is an idea of who the checks are intended for and the amounts. Mr. Erwin says that they have a list, he mentions a check for \$62,000 that has never been cleared and in the system its cancelled. Sylvia found that the subsequent check was doubled for two months. Some of the checks have cleared the bank but, some haven't been cancelled in the accounting system. Mr. Erwin reads comply with budget preparation and statute requirements which has been done for the 2022 and 2023 budget. He read outs develop a well thought out FY-2023 budget, develop an action plan to eliminate operating deficit and restore fund balance in the general fund. Mr. Erwin mentions a plan from last year's budget which initially looks that it was accomplished without invading the 2022 budget reserve. There is another in the 2023 budget, which will build up the fund balance overtime. He says once the audit gets closer, a lot of year-end accruals for payables and receivables have to be made. Once that is complete and we have assurance that everything is recorded we can determine the actual minus expenditure difference which is a great indication of building fund balance. This will be revisited during the audit and discuss whether the town is meeting the action plan and perhaps adjust the timeline. Mr. Erwin reads review all staff positions to eliminate any redundancy and promote labor efficiency, documenting pay level salaries and change processes. Mr. Erwin offers a suggestion to document all staff positions, the pay levels, and pay increases. He states that we are current on bank reconciliations with the exception of making sure the beginning balances are correct in the outstanding check also, the beginning of the 21-22 year has proven the balance sheet accounts. Assistance is needed to document it to the satisfaction of the auditors. Alderman Palacios asks when is the Board getting the end of June financial report? Mr. Erwin replies it will be discussed on the August 8th, 2022 meeting. Alderwoman Cooper asks if these are goals for Spring Lake or if they are goals that have already been done? Mr. Erwin says that these

are goals from last year. Mr. Erwin reads adhering to the approved budget which is the budget discipline. Mayor Anthony asks about the meetings with the Local Government Commission coach team about meeting monthly or bi-weekly to review fiscal status and progress on goals, she asks was it necessary to make an arrangement to start meeting or was it require given how much has already been accomplish? Mr. Erwin mentions the Local Government Commission team is meeting weekly with Mr. Durham. Mayor Anthony asks if it was possible to bring up to date the fiscal accountability agreement with updates to make it more applicable? Susan McCullen says the agreement has been made before the enacted 181c, she says we would like to update with a focus on it being an exit strategy. Alderwoman Thompson asks about a date on when the exit strategy will be. Ms. McCullen says that is entirely up to the Board. Alderman Palacios how much time is needed before the Board is presented with a new fiscal accountability program? Susan McCullen says the process itself isn't too long, it doesn't have to go to the Local Government Commission, but she wants this Board to have a chance to ask questions. Mayor Anthony proposes September 2022 time frame. Alderwoman Cooper responds in agreement. Mr. Erwin continues speaking about the town managers duties and responsibilities which is found in general statute chapter 168-148, town manager shall appoint, suspend, or remove all city officers and employees not elected. The town manager shall direct and supervise the administration of all departments and offices of the city, shall attend all meetings of council and recommend any measures he deems expedient. Town manager shall prepare and submit the annual budget and capital program to council and annually submit to council and make available to the public a report on the finances and administrative activities of the city as of the end of the fiscal year. The town manager makes available other reports that the council may require concerning the operation of departments and offices subject to his/her direction. The town manager shall perform any other duties that may be required or authorized by the council and shall receive a minimum of six hours of education upon the occurrence of any of the following: Local Government Commission exercises, interval control weaknesses of significant deficiency in the recent audit, or if the city is included on the Local Government Commission unit assistance list. Alderwoman Cooper asks if every city on the Unit Assistance List getting the six hours of education for the manager? Mr. Erwin replies if the city has a manager position, this is one of the requirements. Mr. Erwin continues the Local Government Budget and Fiscal Control Act requires governing boards to appoint a finance officer and have one appointed at all times. The Board can hire contract work to complete the work and if you hire contracted work governing board must make sure a qualified employee or board member is in the role of finance officer to oversee the contract worker. Mr. Erwin continues to list the duties of the finance officer. The accounting system needs to be updated, responsible for the disbursement of all funds, preparing financial reports, managing the receipt from the positive money; which is very important seeing that it is where things go missing, managing the debt, and supervising investments. The state auditor report had an embezzlement, deposit issues, credit card issues, overpayment issues, town vehicle issues, and meeting minutes issues. The common thread is internal control; the citizens have every right to demand accountability and stewardship over the public's money, it's a responsibility of the governing board to make sure the internal controls are in place and working. Internal controls consist of policies and procedures. Three objectives for internal controls; the reliability of financial reporting, efficient and effective operations, and compliance with laws and regulations. Signs of internal control problems; records that are not ready to be audited in a timely manner, bank reconciliations are not being done in a timely manner, the board not receiving accurate monthly financial statements, expenditures exceed authorized budget on a regular basis, and sensitive documents are easily accessible. The board you should implement strong written policies for; credit cards and procurement cards, petty cash and reconciliations, cash receipts and deposits, unit owned assets, and ethics and conflicts of interest. Mayor Anthony states there were seventeen policies that the Local Government Commission released last June that needed to be done, have the finance department got any of these policies ready? Mr. Durham responds that has been previously discussed with the audit committee that the policies need to be updated. Alderman Palacios says that there are policies on the Local Government Commission website, he suggests implementing those for the town. Alderwoman Thompson ask if you could send the presentation over so the Board would have a copy. Mayor Anthony and the Local Government Commission go over policies and procedures regarding First Friday on Main event.

b. Mayor's Report, Honorable Kia Anthony, Mayor

Mayor Anthony reports there was an incident and press release issued by our police department in regards he occurrence that happened this past weekend. The police responded to a shooting, one of the males was pronounced dead on the scene and this was all based around a traffic incident. Our police department is currently investigating, and will keep the public updated. It is hurricane season; the town's been experiencing extreme heat. The Spring Lake Library is open as a cooling center and make sure you connect to Cumberland County who has a very extensive list on hurricane preparedness. Recently, Mayor Anthony, Alderwoman Cooper, and Mr. Durham all had the pleasure of attending the National Black Caucus of Local Elected Officials held by the National League of Cities. We've engaged in networking with some heavy hitters that are going to some resources right back to Spring Lake. Mayor Anthony welcomes the new Town Attorney, Michael R. Porter. Michael Porter acknowledges Mayor Anthony's gratitude. Mayor Anthony says to be wary of the COVID numbers, we are seeing a raise in COVID numbers in Cumberland County.

c. Board of Aldermen Report – Spring Lake Board of Aldermen

Alderwoman Cooper highlights their recent attendance to the National Black Caucus of Local Elected Officials held by the National League of Cities. Alderwoman Cooper mentions the COVID numbers that are displayed on the various dashboards which are not up to date. Cumberland County is now at a medium transmission level so, please use caution. Mayor Pro Tem Chadwick has nothing to report. Alderman Palacios mentions the next Appearance and Sustainability Committee Meeting will be August 10th at 4:00 pm. He raises his concerns with signage in the town and he would like the Board's input. Alderwoman Thompson reminds everyone that the very first meeting for the Recreation and Advisory Committee Meeting will be August 10th at 6:30 pm. Alderman Lackman mentions the Military & Veterans Committee Meeting will be July 26th at 6:30 pm which is open to the general public. The Cleanup will be Saturday, August 6th at 8:00 am which will be at the old Pizza Hut if you'd like to come out and help keep the town clean.

d. Manager's Report – Joe Durham, Interim Town Manager

Mr. Durham has no report. Alderman Palacios asks about the Police Chief search and attempting to get that named next month. Mr. Durham replies that one round of interviews have been conducted but, an announcement will be made in August. Alderman Palacios asks when the Town Manager search is going to be engaged. Mr. Durham says there has been discussions with the Local Government Commission, a formal advertisement will begin this week or next week. Mr. Durham says he will present the Board with a schedule regarding the process and the Board's obvious participation with the selection for the position. Alderman Palacios continues speaking about the Town Clerk. Mr. Durham states the position has been advertised the week prior, only receiving one applicant thus far, and searching for others. There may be someone who can serve on an interim basis and others who have been interested in the position. Alderman Palacios mentions postponing closed session minutes until the town has a permanent town clerk. Mr. Durham states the minutes are still in process of being completed but, the Board can move forward once those minutes are completed at a future meeting.

8. Adjournment

Motion: Alderwoman Cooper
Second by: Mayor Pro Tem Chadwick
Vote: Unanimous

ATTEST:

**Joe Durham, Interim Town Manager
Town Clerk**

**Kia Anthony
Mayor**