

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

February 9, 2026

**MINUTES**

6:00 pm

The Town of Spring Lake Board of Commissioners 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 Fredricka Sutherland  
Commissioner Tony Burgess  
Commissioner Soña L. Cooper  
Commissioner Jackie Jackson  
Commissioner Adrian Thompson

**OTHERS PRESENT:**

Carly Autry, Town Clerk  
Sgt. Sterling Baker, Code Enforcement Officer, Spring Lake Police Department  
Stephanie Hutchins, Building Inspector  
Police Chief Errol Jarman, Town of Spring Lake Police Department  
James Overton, Finance Director  
Captain Timothy Patterson, Town of Spring Lake Fire Department  
Michael Porter, Town Attorney  
Jon Rorie, Town Manager  
Lieutenant Danny Sutton, Town of Spring Lake Police Department  
Fire Chief Jason Williams, Town of Spring Lake Fire Department

**1. CALL TO ORDER**

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

**2. INVOCATION AND PLEDGE OF ALLEGIANCE**

Bishop Biggers gave the Invocation and led the Pledge of Allegiance.

**3. ADDITIONS OR DELETIONS**

Commissioner Jackson requested to add Closed Session Pursuant to NCGS §143-318.11 (a)(6) – Personnel and Mayor Pro Tem Sutherland requested to add Discussion Regarding Public Comments Follow-up under New Business.

**4. APPROVAL OF AGENDA**

**Action:** Motion to approve the February 9, 2026, Regular Meeting agenda with the additions.

**Motion by:** Commissioner Cooper

**Second by:** Commissioner Thompson

**Vote:** Unanimous

## **5. APPROVAL OF CONSENT ITEMS**

**Action:** Motion to approve the Quarterly Reports (2<sup>nd</sup> Quarter) FY2025-2026.

**Motion by:** Commissioner Thompson

**Second by:** Commissioner Cooper

**Vote:** Unanimous

**Please note:** the Draft Minutes of January 12, 2026, Regular Meeting and the Budget Amendment (BA-12) FY2026 were removed from Consent Items. The Draft Minutes of January 12, 2026, Regular Meeting, which will be discussed at a later date and Budget Amendment (BA-12) FY2026 was moved to 8. New Business, item b.

## **6. PUBLIC COMMENTS**

Aviana Washington, Spring Lake native, introduced her business, which provides personal chef services and catering for personal and corporate events, including date nights and family meal prep. She also shared her community initiative, noting a partnership with Thomas Green Lake's fall festival last year where approximately 80-85 community members were served free meals through donor support. Ms. Washington stated plans to expand the initiative this year, including developing a community garden in Harnett County, and requested community support through donations or volunteerism.

Bettye Sanford, Spring Lake resident, raised concerns about the lack of a voting location in the Town, stating that residents are required to travel to vote and requesting that a polling place be established locally. She also expressed concerns about homelessness and the availability of truly affordable housing, noting that current rental prices are not affordable for residents on fixed incomes despite being described as low-income housing. Ms. Sanford requested support for the Kinsey House for its work assisting individuals experiencing homelessness with food, clothing, and shelter, and emphasized the need for additional local resources to address housing affordability and homelessness in the community.

## **7. PRESENTATIONS**

a. Black History Month Proclamation – Mayor Kia Anthony – Mayor Anthony read the Black History Month Proclamation, noting that Black History Month is observed annually in February to recognize, honor, and celebrate the rich history, culture, and contributions of African Americans to the social, economic, political, educational, and cultural development of the United States.

b. Certificates of Recognition – Mayor Kia Anthony – Mayor Anthony recognized the Spring Lake Jaguars for earning runner-up honors in soccer, as well as the Spring Lake Vipers for winning the volleyball championship at the Spring Lake Recreation Center. Mayor Anthony presented a certificate to each player in recognition of their achievement.

## 8. NEW BUSINESS

a. Discussion Regarding Public Comments Follow-up – Mayor Pro Tem Fredricka Sutherland – Mayor Pro Tem Sutherland discussed the importance of following up with citizens who voice concerns during Public Comments. She emphasized that she works for the citizens of the Town as well as for all Town employees, and that the Town would not have jobs without taxpayers. Mayor Pro Tem Sutherland stated it was very important as a Board member to take citizen concerns into consideration and to let citizens know the Board is concerned about their issues and will look into them rather than leaving matters unaddressed. She specifically mentioned a resident that had spoken at the January 12, 2026, meeting, asking why citizens never receive follow-up on their concerns. Mayor Pro Tem Sutherland suggested that the Board should send letters to citizens who raise concerns during meetings to acknowledge their input and indicate that the Board will investigate the issues raised.

b. Budget Amendment (BA-12) FY2026 – Mayor Pro Tem Fredricka Sutherland & Finance Director James Overton – Mayor Pro Tem Sutherland requested clarification on the Budget Amendment, noting that the documentation indicated \$7,000 needed to come from the budget. She stated that the explanation provided was insufficient for her to understand the situation, though the front page mentioned a Grant of \$4,000.

Mr. Overton explained that each year, the Fayetteville Arts Council gives the Town a Grant of \$4,000, which had already been included in the original budget, under Parks & Recreation. He noted that a few weeks ago, they received an additional Grant of \$7,000 that had not been anticipated and therefore was not included in the original budget. Since state statutes require that all money received and spent must be budgeted, they needed to increase the Grant from the Arts Council from \$4,000 to \$7,000, making it \$11,000 in total revenue.

Mayor Pro Tem Sutherland sought further clarification, asking if the \$4,000 had already been approved at the Board meeting on Monday, January 12, 2026, and if the current amendment was only for the additional \$7,000. Mr. Overton confirmed this was correct. He added that they had received a check for \$5,600 out of the \$7,000, with the remaining \$1,400 to be paid when whatever project the Board approves is completed.

Commissioner Jackson asked Mr. Overton if the \$10,200 he mentioned was for the Recreation Center. Mr. Overton stated no and further explained that they had \$10,000 already budgeted, which consisted of the \$4,000 Grant for this year plus money left over from last year. With the appropriation of the additional \$7,000, the expenses would increase to \$17,000. He noted that it had yet to be decided how the additional \$7,000 would be spent, and that decision would be up to the Board.

Mayor Pro Tem Sutherland inquired about the check for the Grant. Mr. Overton stated that the initial disbursement check in the amount of \$5,600 has been received, and explained that the Grant is issued in installments, with the remaining balance withheld until the project is completed.

Commissioner Jackson asked why the Budget Amendment didn't break down how much came from where. Mr. Overton explained that the donations were in last year's budget, not this year's, and that this amendment only showed the amount carried over plus the \$4,000 already received for this year.

Mayor Anthony clarified that the funds have been received and that the purpose of the current action is to formally accept the funding so it can be placed into the budget. She noted that the annual allocation is typically \$4,000, but that the amount was increased this year. No specific expenditure breakdown is available at this time, as the Board has not yet determined how the funds will be used. Mayor Anthony stated that the \$4,000 from the Arts Council had already been approved.

Mayor Pro Tem Sutherland stated that there was some confusion regarding the Grant amounts, noting that one amount referenced was \$7,000, later clarified as \$5,000, with an additional \$14,000 to be received at a later date.

**Action:** Motion to approve Budget Amendment (BA-12) FY2026.

**Motion by:** Commissioner Thompson

**Second by:** Commissioner Cooper

**Vote:** 2-3 **Motion Failed;** **Noes:** Mayor Pro Tem Sutherland, Commissioner Burgess, and Commissioner Jackson

c. Budget Amendment (BA-10) FY2026 – Finance Director James Overton – Mr. Overton explained that several years ago, when property was annexed between Spring Lake and Fayetteville, including some streets, both Towns became entitled to additional Power Bill money for those streets. Under an Interlocal Agreement, the money goes to Fayetteville, which then gives Spring Lake 30 percent. Fayetteville had given the Town a Power Bill reimbursement of \$94,000.

Mr. Overton further explained that the Town's backhoe, which is about 24 years old, is worn out and needs replacement. The estimated cost of a new backhoe is approximately \$136,000. The plan was to use the Power Bill money received from Fayetteville, plus approximately \$16,000 received from selling old scrap material and vehicles, to purchase the new backhoe.

Mayor Pro Tem Sutherland noted some confusion in the Budget Amendment documentation. She pointed out that the document mentioned repairs of \$7,000 for the backhoe and that she could see a justification to appropriate the Power Bill reimbursement from Fayetteville and to proceed from the capital assets, but the document stated this would replace the 2016 John Deere backhoe which need \$7,000 in repairs. Without additional numbers provided, she had calculated that subtracting \$7,000 from \$94,000 would leave \$87,000, which confused her.

Mr. Overton clarified that he had made a mistake regarding the year of the backhoe. He corrected that the backhoe was actually 24 years old, not from 2016. He explained that they had received \$94,800 from the Power Bill reimbursement and \$16,500 from the sale of old vehicles last month, totaling approximately \$112,000. They needed an additional \$23,000 from the Fund Balance to make up the difference, for a total of \$137,000 in additional revenue. The estimated cost of the new backhoe was about \$136,000, which he had rounded up to the nearest thousand to ensure sufficient funds.

Mayor Pro Tem Sutherland stated that she was aware of \$94,800 in available funds but had not received documentation regarding the total cost of the backhoe replacement and only had information reflecting \$7,000, which is what he used when reviewing the matter. She requested clarification on the estimated cost of the backhoe.

Mr. Overton responded that the estimated cost to replace the backhoe is approximately \$136,000 and that he has the exact quote on file in his office. He stated that, once the Board determines how to allocate the remaining funds, his recommendation is to replace the 24-year-old backhoe with a new unit using the funds received.

Commissioner Burgess asked what would be done with the old backhoe. Mr. Overton recommended declaring the old backhoe as surplus and selling it.

Mayor Anthony stated that the Town's standard practice when decommissioning vehicles is to declare them surplus and sell them through GovDeals.

Mayor Anthony stated that the Board was voting against accepting the funds.

Mayor Pro Tem Sutherland confirmed that, at this time, the Board was not approving acceptance of the funds.

Mayor Anthony asked when the Board would consider accepting the funds, and emphasized for the record that the Board had now voted twice not to accept funds that had already been received.

Commissioner Jackson clarified that the Board was not voting to reject the funds, but rather declining approval due to the lack of specificity in the documentation regarding how the funds would be spent. He stated that budget amendments approve both the amounts and the purpose of the expenditures, and that prior issues with the LGC and related oversight agencies require clearer documentation. He recommended resubmitting the budget amendment with each expenditure clearly itemized.

Mayor Pro Tem Sutherland stated that the matter would be revisited at a later time and that the Board was not denying the funds.

Commissioner Cooper noted that the Board had agreed to receive agendas earlier to allow time to request additional documentation prior to meetings, and encouraged Board members to request any needed materials in advance so the Board can proceed efficiently with scheduled business.

Mayor Pro Tem Sutherland acknowledged the benefit of receiving materials in advance for review and stated that the Board could revisit the matter at a later date.

**Action:** Motion to approve Budget Amendment (BA-10) FY2026.

**Motion by:** Commissioner Cooper

**Second by:** Commissioner Thompson

**Vote: 2-3 Motion Failed; Noes:** Mayor Pro Tem Sutherland, Commissioner Burgess, and Commissioner Jackson

d. Budget Amendment (BA-11) FY2026 – Finance Director James Overton – Mr. Overton explained that the Town has approximately 4,000 active water and sewer customers out of about 4,500 total meters, with approximately 500 being inactive due to vacant apartments or homes. He noted that water meters typically last about ten (10) years, requiring replacement of about 400 meters annually to maintain the 4,000 meters over a 10-year period before they wear out.

Mr. Overton explained that as meters age, sand, grit, and silt get into them, slowing them down and causing inaccurate readings. He reported that the Town had already spent \$225,000 this year replacing meters and currently had only twelve (12) meters left in inventory (two boxes with six meters each) to replace any broken or worn-out meters. The Budget Amendment of \$160,000 would allow for the replacement of an additional 400 meters at a cost of about \$400 each.

Mr. Overton outlined how this expense would be funded, explaining that the Town had increased rates for outside customers at Overhills who were previously paying less than other outside rate customers. This rate adjustment had brought in an additional \$124,000 in revenue for the year. Additionally, the Town had raised the bulk water rate, which was previously less than what the Town was paying to buy water from Fayetteville PWC, generating an additional \$25,000 in revenue. New water and sewer tax customers had contributed \$4,500, and the Town had sold another vehicle in the water department for \$6,600. In total, the \$160,000 in additional revenue would be used to purchase and replace 400 old meters.

Mayor Pro Tem Sutherland asked how many new meters were still needed in the Town. Mr. Overton responded that he didn't have an accurate number of how many meters needed to be replaced.

Mr. Rorie stated he had a spreadsheet with this information and would share it.

Commissioner Sutherland stated that he supports transparency and wants full understanding of all actions being taken. She noted that the document presented was labeled as a request for information only, and stated that when the matter is brought back for consideration, both the Board and the public will have a clear understanding of the details.

**Action:** Motion to approve Budget Amendment (BA-11) FY2026.

**Motion by:** Commissioner Thompson

**Second by:** Commissioner Cooper

**Vote: 2-3 Motion Failed; Noes:** Mayor Pro Tem Sutherland, Commissioner Burgess, and Commissioner Jackson

e. Finance Statements ending FY June 30, 2021, 2022, and 2023 – Finance Director James Overton – Mr. Overton presented the financial statements for fiscal years 2021, 2022, and 2023, noting that these statements were not audited but were prepared by himself. He explained that as a Certified Public Accountant (CPA) with 45 years of experience as an auditor and government Finance Officer, he could not audit his own work according to professional standards.

Mr. Overton provided the status of current audits, stating that the last completed audit was for the fiscal year ended June 30, 2020, which was finished on March 31, 2021 – five (5) months after its due date in October. He noted that the Local Government Commission (LGC) had waived the requirement for an audit in 2021 because the Town's accounting records were in such poor shape that they were not auditable.

He explained that Cherry Beckert and Holland had been contracted to complete the 2022 audit, which he hoped would be completed by the end of February. A few months ago, the Town had awarded a contract to Carr, Riggs & Ingram, PLLC CPAs of Goldsboro to audit fiscal years 2023, 2024, and 2025. They were the low bidder among five (5) different CPA firms, with three (3) bids received.

Mr. Overton described the types of audit opinions a municipality can receive:

- An unmodified or "clean" opinion – indicating financial statements are fairly presented in all material respects with no material errors
- A modified opinion – for financial statements that are fairly presented except for certain items that may not be correct
- An adverse opinion – meaning financial statements contain material errors and are not correct
- A disclaimer of opinion – issued when books are in such bad shape that they cannot be audited, which is what happened with the Town in 2021

He emphasized that there is a misconception that audited financial statements are completely correct, when in reality auditors only test a sample of transactions and material account balances to achieve a 95% assurance rate that account balances and transactions are recorded correctly.

Mr. Overton explained that Spring Lake Property Acquisitions (SLPA) is a component unit of the Town. He described the difference between a discretely presented component unit (a separate legal entity shown in a separate column from the primary government) and a blended component unit (an entity completely controlled by the primary government), with SLPA falling into the latter category.

Before working on the financial statements for 2021-2023, significant corrections had to be made to the 2020 fiscal year through prior period adjustments. These included adjusting the General Fund by \$272,000, decreasing other funds, and correcting a transfer of \$120,000 from 2014 that had never been properly recorded. Other corrections included addressing unclaimed sales tax refunds (resulting in a loss of nearly \$93,000 for 2015 and 2016), updating long-neglected accounts receivable, addressing unpaid salaries, transferring completed capital projects from construction in progress to fixed assets, and properly recording water lines relocated by the Department of Transportation (DOT) along Bragg Boulevard.

Mr. Overton presented the governmental activities financial position, showing that in 2021, the Town had a negative net position of \$1.5 million. After accounting for investments in capital assets (\$2.8 million) and restricted funds (\$2.8 million), the unrestricted Fund Balance was a deficit of \$7.26 million. By 2023, the total Fund Balance had improved to a positive \$2.7 million.

The income statement for governmental activities showed losses of \$1.6 million in 2020 and \$1 million in 2021, followed by a profit of \$926,000 in 2022 under LGC control, and a net income of \$3.4 million in 2023.

However, Mr. Overton noted that 2023's positive result was largely due to the one-time American Rescue Plan (ARP) Grant of \$3.8 million; without it, there would have been a \$300,000 loss.

For business activities (Water and Sewer Fund, Sanitation Fund, and Stormwater Fund), the financial position was better. The income statement showed a net loss in 2020 of \$216,000, followed by net income of \$1.2 million in 2021 and just over \$2 million in 2023, boosted by a \$1.4 million transfer from the American Rescue Plan (ARP).

The General Fund by itself showed a total Fund Balance of \$631,000 in 2020, with \$1,037,000 restricted by state statute and \$265,000 restricted for Power Bill funds. By 2021, while the total Fund Balance was \$607,000, the unassigned Fund Balance was negative \$1.489 million. At that time, the actual cash in the General Fund was only \$225 – the petty cash drawer in the Water Department used for making change for customers. The General Fund had to borrow \$1 million from the Water Fund to pay its bills.

Mr. Overton presented a breakdown of the Fund Balance in the General Fund for 2023, showing 36% restricted by state statute, 30% restricted for Power Bill and debt service, and 9% appropriated for the 2024 budget.

Regarding revenue and expenses, the General Fund had net losses of \$1.1 million in 2020 and \$297,000 in 2021, followed by a profit of \$1.603 million in 2022 (due to spending cuts implemented by the LGC) and \$2.374 million in 2023 (boosted by the American Rescue Plan transfer).

For revenue sources, property tax accounted for 40% of total revenue while state shared revenues (sales tax, franchise tax, beer and wine tax) made up 46%. Mr. Overton noted that most towns have property tax as their largest revenue source, but the Town of Spring Lake has lower average home values. He warned that next year, sales tax revenue would be significantly reduced (to about 54% of current levels) due to Cumberland County switching from distributing sales tax based on population to distribution based on property value.

For expenses, public safety (police, fire, and inspections) accounted for 65% of total expenses, general government for 14%, debt service for 8%, transportation for 11%, and Parks and Recreation for only 2% (due to transferring Parks and Rec to Fayetteville|Cumberland County in 2023).

Mr. Overton reviewed the property tax collection data, showing that the tax rate was 70 cents for 2020-2022 and dropped to 65 cents in 2023 when Parks and Recreation was transferred to Cumberland County (which added a 5-cent Recreation Tax). Cumberland County collects taxes for the Town with a 98-99% collection rate.

Mr. Overton also presented information on Water and Sewer Funds, showing that operating losses of \$600,000 in 2020 had improved to operating income of \$594,000 in 2022 and \$218,000 in 2023 due to rate increases. Similarly, the Sanitation Fund had losses in 2020-2021 but showed income in 2022-2023, and the Stormwater Fund was generally profitable except for 2020.

Regarding Powell Bill funds (gas taxes for street maintenance), Mr. Overton reported that the balance had grown to over \$1 million by 2024, but very little had been spent on actual street repairs – only \$8,575 in 2023-2024 despite having \$1.165 million available. He noted that Third Street behind Zaxby's and Hedgemoor Circle had been in terrible condition, but funds that could only be spent on streets had not been used. He warned that the Town cannot accumulate more than five (5) years' worth of Powell Bill money without risking future allocations.

Mr. Overton explained that the American Rescue Plan (ARP) Grant of \$3.8 million (plus \$111,000 in interest) had been distributed to various Town funds to help pay for salaries and benefits. While originally intended for water and sewer improvements, the LGC directed that it be spent on salaries and benefits instead.

Mr. Overton discussed pension and retiree health insurance obligations, noting that the Town is required to contribute 14.4% of payroll for regular employees and 16.8% for Law Enforcement Officers (LEO) to the North Carolina Local Government Employees Retirement System. These rates had increased substantially over recent years and would increase again next year by another 0.75% for general employees and 1% for law enforcement officers, costing the Town an additional \$30,000-\$35,000.

Mr. Overton reported that the Town's outstanding debt as of 2023 was \$9.6 million, with some debts extending as far as 21 years into the future. The BB&T Street Bonds balance of \$150,000 had been paid off in 2024, and the enterprise police cars debt of \$109,000 for the first 15 police cars had also been paid off.

Regarding Spring Lake Property Acquisitions (SLPA), Mr. Overton provided a detailed history. In 2019, the Town purchased options on about 18 different tracts of land for \$48,000. In April 2019, the Town bought two (2) parcels of land for \$287,000 before a planned loan from BB&T closed. In August 2019, SLPA borrowed \$3.5 million from BB&T and over the next two (2) years purchased 18 tracts of land totaling 166 acres for \$3 million.

By August 2022, SLPA defaulted on its loan when the first principal payment was due. BB&T took the \$367,600 left in the escrow account (which was supposed to reimburse the Town for the first two (2) properties) and applied it to the loan. Four (4) years passed with no payments on the loan. In August 2023, Mr. Rorie negotiated a settlement with Truist (which had taken over BB&T), purchasing the note with a current balance of \$3.4 million for only \$450,000, saving the Town \$2.9 million.

Mr. Overton explained that SPLA owed the Town \$763,000. The LGC had written off the original \$337,000 loan as a bad debt, but he had put it back on the books in hopes of eventually selling the land and recovering some money.

Mr. Overton described how the land had become an illegal trash dump during the LGC's oversight, with piles of trash throughout the 160 acres. Houses on the properties had deteriorated, with squatters moving in, leading Cumberland County Code Enforcement to condemn every house. The County assessed a penalty of \$250 per day per house for violations of Minimum Housing codes, totaling \$4.3 million in outstanding penalties (though Mr. Overton noted these likely wouldn't be collected).

The original cost of the buildings was \$1.7 million and the land cost \$1.7 million, for a total of \$3.4 million. After depreciation from 2019-2023 of \$386,000, the book value was \$3,055,000. Mr. Overton noted that generally accepted accounting principles require writing an impaired asset down to fair market value, but determining that value was difficult. While the tax value was \$3.5 million, condemned houses have zero value or negative value considering demolition costs.

Mr. Overton reported that volunteers from Fort Bragg and the community had spent several Saturday's cleaning up the property, removing over 100,000 pounds of trash. The Town had received bids of \$800,000 to have a contractor clean up the property but did it with volunteers and Town employees for much less. The Town had hired an Attorney to foreclose on the note purchased from Truist Bank, and once the property is transferred to the Town's name, they can demolish the buildings and sell the land, hopefully recovering some of the \$763,000.

Mr. Overton described several material weaknesses in internal control identified in 2021, including lack of segregation of duties, expenditures over budget (\$1.5 million spent over budget), bank reconciliations not performed, pre-audit processes not followed, credit card receipts not turned in, and invoices not paid on time. Late payments to Fayetteville Public Works Commission (FPWC) cost the Town \$30,000 in late fees, and late payments for retirement benefits cost another \$4,000.

Mr. Overton concluded by noting that in 2023, the Town received a check from the insurance company for \$135,000 to reimburse some of the \$567,000 misappropriated by a former employee, still leaving the Town short by \$400,000.

He emphasized that the Town spent \$1.8 million to have a CPA firm fix the books, but they didn't fix everything. Regarding Spring Lake Property Acquisitions (SLPA), Mr. Overton criticized the LGC's decision to ignore the problem, calling it "irresponsible and lazy." He expressed hope to have the 2024 financial statements completed by the end of the month, followed by work on 2025, with a goal of submitting the 2026 audit on time and applying for a certificate of excellence in financial reporting. He concluded by stating, "The citizens of this Town deserve better than what I just presented."

Mayor Kia Anthony thanked Mr. Overton for his detailed presentation, stating it was exactly what the Town needed to hear – an overview of what the Town had gone through for the past several years. She expressed appreciation for his hard work.

Mayor Pro Tem Sutherland also expressed her thanks, noting that the presentation fulfilled what they had requested from the Local Government Commission (LGC). She emphasized the importance of transparency and accountability in looking after taxpayer dollars. She also thanked neighbors who continued to clean up trash in their community and mentioned former Sheriff Ennis investigating the illegal dumping in those areas.

Mayor Pro Tem Sutherland expressed surprise at learning on January 12<sup>th</sup> that the Recreation Center had been taken over and that the Town of Spring Lake was not receiving anything, with a lease of \$131,249 going out. She hoped to receive more information about that situation soon.

Commissioner Cooper stated that the Town remains on the Local Government Commission's (LGC) Unit Assistance List (UAL). While the Board retains its decision-making authority, the LGC continues to closely monitor the Town's actions. She emphasized that the decisions made by the Board could impact whether the LGC determines further involvement is necessary, and noted that the Town is not yet fully in the clear.

(A copy of Mr. Overton's Presentation is hereby incorporated by reference and made a part of these minutes – see **ATTACHMENT ONE**)

f. Asset Inventory Assessment (AIA) Reports and System Development Fees (SDF) – Town Manager Jon Rorie – Mayor Anthony noted that a detailed meeting had previously been held to deliver the results of the Asset Inventory Assessment (AIA) and Merger Regionalization Feasibility (MRF) study, led by Mr. Rorie and the engineering staff.

Mr. Rorie presented information about the condition of the Town's water and sewer infrastructure, showing images of old pipes ranging from 30 to 70 years old. He explained that the aging system was difficult to maintain and caused numerous problems. The water report listed high-priority projects, with the valve isolation project being first and foremost, needed because the Town currently has difficulty isolating water shutoffs, with some places lacking valves entirely.

Mr. Rorie stated that one (1) waterline replacement project alone would cost \$4.4 million, with another \$3-4 million needed for sewer line projects. He presented a loan scenario showing that borrowing \$4.4 million at 3% interest for ten (10) years would require annual payments of \$517,000.

Mr. Rorie explained that the Asset Inventory Assessment (AIA) called for a Capital Improvement Plan (CIP) totaling \$36 million for water infrastructure alone over a 10-year period. He noted that property development typically generates about \$1,000 per year in revenue, with one example project costing \$83,000 but generating only \$33,600 annually, resulting in a 23-year break-even point.

Mr. Rorie explained that the water and sewer fund revenue required to sustain the Capital Improvement Plans (CIP) would necessitate customer rate increases of 20% in the first year of the planning period, followed by about 18% in subsequent years. Under this scenario, a customer using 5,000 gallons per month would see their monthly water and sewer bill increase significantly.

He discussed an alternative model that would keep rate increases more reasonable (2.5% to 4% of median household income) but would only address \$40 million worth of projects rather than \$80 million, increasing the risk of potential infrastructure failure. Mr. Rorie noted that FPWC (Fayetteville Public Works Commission) was already planning to raise water rates by 21% in July, which would result in approximately \$300,000 in additional costs for the Town if the Town does nothing.

Mr. Rorie mentioned that the final remaining piece missing from the Asset Inventory Assessment (AIA) was the Merger Regionalization Feasibility (MRF) study. He stated that it is a long-term goal of state government to consolidate water and sewer systems into regional providers, rather than having smaller systems with limited customer bases responsible for significant infrastructure liabilities. He explained that

maintaining a system with approximately 4,000 customers while facing an estimated \$80 million in water and sewer repair needs presents a substantial financial challenge.

He noted that one potential recommendation would be to sell the utility system based on its appraised value, emphasizing that while the liability may be estimated at \$80 million, the actual appraised value would likely be significantly lower. He referenced prior experience with the SLPA property to illustrate how liabilities can affect valuation and settlement outcomes.

Mr. Rorie outlined three (3) primary recommendations: (1) consideration of regionalization or sale of the utility system, (2) implementation of a modest utility rate increase to continue funding transfers to the General Fund, and (3) adoption of System Development Fees (SDF) to support future infrastructure expansion. He explained that without the General Fund transfer supported by the utility fund, the Town would otherwise require an estimated five-cent property tax increase. Additionally, without a proposed 4.93% utility rate increase, approximately \$300,000 in annual maintenance and repair funding would be unavailable.

He acknowledged that these financial realities were difficult but necessary considerations and concluded his recommendations accordingly. Mr. Rorie requested that the Board defer detailed discussion and direction on these matters to a future meeting.

Mr. Rorie then addressed System Development Fees (SDF), explaining that such fees are charged to new users connecting to the Town's water and sewer systems so that new development pays its fair share of infrastructure costs, rather than being subsidized by existing ratepayers. He emphasized that System Development Fees (SDF) cannot be used for maintenance, but only for future system expansion.

He provided examples of properties along Manchester Road to illustrate situations where properties outside the Town limits seek to connect to Town-owned utility assets. He stated that annexation would be required for such connections and noted that annexation decisions rest solely with the Board, not staff. He also noted that some proposed developments involve conversion to residential use, which carries additional implications for capacity and planning.

Mr. Rorie stated that, as proposed, each equivalent residential unit would be assessed a System Development Fee (SDF) of \$1,715 for water and sewer services. These funds would be designated for future system expansion, such as increasing line capacity, rather than immediate repairs. He explained that while a large development could generate significant fees, recent development activity has been limited, resulting in approximately \$140,000 generated over the past two (2) years, which he noted would not substantially advance expansion efforts.

He emphasized that System Development Fees (SDF) must demonstrate a rational nexus to actual system expansion needs and cannot be established arbitrarily. The fees must be evaluated based on capacity, infrastructure requirements, and future growth impacts.

Mr. Rorie concluded by noting that state statute requires Public Notice and comment period of 45 days prior to adoption of System Development Fees (SDF), followed by a Public Hearing before the Board may

take action. He stated that this process aligns with the Town's current budget development timeline, as staff is actively preparing budget materials and the Board will soon begin its budget review.

He reiterated the importance of deliberate discussion and analysis in addressing these matters and requested that the Board refrain from formal action at this meeting, other than providing general direction at a future meeting to guide continued budget development.

Mayor Pro Tem Sutherland referenced the document provided via email and asked for clarification regarding the projected revenue from a 200-unit apartment development. She noted that the document reflects an estimated amount of approximately \$343,000, while a different figure had been mentioned earlier, and requested confirmation as to which figure was correct. Mr. Rorie stated what the document states is correct.

Mayor Pro Tem Sutherland further requested additional explanation regarding the System Development Fee (SDF) calculations, specifically asking staff to elaborate on what the \$1,715 per unit charge represents and how it is applied.

Mr. Rorie explained that "ERU" stands for Equivalent Residential Unit. He stated that, under the current System Development Fee (SDF) structure, an ERU represents a residential unit regardless of whether it is a one-, two-, or three-bedroom dwelling. He explained that a single-family residence is assessed one (1) ERU, a duplex is assessed two (2) ERUs, and a multi-family development is assessed one (1) ERU per unit. Accordingly, a 200-unit apartment development would be assessed 200 ERUs, resulting in a total System Development Fee of approximately \$343,000.

Mayor Pro Tem Sutherland referenced prior comments made by Ms. Sanford regarding proposed apartment developments that are not classified as affordable housing. She asked whether the System Development Fees (SDF) are already in place for the apartment units located on Fourth Street, Spring Avenue, and other developments currently under construction.

Mr. Rorie stated that the System Development Fee (SDF) would apply only to new construction for which building permits are issued after completion of the 45-day notice and comment period and formal adoption by the Board. He clarified that although the referenced developments are new, their building permits have already been issued; therefore, the System Development Fee (SDF) would not apply to those projects.

Mayor Pro Tem Sutherland stated that the Town did not receive any System Development Fee (SDF) revenue from the referenced apartment units and asked for clarification as to why no fees were collected.

Mr. Rorie responded that no fees were collected because the Town's existing System Development Fee (SDF) structure has been identified as suspect and does not meet the analytical requirements established in the applicable general statutes.

(A copy of Mr. Rorie's Presentation is hereby incorporated by reference and made a part of these minutes – see **ATTACHMENT TWO**)

g. Mayor's Report – Mayor Kia Anthony – First, Mayor Anthony stated Focus Group 4 met on Wednesday, January 21, 2026 and their next meeting is Wednesday, February 25, 2026, at 6:00 pm. Second, Mayor Anthony mentioned attending the FAST Stakeholders meeting on Thursday, January 29, 2026. Third, Mayor Anthony stated she attended the Fayetteville Cumberland County Economic Development Data Center information briefing on Thursday, January 29, 2026. Fourth, Mayor Anthony will be in Pinehurst, NC on February 11-12, 2026, for the NC Mayor's Association Winter Meeting. Fifth, Mayor Anthony stated on Wednesday, February 18, 2026, at 6:00 pm, Coffee with the Cumberland County Board of Commissioners will take place in the Boardroom. Sixth, Mayor Anthony stated the RLUAC meeting, which is Thursday, February 19, 2026, at 10:00 am, in the Boardroom. Seventh, Mayor Anthony mentioned Lunch with the Mayor on Wednesday, February 25, 2026, at 12 noon at Ruby Tuesday. Eighth, Mayor Anthony stated that she wanted to address the issue of early voting sites. She explained that she, along with other Board members and community members, had appeared before the Cumberland County Board of Elections on multiple occasions to advocate for the Town. She noted that the Town has historically served as an early voting site during midterm elections; however, the Town was not approved for the current election cycle. She stated that the Cumberland County Board of Elections' decision resulted in a split vote, which advanced the matter to the State Board of Elections in Raleigh. She reported that the State Board subsequently denied the Town's request to serve as an early voting site. Mayor Anthony affirmed her commitment to continue advocating for equal and equitable access to early voting for the Town of Spring Lake community. She emphasized that this effort will require sustained engagement and support from residents and encouraged community members to stand with Town leadership in advocating on behalf of the Town. Last, Mayor Anthony stated that decisions are currently being discussed regarding local schools, including the possible closure of Manchester Elementary School and the reassignment of students to W.T. Brown Elementary School. She expressed concern that such an action would be a significant disservice to the Town of Spring Lake community, noting that Lillian Black Elementary School has already been closed. She stated that if increased enrollment at Manchester Elementary is desired, the school should be brought up to appropriate standards rather than being closed. Mayor Anthony further emphasized that the closure of an elementary school would have negative economic impacts on the Town, noting that families are less likely to relocate to areas without accessible local schools. Mayor Anthony stated that while she has been told these discussions may be occurring further in the future, she does not support any additional school closures in the Town. She urged Board members and the community to stand with her in opposition to such actions and indicated that she is issuing an early call for advocacy. She encouraged anyone seeking additional information to contact her outside of the meeting, stating that she would provide information and resources as discussions continue.

f. Board of Commissioners Report – Spring Lake Board of Commissioners – Mayor Pro Tem Sutherland thanked everyone for attending the meeting, acknowledging the length of the session. She expressed appreciation for the opportunity to gain a clearer understanding of the matters discussed, emphasizing the importance of informed decision-making rather than acting without full context. She also thanked staff and attendees for their continued hard work and dedication to serving the Town of Spring Lake. Commissioner Thompson highlighted the Town cleanup that took place on Saturday, February 7, 2026. Commissioner Jackson stated that she wished to follow up on the discussion regarding the potential closure of Manchester Elementary School. She noted that a representative attended a Special Meeting of the Board of Education to express the Town's concerns about possible school closures. She further stated that the next Board of Education meeting is scheduled for Tuesday, March 10, 2026, and encouraged

community members to attend and speak in opposition to the closure, emphasizing that such actions do not align with the interests of the Town of Spring Lake. Commissioner Burgess thanked those who attended the Board meeting this evening. Commissioner Cooper announced that he was recently appointed to the Cumberland County Mid-Carolina Regional Council Advisory Council and will attend orientation on Friday, February 20, 2026, at the Mid-Carolina Regional Council office.

g. Manager's Report – Town Manager Jon Rorie – Mr. Rorie deferred his report and requested that staff provide brief updates. He asked Stephanie Hutchins, the Building Inspector to give a short briefing regarding Minimum Housing standards, noting that the topic relates to the Town's efforts to improve property values, address code compliance, and support overall community cleanup initiatives, followed by Sgt. Sterling Baker, the Code Enforcement Officer.

Mrs. Hutchins provided an update on demolition occurring in the Town of Spring Lake. She reported on progress at Liberty Estates on D Street and Nolan Street, where about 17 structures were being addressed. Seven structures had already been torn down by the property owner himself. She showed before and after pictures of the site cleanup and encouraged Commissioners to drive by to see the remarkable improvements.

Mrs. Hutchins also reported that a contractor had purchased the Rosehill Park property on North and South Connor Street, Sigmund Street, and Wesley Street, which included 19 structures. Demolition permits were issued on January 23, 2026, though she hadn't yet confirmed if demolition had begun.

Additionally, Mrs. Hutchins discussed Rosewood Rentals on White Eagle Lane and Misty Circle, where the Town had gone through the process of issuing Demolition Ordinances because the owner wasn't taking action. Recently, the Town had met with the owner and was trying to work cooperatively. The plan was to tear down two (2) of the structures in the coming weeks once the cold weather passed, with the owner tearing down one (1) structure himself.

Mr. Rorie asked Mrs. Hutchins what she had been told regarding potential dangers when addressing these problems, and she responded that they had been told they "Would be shot on sight."

Sgt. Baker then presented an update on his activities over the past five (5) months since taking the position on October 1, 2025. He reported that there were 207 code enforcement cases open when he started, and he had since closed 133 of them. He discussed implementing license plate reader (LPR) technology to identify people illegally dumping trash.

He presented a specific example at 1631 Hinkle Street, where an incident was opened on November 6, 2025, and closed on December 16, 2025, involving accumulation of trash.

Sgt. Baker stated that with code enforcement, he believes the Town is moving in the right direction. While progress can be slow at times, it is a process, and meaningful steps are being made. He noted that he began this position on October 1, 2025, and since then, 33 cases have already been closed. He expressed that this demonstrates forward progress. Sgt. Baker also explained that enforcement has been more effective because when officers respond to properties, residents understand that violations can result not

only in fines but also in criminal charges if necessary. Overall, he feels the Town is making positive progress with code enforcement.

Mr. Rorie stated that code enforcement falls under Focus Group 2 of the Town's Strategic Plan, and Focus Group 1, which addresses AIA and infrastructure-related matters, while Focus Group 3 focuses on housing, including affordable housing. Focus Group 4 centers on economic development. He emphasized that, ultimately, the goal is to raise all tides by taking a townwide approach rather than focusing on individual locations. The Town aims to be part of the solution.

(A copy of Mrs. Hutchins and Sgt. Bakers Presentations are hereby incorporated by reference and made a part of these minutes – see **ATTACHMENTS THREE & FOUR**)

h. Town Attorney Report – Town Attorney Michael Porter – Attorney Porter stated no update at this time.

## **9. CLOSED SESSION**

**Action:** Motion to approve to go into Closed Session pursuant to NCGS §143-318.11(a)(6) – Personnel.

**Motion by:** Commissioner Jackson

**Second by:** Commissioner Burgess

**Vote:** Unanimous

**Action:** Motion to approve to come back into Open Session. Action was taken.

**Motion by:** Commissioner Cooper

**Second by:** Commissioner Jackson

**Vote:** Unanimous

**Action:** Motion that the Board of Commissioners terminate the appointment of the contract of the Town Manager effective immediately.

**Motion by:** Commissioner Jackson

**Second by:** Commissioner Burgess

**Vote:** 3-2 **Motion Carried; Noes:** Commissioner Cooper and Commissioner Thompson

**Action:** Motion that the Board of Commissioners appoint Dennis English as Interim Town Manager effective immediately with the authority and duties prescribed by law and subject to the terms approved by the Board.

**Motion by:** Commissioner Jackson

**Second by:** Commissioner Burgess

**Vote:** 3-2 **Motion Carried; Noes:** Commissioner Cooper and Commissioner Thompson

Commissioner Thompson asked who had contacted the individual under consideration. Commissioner Jackson objected, stating that the question was not appropriate and that the Board could not engage with or reference individuals in the audience. Attorney Porter was asked to clarify, and it was stated that such interaction had not been permitted previously and would not be permitted at this time, as it would be improper.

A point of clarification was then requested regarding the motion and compensation. Commissioner Jackson stated the appointment was for an Interim Town Manager position. Attorney Porter stated while the individual is an Interim, compensation would still be required. Commissioner Jackson clarified that the motion was as follows: *"I move that the Board of Commissioners appoint Dennis English as Interim Town Manager, effective immediately, with the authority and duties prescribed by law and subject to terms to be approved by the Board."*

Commissioner Jackson further stated that the Board would meet at a later date to approve the terms, but that the intent of the motion was to recognize the individual as Interim Town Manager effective immediately.

Due to multiple conversations occurring simultaneously, Mayor Anthony requested order and reminded members that they must be recognized before speaking and that discussion must follow proper procedure.

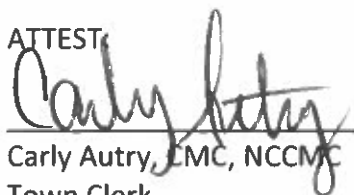
Commissioner Cooper stated that she was strongly opposed to the appointment. She expressed concern that the decision could negatively impact the future of the Town and stated that she believed it could lead to the dissolution of the community. She noted her family's long-standing ties to the Town and stated that, in her opinion, the Board was repeating past mistakes.

Mayor Anthony expressed that there was no clear plan or foresight and that individuals who had not previously worked with the Town Manager were making decisions affecting the Town's direction. She concluded by stating that she believed this was the wrong decision for the Town of Spring Lake.

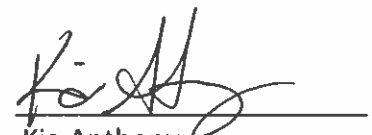
**10. ADJOURNMENT**

**Action:** There being no further business to come before the Board, Mayor Anthony adjourned the meeting at 9:26 pm.

ATTEST:

  
Carly Autry, CMC, NCCMC  
Town Clerk



  
Kia Anthony  
Mayor

ATTACHMENT ONE

# Town of Spring Lake Financial Statements

Fiscal Years Ended June 30, 2021, 2022 and 2023

Prepared By

James C. Overton, Finance Director

## Status of Audits

- FY June 30, 2020 – Audit completed March 31, 2021
- FY June 30, 2021 – Local Government Commission waived audit requirement as the Town's accounting records were not able to be audited.
- FY June 30, 2022 – Cherry Bekaert is expected to complete audit report by February 28, 2026
- Contract awarded to Carr, Riggs & Ingram, PLLC for fiscal years ended
  - June 30, 2023
  - June 30, 2024
  - June 30, 2025

## Types of Audit Opinions

- **Unmodified Opinion** – Financial statements are presented fairly in accordance with generally accepted accounting principles (Financial statements are free of material errors)
- **Modified Opinion** - Financial statements are presented fairly in accordance with generally accepted accounting principles except for the following items (example: Spring Lake Property Acquisitions)
- **Adverse Opinion** – Financial statements are not presently fairly (Financial statements contain material errors)
- **Disclaimer of Opinion** – Auditors are unable to express any opinion (Town of Spring Lake – Fiscal Year Ended June 30, 2021)

## Materiality

- Auditors do not test all transactions or account balances
- Auditors test a sample of transactions and material account balances
- Number of samples items tested are based on whether or not auditors can rely on the client internal control system
- **Materiality** – Auditors test sample of transactions to obtain a level of assurance of 95% that account balances are accurate
- Therefore, financial statements with 5% or less error may be considered as fairly presented

## 2 Types of Component Units (Legally Separate Entity )

### Discretely Presented Component Unit

- Shown in a separate column from primary government
- Primary government has > 50% control of component unit
- Primary government provides some funding to component unit
  - Cumberland County ABC Board
  - Tourism Development Authority
  - Fayetteville Cumberland Economic Development Corporation
- **Blended Component Unit**
  - Primary government has 100% control of component unit
  - Component unit is financially dependent upon primary government
  - Component unit is included in audit report as part of primary government
    - Spring Lake Property Acquisitions, Inc. – Special Revenue Fund for Town of Spring Lake

## Fiscal Year 2020 Audit Report Prior Period Adjustments

	General Fund	Non-Major Funds	Water & Sewer Fund	Sanitation Fund	Storm Water Fund
Balances per Audit Report	\$631,875	\$181,338	\$7,220,302	\$241,763	\$512,741
Prior Period Adjustments 2021@	272,213	(9,872)	(9,249)	(29,208)	(146)
Prior Period Adjustments 2022 *	-	(120,072)	-	-	-
Fund Balance as Restated	\$904,088	\$51,394	\$7,211,053	\$212,555	\$512,595

@ See pages 99 – 100 of Financial Statements for FYE June 30, 2021

\* Transfer to close out Street Capital Project Fund on May 20, 2014 not recorded Page 102 FYE 2022

## Fiscal Year 2020 Audit Report Prior Period Adjustments

	Governmental Activities	Business-Type Activities	Internal Service Fund Fleet Maintenance
Net Position per Audit Report	\$3,662	\$7,974,806	\$35,981
Prior Period Adjustments 2021@	(546,573)	(38,603)	(4,600)
Prior Period Adjustments 2022 *	(120,072)	-	-
Net Position as Restated	(\$662,983)	\$7,936,203	\$31,381

@ See pages 99 – 100 of Financial Statements for FYE June 30, 2021

\* Transfer to close out Street Capital Project Fund on May 20, 2014 not recorded Page 102 FYE 2022

## Governmental Activities Statement of Net Position – Exhibit 1

	FYE June 30, 2020	FYE June 30, 2021	FYE June 30, 2022	FYE June 30, 2023
Assets	\$12,520,299	\$13,197,469	\$16,279,335	\$17,749,742
Deferred Outflows	1,432,494	2,406,515	2,525,931	2,440,980
Liabilities	(12,357,718)	(15,791,177)	(16,871,428)	(15,062,968)
Deferred Inflows	(1,591,413)	(1,364,481)	(2,679,209)	(2,378,626)
Net Position (Deficit)	\$3,662	(\$1,551,674)	(\$745,371)	\$2,749,128
Investment in Capital Assets	\$4,244,917	\$2,858,762	\$3,531,506	\$4,470,636
Restricted	1,590,727	2,850,603	2,924,099	2,990,715
Unrestricted (Deficit)	(5,831,982)	(7,261,039)	(7,200,976)	(4,712,223)
Net Position (Deficit)	\$3,662	(\$1,551,674)	(\$745,371)	\$2,749,128

## Governmental Activities Statement of Activities – Exhibit 2

	FYE June 30, 2020	FYE June 30, 2021	FYE June 30, 2022	FYE June 30, 2023
General Revenues	\$6,183,764	\$6,111,656	\$6,933,821	\$7,171,178
Charges for Services	113,122	138,186	117,790	81,636
Grants	742,376	1,100,787	791,038	4,541,119
<b>Total Revenues</b>	<b>7,039,262</b>	<b>7,350,629</b>	<b>7,842,649</b>	<b>11,793,933</b>
Expenses	(8,949,771)	(\$8,471,113)	(6,980,701)	(6,872,650)
Interfund Transfers	257,578	111,721	64,427	(1,426,784)
<b>Net Income (Loss)</b>	<b>(1,652,931)</b>	<b>(\$1,008,763)</b>	<b>\$926,375</b>	<b>\$3,494,499</b>
Prior Period Adjustments FY 2021	(546,573)			
PPA FY 2022	(120,072)			
<b>Change in Net Position</b>	<b>(\$2,319,576)</b>	<b>(\$1,008,763)</b>	<b>\$926,375</b>	<b>\$3,494,499</b>

**Grant revenues for fiscal year 2023 include American Rescue Plan Grant of \$3,825,963**

## Business-Type Activities Statement of Net Position – Exhibit 1

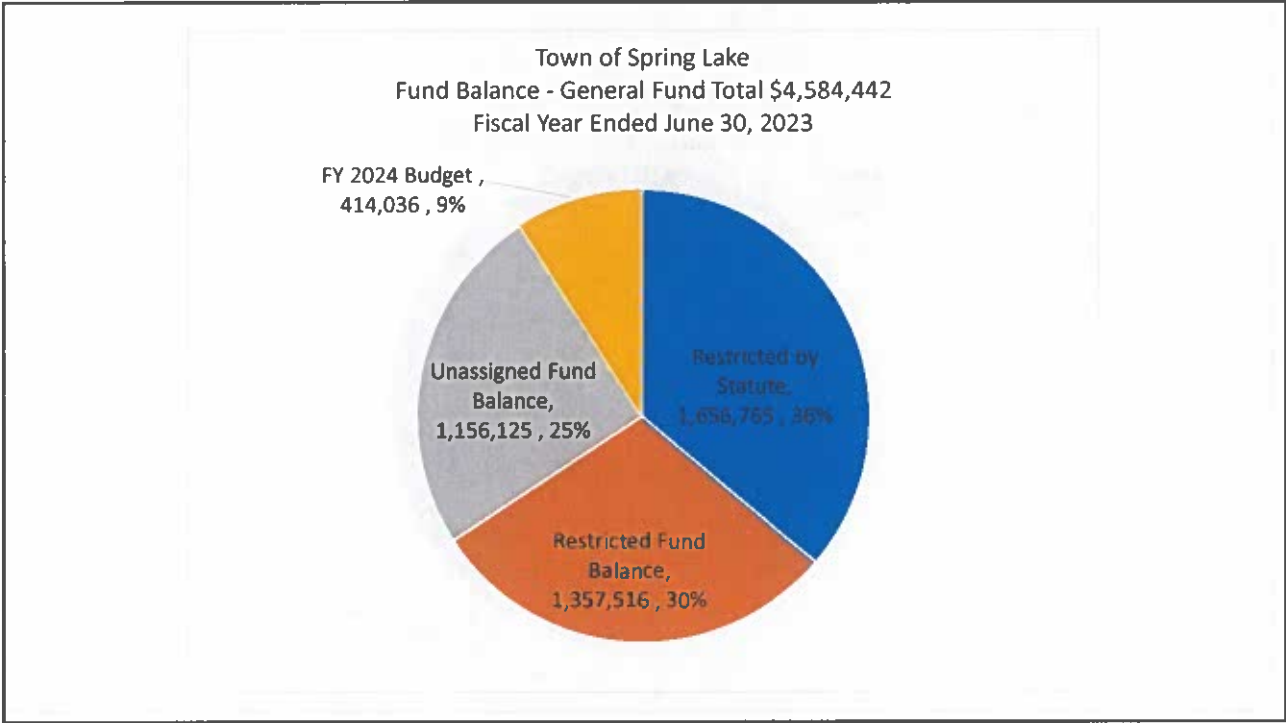
	FYE June 30, 2020	FYE June 30, 2021	FYE June 30, 2022	FYE June 30, 2023
<b>Assets</b>	<b>\$12,849,603</b>	<b>\$12,478,179</b>	<b>\$13,409,701</b>	<b>\$15,552,020</b>
Deferred Outflows	334,717	599,721	527,175	612,155
<b>Liabilities</b>	<b>(4,856,224)</b>	<b>(4,979,792)</b>	<b>(4,326,831)</b>	<b>(4,467,550)</b>
Deferred Inflows	(353,290)	(334,134)	(581,922)	(612,253)
<b>Net Position (Deficit)</b>	<b>\$7,974,806</b>	<b>\$7,763,974</b>	<b>\$9,028,123</b>	<b>\$11,084,372</b>
<b>Investment in Capital Assets</b>	<b>\$6,399,781</b>	<b>\$6,077,108</b>	<b>\$5,764,855</b>	<b>\$5,542,876</b>
Restricted	-	75,551	75,395	75,395
Unrestricted (Deficit)	1,575,025	1,611,315	3,187,873	5,466,101
<b>Net Position (Deficit)</b>	<b>\$7,974,806</b>	<b>\$7,763,974</b>	<b>\$9,028,123</b>	<b>\$11,084,372</b>

## Business-Type Activities Statement of Activities – Exhibit 2

	FYE June 30, 2020	FYE June 30, 2021	FYE June 30, 2022	FYE June 30, 2023
General Revenues	\$37,338	\$9,042	\$39,438	\$147,946
Charges for Services	4,224,166	4,426,004	4,726,655	5,160,283
Grants	571,782	-	326,099	-
Total Revenues	4,833,286	4,435,046	5,092,192	5,308,229
Expenses	(4,792,530)	(\$4,495,554)	(3,763,616)	(4,678,764)
Interfund Transfers	(257,578)	(111,721)	(64,427)	1,426,784
Net Income (Loss)	(216,822)	(\$172,229)	\$1,264,149	\$2,056,249
Prior Period Adjustments FY 2021	(38,603)			
PPA FY 2022	-			
Change in Net Position	(\$255,425)	(\$172,229)	\$1,264,149	\$2,056,249

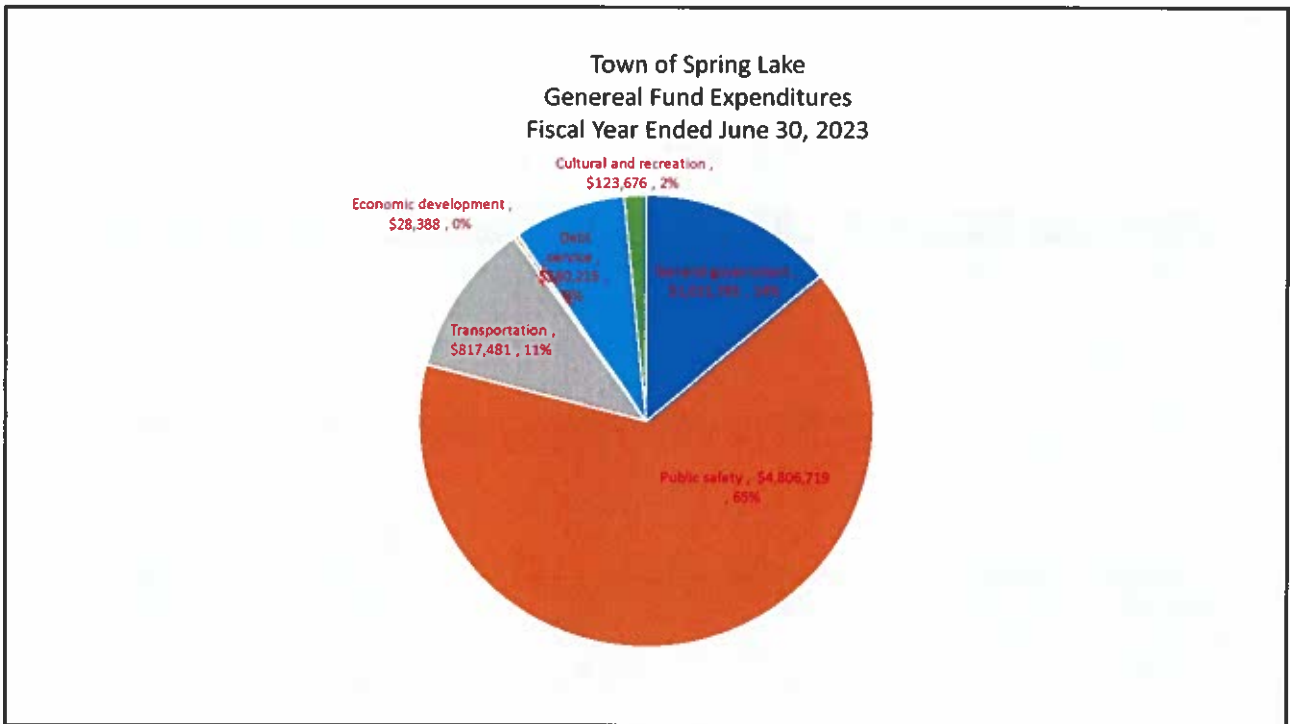
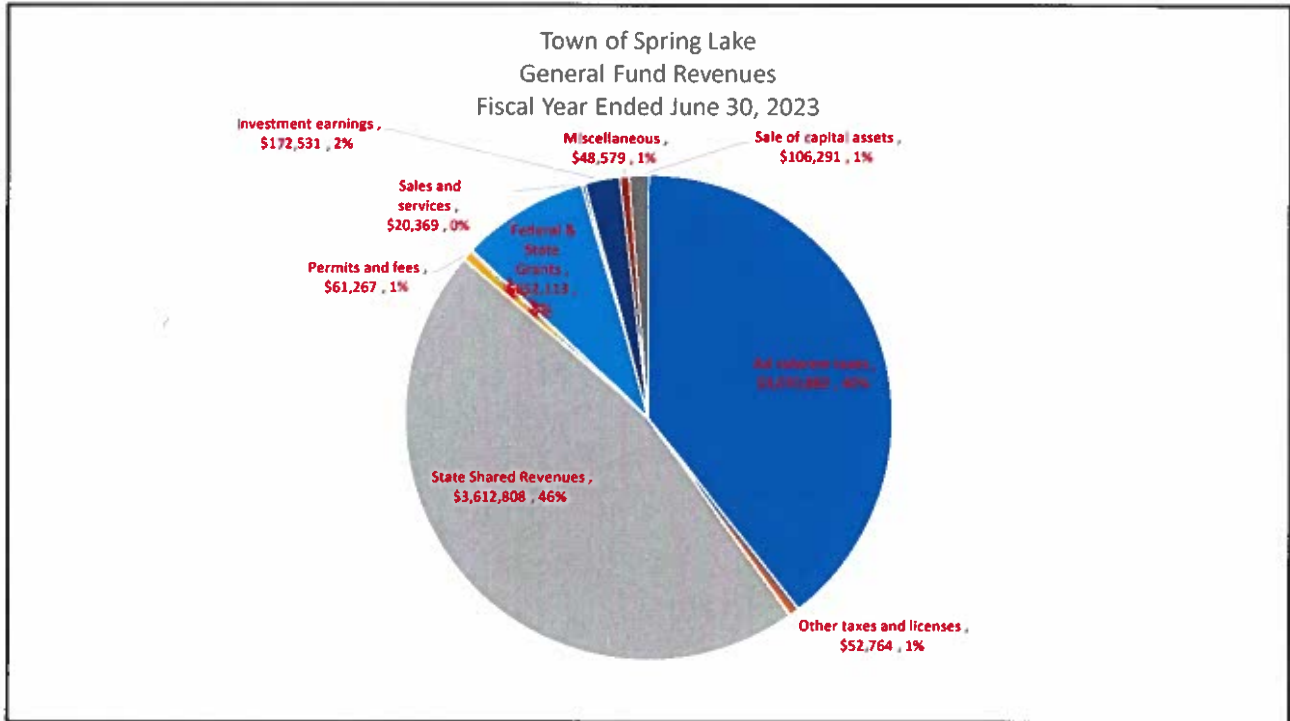
## General Fund Balance Sheet – Exhibit 3

	FYE June 30, 2020	FYE June 30, 2021	FYE June 30, 2022	FYE June 30, 2023
Assets	\$1,402,945	\$2,149,430	\$3,017,747	\$5,594,700
Liabilities	(675,021)	(1,461,827)	(747,040)	(939,476)
Deferred Inflows	(96,049)	(80,360)	(60,300)	(70,782)
Fund Balance (Deficit)	\$631,875	\$607,243	\$2,210,407	\$4,584,442
Prepaid Expenses	\$ -	\$2,967	\$4,653	\$44,331
Reserve by State Statute	1,037,469	1,367,262	1,656,412	1,612,434
Powell Bill - Streets	265,425	512,543	814,407	953,823
Debt Service	-	213,749	377,749	403,693
Next Year's Budget FBA	-	-	-	414,036
Unassigned (Deficit)	(671,019)	(1,489,278)	(642,814)	1,156,125
Fund Balance (Deficit)	\$631,875	\$607,243	\$2,210,407	\$4,584,442



## General Fund – Exhibit 5 Statement of Revenues and Expenditures

	FYE June 30, 2020	FYE June 30, 2021	FYE June 30, 2022	FYE June 30, 2023
Revenues	\$7,110,453	\$7,497,073	\$7,660,733	\$7,691,313
Expenditures	(8,729,524)	(8,476,976)	(5,691,103)	(7,378,264)
Lease / Loan Proceeds	454,285	1,150,380	-	-
Transfers In	150,000	15,090	-	3,041,280
Transfers Out	(149,983)	(219,516)	(366,466)	(1,086,585)
Sale of Capital Assets	-	71,620	-	106,291
Loss Due to Fraud	-	(334,516)	-	-
Net Income (Loss)	(1,164,769)	(\$296,845)	1,603,164	2,374,035
Prior Period Adjustments	272,213	-	-	-
Net Change in Fund Balance	(\$892,556)	(\$296,845)	\$1,603,164	\$2,374,035



## Property Tax Levy and Collections

	FYE June 30, 2020	FYE June 30, 2021	FYE June 30, 2022	FYE June 30, 2023
Assessed Valuation	\$457,805,426	\$462,524,858	\$464,255,856	\$466,733,319
Tax Rate Per \$100	\$0.70	\$.70	\$.70	\$0.65
Levy	\$3,204,635	\$3,241,237	\$3,261,181	\$3,043,405
Collections	\$3,148,568	\$3,213,836	\$3,222,051	\$3,019,898
Taxes Receivable CY	\$56,067	\$27,401	\$39,130	\$23,507
Collection Percentage	98.25%	99.15%	98.80%	99.23%
Taxes Receivable All Years	\$189,049	\$133,328	\$128,163	\$94,944
Allowance Bad Debts	(93,000)	(80,644)	(68,239)	(47,943)
Net Taxes Receivable	\$96,049	\$52,684	\$59,924	\$47,001
1 Cent Equals	\$44,980	\$45,912	\$46,029	\$46,460

## Water and Sewer Fund – Exhibit 8

	FYE June 30, 2020	FYE June 30, 2021	FYE June 30, 2022	FYE June 30, 2023
Operating Revenues	\$3,312,783	\$3,494,991	\$3,723,140	\$4,138,038
Operating Expenses	(3,911,716)	(3,511,875)	(3,128,974)	(3,919,129)
Operating Income (Loss)	(598,933)	(16,884)	594,166	218,909
Grants	571,782	-	326,099	-
Other Revenues	33,848	8,948	37,937	125,892
Interest Expense	(54,436)	(51,528)	(50,460)	(49,300)
Transfers In	-	-	-	1,112,387
Transfers Out	(57,038)	(67,729)	(37,881)	(49,013)
Net Income (Loss)	(\$104,777)	(\$127,193)	\$869,861	\$1,358,875

## Sanitation Fund – Exhibit 8

	FYE June 30, 2020	FYE June 30, 2021	FYE June 30, 2022	FYE June 30, 2023
Operating Revenues	\$633,387	\$631,935	\$714,348	\$726,830
Operating Expenses	(614,449)	(698,294)	(564,637)	(591,258)
Operating Income (Loss)	18,938	(66,359)	149,711	135,572
Grants	-	-	-	-
Other Revenues	2,508	58	1,238	15,447
Interest Expense	(2,226)	(2,183)	(66)	-
Transfers In	-	-	-	220,735
Transfers Out	(96,672)	(21,672)	(23,428)	(30,844)
Net Income (Loss)	(\$77,452)	(\$90,156)	\$127,455	\$340,910

## Storm Water Fund – Exhibit 8

	FYE June 30, 2020	FYE June 30, 2021	FYE June 30, 2022	FYE June 30, 2023
Operating Revenues	\$277,996	\$299,078	\$289,167	\$295,415
Operating Expenses	(209,703)	(231,674)	(19,479)	(119,077)
Operating Income (Loss)	68,293	67,404	269,688	176,338
Grants	-	-	-	-
Interest Income	982	36	263	6,607
Interest Expense	-	-	-	-
Transfers In	-	-	8,596	188,941
Transfers Out	(103,868)	(22,320)	(11,714)	(15,422)
Net Income (Loss)	(\$34,593)	\$45,120	\$266,833	\$356,464

## Powell Bill Funds

	FYE June 30, 2021	FYE June 30, 2022	FYE June 30, 2023	FYE June 30, 2024
Beginning Balance	\$265,425	\$512,543	\$814,407	\$953,823
Powell Bill Allocation NCDOT	254,027	304,340	302,341	330,233
Interest Income	-	-	-	22,556
Corrections	(2,344)	-	-	-
Engineering	(4,565)	(2,476)	-	(2,650)
Street Maintenance	-	-	(4,725)	(3,850)
New Equipment - Backhoe	-	-	(158,200)	-
Debt Service – Street Bonds	-	-	-	(134,290)
Ending Balance	\$512,543	\$814,407	\$953,823	\$1,165,822
PB Reimbursement City of Fayetteville – 30%	\$178,247	\$87,635	\$86,529	\$94,815

Powell Bill Balance as of June 30, 2025 \$1,272,395. Highland Paving Contract \$859,238. Completed to Date \$409,423

## American Rescue Plan – COVID 19 FY 2023

• US Treasury Grant Funds	\$3,825,963
• Interest Income	<u>111,927</u>
• Total ARPA Fund	<u>\$3,937,890</u>
• Transfer to General Fund	\$3,030,823
• Transfer to Water and Sewer Fund	569,187
• Transfer to Sanitation Fund	170,515
• Transfer to Storm Water Fund	99,919
• Transfer to Fleet Maintenance Fund	<u>67,446</u>
• Total Transfers	<u>\$3,937,890</u>

One Time Grant used to pay salaries and benefits for fiscal year 2023 – Page 121

## Pension and Retiree Health Insurance Liability

	FYE June 30, 2020	FYE June 30, 2021	FYE June 30, 2022	FYE June 30, 2023
NCLGERS	\$1,707,088	\$2,312,721	\$976,747	\$2,482,792
LEOSSA	280,155	491,664	470,253	387,500
OPEB	3,796,598	5,251,775	5,407,326	4,530,012
<b>Total</b>	<b>\$5,783,841</b>	<b>\$8,056,160</b>	<b>\$6,854,326</b>	<b>\$7,400,304</b>

NCLGERS – NC Local Government Employees Retirement System  
 LEOSSA – Law Enforcement Officers Special Separation Allowance  
 OPEB – Other Post Retirement Benefits – Retiree Health Insurance

State of NC has increased the employer's contribution to NCLGERS by .75% for general employees and by 1.00% for law enforcement officers each year for the last 4 years. Increased both by 1.20% in FY 2021.

Current rate for NCLGERS FY 2026 – General Employees 14.41% Law Enforcement Officers 16.08%

## Town of Spring Lake Debt

	FYE June 30, 2020	FYE June 30, 2021	FYE June 30, 2022	FYE June 30, 2023
BB&T Street Bonds	\$600,000	\$450,000	\$300,000	\$150,000
USDA Rec Center	2,113,254	2,069,177	2,023,281	1,975,493
First Bank Fire Trucks	-	1,115,487	1,011,890	905,869
SREMC Fire Station	-	1,000,000	1,000,000	944,444
Enterprise Police Cars	381,985	291,128	200,271	109,414
BB&T SLPA 166 acres	3,500,000	3,500,000	3,184,557	3,184,557
USDA 2008 Water	679,000	665,000	650,000	634,000
USDA 2008 Sewer	437,000	428,000	418,000	408,000
NCDEQ Water	561,961	521,820	481,681	441,541
NCDEQ Sewer	437,245	403,611	369,977	336,342
NCDEQ Sewer	807,105	717,427	627,748	538,070
NCDOT Relocate Lines	211,014	-	-	-
BB&T Garbage Truck	95,878	48,310	-	-
<b>Total Debt</b>	<b>\$9,824,442</b>	<b>\$11,209,960</b>	<b>\$10,267,405</b>	<b>\$9,627,730</b>

## Spring Lake Property Acquisitions, Inc.

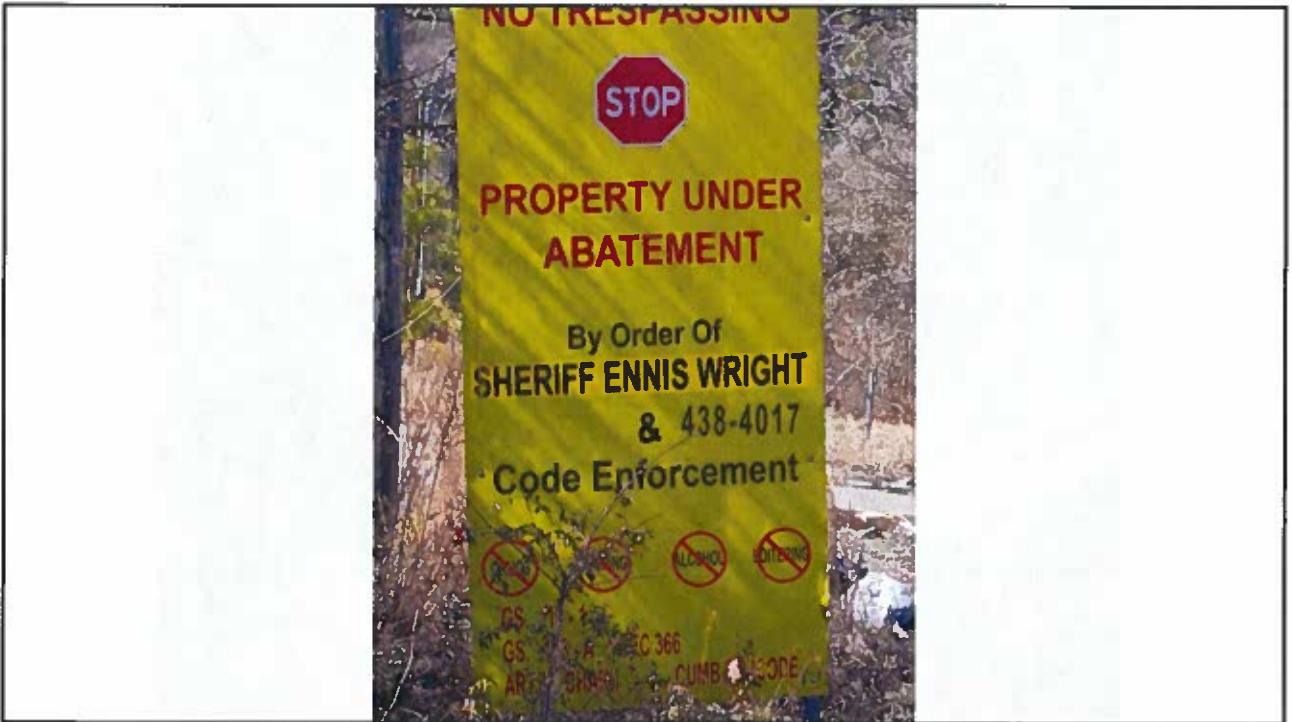
- FY 2019 - Town purchased options on land for \$48,863
- April 2019 – July 2019 – Town purchased 2 parcels for \$287,892
- August 22, 2019 – SLPA Borrowed \$3,500,000 from BB&T
- August 2019 – June 2020 – Purchased 18 parcels of real estate for \$3,090,108
- Total Cost of Real Estate Purchased \$3,441,567 (166 acres) including \$14,550 for bank closing costs
- August 22, 2021 – SLPA defaulted on loan payment of \$875,000
- December 10, 2021 – BB&T closed escrow account applied \$360,713 to loan
- August 28, 2025 – Town purchased note receivable from Truist Bank for \$450,000
- August 28, 2025 – Truist Bank writes off remaining loan balance of \$2,990,588
- September 19, 2025 – Town sold 5 acres for \$75,000
- October 17, 2025 – Town paid County for property taxes & solid waste fees \$49,852

## SLPA Due to Town of Spring Lake

	Balance Due to Town
Cost of land options and 2 parcels of real estate	\$336,909.70
Purchase of note receivable from Truist Bank	\$450,000.00
Payment to Cumberland County for 6 years of property taxes and solid waste fees	\$49,841.56
<b>Total due to Town of Spring Lake</b>	<b>\$836,751.26</b>
Less sale of 5 acres	(\$75,000.00)
Legal fees withheld from sales proceeds	\$2,000.00
<b>Balance due to Town of Spring Lake</b>	<b>\$763,751.26</b>











## Spring Lake Property Acquisitions, Inc. Impaired Asset

Cost of buildings and mobile homes	\$1,727,132.27
Less accumulated depreciation	(386,350.55)
Net book value of buildings	\$1,340,781.72
Cost of land	\$1,714,435.10
Net book value of land and buildings	\$3,055,216.82
Assessed Property Value 2017 Levy SLPA	\$1,959,479.00
Assessed Property Value 2025 Levy SLPA – Increase in value 59.50%	\$3,125,409.00
Assessed Property Value 2025 Levy Town of Spring Lake 2 parcels	\$456,026.00
Fair Market Value of condemned buildings and mobile homes ?	\$0
Fair Market Value of land used as an illegal trash dump ?	?

## Spring Lake Property Acquisitions, Inc.

- Town employees, soldiers and volunteers removed 100,000 lbs. of trash
- Town has hired attorney to foreclosure on note receivable from SLPA
- Deed to all properties will be transferred from SLPA to Town of Spring Lake
- Buildings and homes need to be demolished – cost unknown
- Town will offer land for sale to recover balance due of \$763,751

## Compliance Section FYE June 30, 2021 Material Weaknesses in Internal Control

- Segregation of Duties – Repeat
- Excess of Expenditures over Appropriations Page 61 – Repeat
- Bank Reconciliations – Repeat
- Preaudit Process – Repeat
- Missing Credit Card Receipts – Repeat
- Invoices Not Turned in on a Timely Basis – Repeat
- Material Journal Entries – Repeat
- Audit Report Not Filed Timely – Repeat
- Cell Phone Allowance Error FY 2020 \$10,000 S/B \$100 – Corrected

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ASSET MANAGEMENT PLAN AND  
AIA REPORT - WATER

ASSET INVENTORY AND ASSESSMENT (AIA) - WATER  
PROJECT NO. VUR-AIA-ARP-0036

TOWN OF SPRING LAKE  
CUMBERLAND COUNTY, NORTH CAROLINA



Email Review: January 14, 2026  
Focus Group 1 Review: January 21, 2026

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Town of Spring Lake  
Cumberland County, North Carolina

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3.2 High Priority Projects  
3.2.1 Isolation Valve Project



Table 3.9 – Preliminary Opinion of Probable Cost for Isolation Valve Project

ITEM	DESCRIPTION	UNITS	QUANTITY	UNIT PRICE	TOTAL COST
1	Mobilization (3%)	LS	1	\$ 7,000	\$ 7,000
2	12" Gate Valve	EA	1	\$ 10,500	\$ 10,500
3	8" Gate Valve	EA	4	\$ 6,500	\$ 26,000
4	6" Gate Valve	EA	22	\$ 4,500	\$ 99,000
5	Compact Ductile Iron Fittings	LB	1000	\$ 15	\$ 15,000
6	Asphalt Road Repair	LF	270	\$ 100	\$ 27,000
7	Asphalt Overlay	SY	600	\$ 35	\$ 21,000
8	Traffic Control	LS	1	\$ 21,500	\$ 21,500
<b>SUBTOTAL</b>					<b>\$ 227,000</b>
CONTINGENCIES (10%)					\$ 23,000
<b>TOTAL BASE PROJECT COST</b>					<b>\$ 250,000</b>

3.2 High Priority Projects  
3.2.1 Isolation Valve Project

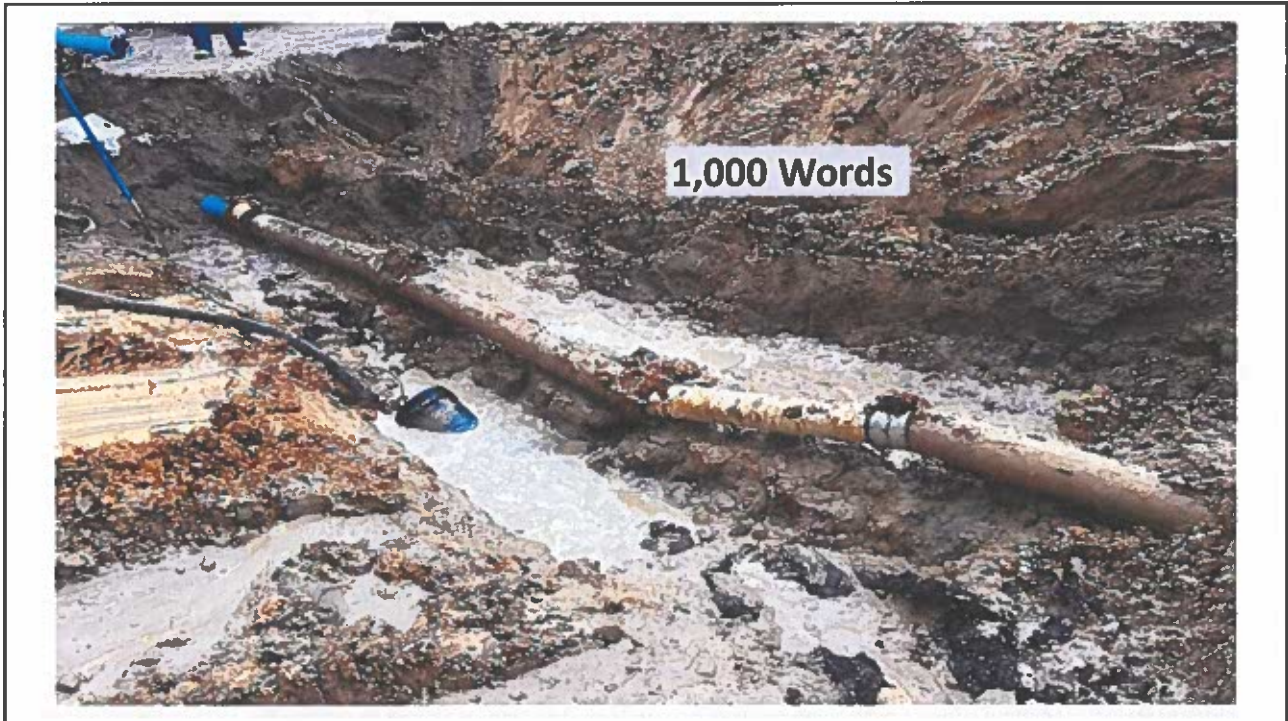


### 3.2 High Priority Projects

#### 3.2.3 Odell Road Water Line Replacement

##### ***3.2.3 Odell Road Area Water Line Replacement***

The Odell Road area is currently served by aging asbestos-cement water mains ranging from 6 to 8 inches in diameter, many of which have exceeded their useful service life. These lines have experienced recurring leaks, reduced system reliability, and pressure limitations due to pipe deterioration and outdated appurtenances. The project includes replacing the existing mains with new C-900 PVC water lines, installing new valves and service connections, and upgrading hydrants and fittings to current standards. These improvements will enhance system pressure, reduce water loss, and improve overall operational reliability throughout the service area. The project's preliminary estimated cost is **\$4,407,225**.



3.2 High Priority Projects  
 3.2.3 Odell Road Water Line Replacement

Opinion of Probable Cost

**\$4,407,225** FY 2026 - Current Year  
**\$4,561,477** FY 2027 + 1 Year  
**\$6,216,826** FY 2036 +10 Year


**Amortized Loan: Paying Back a Fixed Amount Periodically**

Use this calculator for basic calculations of common loan types such as [mortgages](#), [auto loans](#), [student loans](#), or [personal loans](#), or click the links for more detail on each.

Loan Amount   
 Loan Term  years  months  
 Interest Rate  %  
 Compound   
 Pay Back

**Results**

Payment Every Year **\$617,768.58**  
 Total of 10 Payments **\$6,177,685.81**  
 Total Interest **\$770,360.81**

 **3%**  
 Legend: ■ Principal ■ Interest

[View Amortization Table](#)

Figure 10: Odell Road Area  
 Water Line Replacement  
 Town of Spring Lake, North Carolina



3.2 High Priority Projects  
 3.2.2 Mack Street Water Line Replacement

**3.2.2 Mack Street Area Water Line Replacement**

The Mack Street area is served by aging 6-inch water lines that have exceeded their useful life and have been prone to leaks and ongoing maintenance issues. The deteriorated condition of the existing pipe has contributed to reduced pressure reliability and increased operational challenges for maintenance crews. This project includes replacing the water main with new 6-inch C-900 PVC pipe, installing new valves, upgrading hydrants, and replacing water service connections. These improvements will reduce water loss, improve pressure consistency, and enhance overall system reliability and fire protection in the Mack Street area. The project's preliminary estimated cost is

**\$3,743,450.**

3.2 High Priority Projects  
3.2.2 Mack Street Water Line Replacement

Opinion of Probable Cost

**\$3,743,450** FY 2026 - Current Year  
**\$3,874,470** FY 2027 + 1 Year  
**\$5,280,505** FY 2036 +10 Year

Table 3.11 – Preliminary Opinion of Probable Cost for Mack Street Area Water Line Replacement

ITEM	DESCRIPTION	UNITS	QUANTITY	UNIT PRICE	TOTAL COST
1	Mobilization (3%)	LS	1	\$ 81,000	\$ 81,000
2	6" C-900 PVC Water Line	LF	10,900	\$ 70	\$ 763,000
3	6" Gate Valve	EA	25	\$ 4,500	\$ 112,500
4	Water Service Tap, tapping saddle, corp stop	EA	140	\$ 1,500	\$ 210,000
5	Water Service Piping	LF	2,980	\$ 25	\$ 74,500
6	Fire Hydrant Assembly	EA	8	\$ 6,500	\$ 52,000
7	Compact Ductile Iron Fittings	LF	1,000	\$ 15	\$ 15,000
8	Asphalt Road Repair	LF	8,720	\$ 100	\$ 872,000
9	Asphalt Overlay	SY	19,378	\$ 25	\$ 484,450
10	Miscellaneous Concrete	CY	50	\$ 500	\$ 25,000
11	Traffic Control	LS	1	\$ 40,000	\$ 40,000
12	Seed, Mulch and Erosion Control	LS	1	\$ 25,000	\$ 25,000
<b>SUBTOTAL</b>					<b>\$ 2,772,450</b>
CONTINGENCIES (15%)					\$ 416,000
ENGINEERING DESIGN, PERMITTING, AND BIDDING					\$ 330,000
CONSTRUCTION ADMINISTRATION / OBSERVATION					\$ 700,000
<b>TOTAL BASE PROJECT COST</b>					<b>\$ 3,743,450</b>

Amortized Loan: Paying Back a Fixed Amount Periodically

Use this calculator for basic calculations of common loan types such as [mortgages](#), [auto loans](#), [student loans](#), or [personal loans](#), or click the links for more detail on each

Loan Amount:

Loan Term:

Interest Rate:

Compound:

Pay Back:

**Results:**

Payment Every Year: \$438,778.63  
Total of 10 Payments: \$4,387,786.27  
Total Interest: \$664,336.27

[View Amortization Table](#)

Notes:  
1 All estimated costs are in 2023 dollars.  
2 The Engineer assumes no control of labor costs, materials, equipment or services furnished by others, the Contractor's methods for determining items, or competitive or market conditions. The estimates herein for project and construction costs represent the Engineer's best judgment, and are based on experience and qualifications as a Professional Engineer who periodically consults with the construction industry. The Engineer does not guarantee the accuracy of the cost estimates, which may vary from both the actual project and construction costs.

AIA Water 10 Year CIP Summary

Table 4.14 – CIP Cost Summary

ISOLATION VALVE PROJECT	PROJECT 1 - ODELL ROAD AREA WATER LINE REPLACEMENT	PROJECT 2 - MACK STREET AREA WATER LINE REPLACEMENT	PROJECT 3 - DEERFIELD AREA WATER LINE REPLACEMENT	WATER TANK PROJECT	PROJECT 4 - SPRING AVENUE AREA WATER LINE REPLACEMENT	PROJECT 5 - MAIN STREET AREA WATER LINE REPLACEMENT	PROJECT 6 - ADDITIONAL A.C. WATER LINE REPLACEMENT	Total Cost
\$250,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$250,000
\$0	\$4,407,225	\$0	\$0	\$0	\$0	\$0	\$0	\$4,407,225
\$0	\$0	\$3,743,450	\$0	\$0	\$0	\$0	\$0	\$3,743,450
\$0	\$0	\$0	\$5,482,000	\$0	\$0	\$0	\$0	\$5,482,000
\$0	\$0	\$0	\$0	\$2,400,000	\$0	\$0	\$0	\$2,400,000
\$0	\$0	\$0	\$0	\$0	\$5,388,625	\$0	\$0	\$5,388,625
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$5,028,300	\$0	\$5,028,300
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,552,300	\$8,552,300
<b>TOTAL ESTIMATED CIP COST</b>								<b>\$36,252,800</b>

Amortized Loan: Paying Back a Fixed Amount Periodically

Use this calculator for basic calculations of common loan types such as [mortgages](#), [auto loans](#), [student loans](#), or [personal loans](#), or click the links for more detail on each

**\$36,252,800**

Loan Amount:

Loan Term:

Interest Rate:

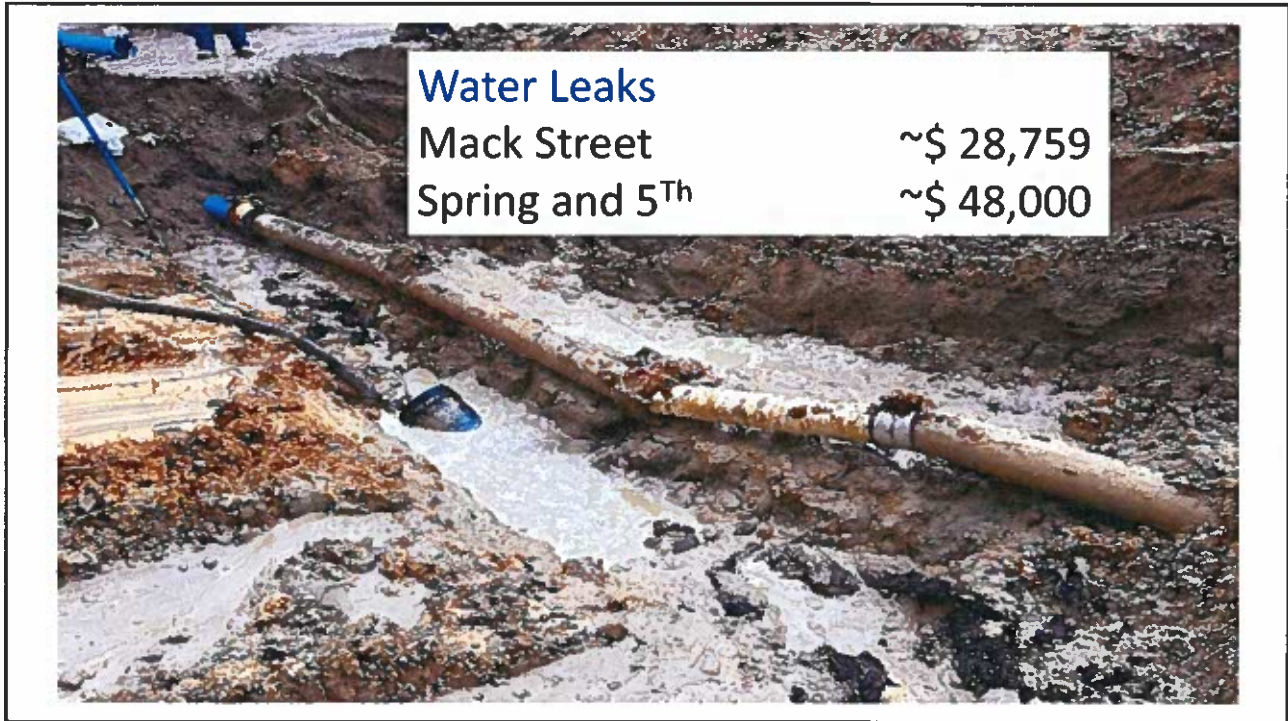
Compound:

Pay Back:

**Results:**

Payment Every Year: \$4,258,960.76  
Total of 10 Payments: \$42,589,607.46  
Total Interest: \$8,336,807.46


[View Amortization Table](#)



ASSET MANAGEMENT PLAN AND  
AIA REPORT - SEWER

**ASSET INVENTORY AND ASSESSMENT (AIA) - SEWER**  
DWI PROJECT NO. VUR-AIA-ARP-0036

TOWN OF SPRING LAKE  
CUMBERLAND COUNTY, NORTH CAROLINA




CONSULTING ENGINEERS

**Email Review: January 14, 2026**  
**Focus Group 1 Review: January 21, 2026**

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AIA Report - Sewer  
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Figure 12: Project 1 - Odell Road Area Sewer Rehab and Replacement Town of Spring Lake, North Carolina

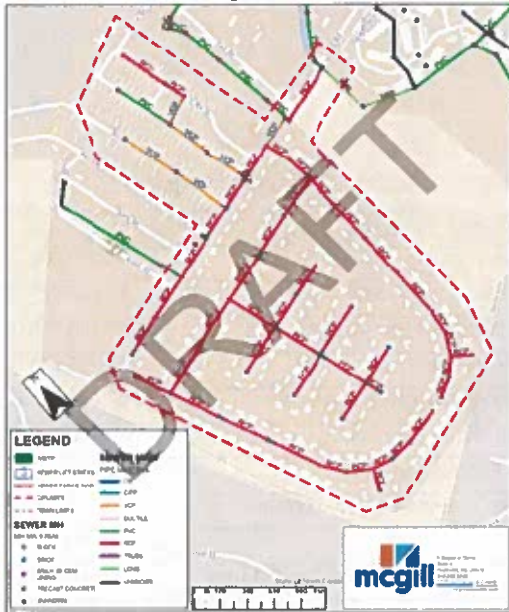


Table 18: Preliminary Opinion of Probable Cost for Odell Road Area

PRELIMINARY OPINION OF PROBABLE COST  
PROJECT 1 - ODELL ROAD AREA SEWER REHAB AND REPLACEMENT  
TOWN OF SPRING LAKE  
CUMBERLAND COUNTY, NORTH CAROLINA  
July 2025

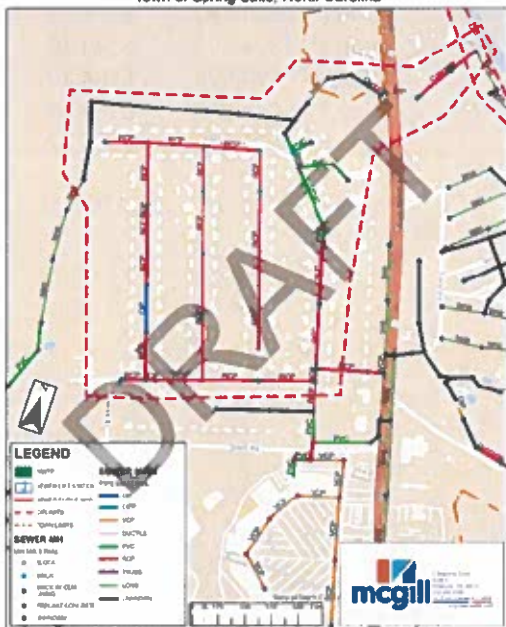
ITEM	DESCRIPTION	UNITS	QUANTITY	UNIT PRICE	TOTAL COST
1	Installation (7%)	LS	1	\$ 124,000	\$ 124,000
2	8" Concrete Gravity Sewer Replacement	LF	12,300	\$ 95	\$ 1,168,500
3	8" VCP Gravity Sewer Replacement	LF	1,800	\$ 95	\$ 180,500
4	8" CPP Lining in Existing VCP Sewer Line	LF	3,000	\$ 95	\$ 285,000
5	8" Dia Concrete Manhole	EA	48	\$ 7,375	\$ 354,000
7	Sewer Service Replacement with Cleanout	EA	307	\$ 5,000	\$ 1,535,000
8	Clean Rest/Over Type in 8" Sewer Line	EA	30	\$ 5,000	\$ 1,500,000
9	8" Sewer Line Point Repair, 0'-4' Depth	EA	30	\$ 7,500	\$ 225,000
10	8" Sewer Line Point Repair, 0'-12' Depth	EA	3	\$ 10,000	\$ 30,000
11	Chemical Graft Injection for Active Infiltration	GAL	30	\$ 250	\$ 7,500
12	Chemical Lining and Epoxy Coating	LF	30	\$ 450	\$ 13,500
13	Epoxy Manhole Coating	LF	30	\$ 250	\$ 7,500
14	Hydrant Pumping	LS	1	\$ 35,000	\$ 35,000
15	Asphalt Road Repair	LF	1,800	\$ 100	\$ 180,000
16	Asphalt Overlay	SY	4,223	\$ 25	\$ 105,575
17	Miscellaneous Concrete	CY	50	\$ 500	\$ 25,000
18	Traffic Control	LS	1	\$ 40,000	\$ 40,000
19	Sign, Mark and Street Control	LS	1	\$ 25,000	\$ 25,000
<b>SUBTOTAL</b>					<b>\$ 4,243,725</b>
CONTRIBUTIONS (15%)					\$ 637,000
ENGINEERING, DESIGN, PERMITTING, AND BIDDING					\$ 200,000
CONSTRUCTION ADMINISTRATION / OBSERVATION					\$ 230,000
<b>TOTAL BASE PROJECT COST</b>					<b>\$ 5,728,725</b>

\$ 5,728,725

AA Report - Sewer  
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Town of Spring Lake  
Cumberland County, North Carolina

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Page 00

Figure 13: Project 2 - Mack Street Area Sewer Rehab and Replacement Town of Spring Lake, North Carolina



3.2.3 Mack Street Area Sewer Rehabilitation and Replacement

This project includes replacement of 8" concrete and vitrified clay gravity sewer on Mack Street and nearby areas. It also includes 8" cured-in-place lining in existing VCP sewer and replacing and rehabilitating manholes.

The preliminary cost estimate for this project is \$3,166,800 as outlined in Table 14 below.

Table 19: Mack Street Area Sewer Rehabilitation and Replacement  
PRELIMINARY OPINION OF PROBABLE COST  
PROJECT 2 - MACK STREET AREA SEWER REHAB AND REPLACEMENT  
TOWN OF SPRING LAKE  
CUMBERLAND COUNTY, NORTH CAROLINA  
July 2025

ITEM	DESCRIPTION	UNITS	QUANTITY	UNIT PRICE	TOTAL COST
1	Installation (7%)	LS	1	\$ 316,800	\$ 316,800
2	8" Concrete Gravity Sewer Replacement	LF	400	\$ 95	\$ 38,000
3	8" VCP Gravity Sewer Replacement	LF	200	\$ 95	\$ 19,000
4	8" CPP Lining in Existing VCP Sewer Line	LF	200	\$ 95	\$ 19,000
5	8" Dia Concrete Manhole	EA	75	\$ 6,000	\$ 450,000
7	Sewer Service Replacement with Cleanout	EA	140	\$ 5,000	\$ 700,000
8	Clean Rest/Over Type in 8" Sewer Line	EA	10	\$ 1,800	\$ 18,000
9	8" Sewer Line Point Repair, 0'-4' Depth	EA	5	\$ 7,000	\$ 35,000
10	8" Sewer Line Point Repair, 0'-12' Depth	EA	5	\$ 10,000	\$ 50,000
11	Chemical Graft Injection for Active Infiltration	GAL	20	\$ 250	\$ 5,000
12	Chemical Lining and Epoxy Coating	LF	300	\$ 450	\$ 135,000
13	Epoxy Manhole Coating	LF	40	\$ 250	\$ 10,000
14	Hydrant Pumping	LS	1	\$ 35,000	\$ 35,000
15	Asphalt Road Repair	LF	3,200	\$ 100	\$ 320,000
16	Asphalt Overlay	SY	7,112	\$ 25	\$ 177,800
17	Miscellaneous Concrete	CY	50	\$ 500	\$ 25,000
18	Traffic Control	LS	1	\$ 40,000	\$ 40,000
19	Sign, Mark and Street Control	LS	1	\$ 25,000	\$ 25,000
<b>SUBTOTAL</b>					<b>\$ 3,166,800</b>
CONTRIBUTIONS (15%)					\$ 475,000
ENGINEERING, DESIGN, PERMITTING, AND BIDDING					\$ 200,000
CONSTRUCTION ADMINISTRATION / OBSERVATION					\$ 230,000
<b>TOTAL BASE PROJECT COST</b>					<b>\$ 3,166,800</b>

\$ 3,166,800

AA Report - Sewer  
DWR Proj. No. VUR-AA-ARP-0036  
Town of Spring Lake  
Cumberland County, North Carolina

December 2025  
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Figure 1. Overall Sewer System Map  
Town of Spring Lake, North Carolina



## Sewer CIP

Table 1: Summary of Capital Improvements Projects

No.	Project Name	Cost
1	Sewer Interceptor Investigation	\$250,000.00
2	Odell Rd Area Sewer Rehab and Replacement	\$5,728,725.00
3	Mack St Area Sewer Rehab and Replacement	\$3,166,800.00
4	Main St Area Sewer Rehab and Replacement	\$5,257,775.00
5	Spring Ave Area Sewer Rehab and Replacement	\$7,916,500.00
6	Deerfield Sewer Rehab and Replacement	\$7,208,900.00
7	Additional Sewer Line Replacement	\$13,455,675.00
8	Rehabilitate Lift Stations and Add Backup Generator	\$828,000.00
<b>10-Year CIP Total Project Cost</b>		<b>\$43,812,375.00</b>

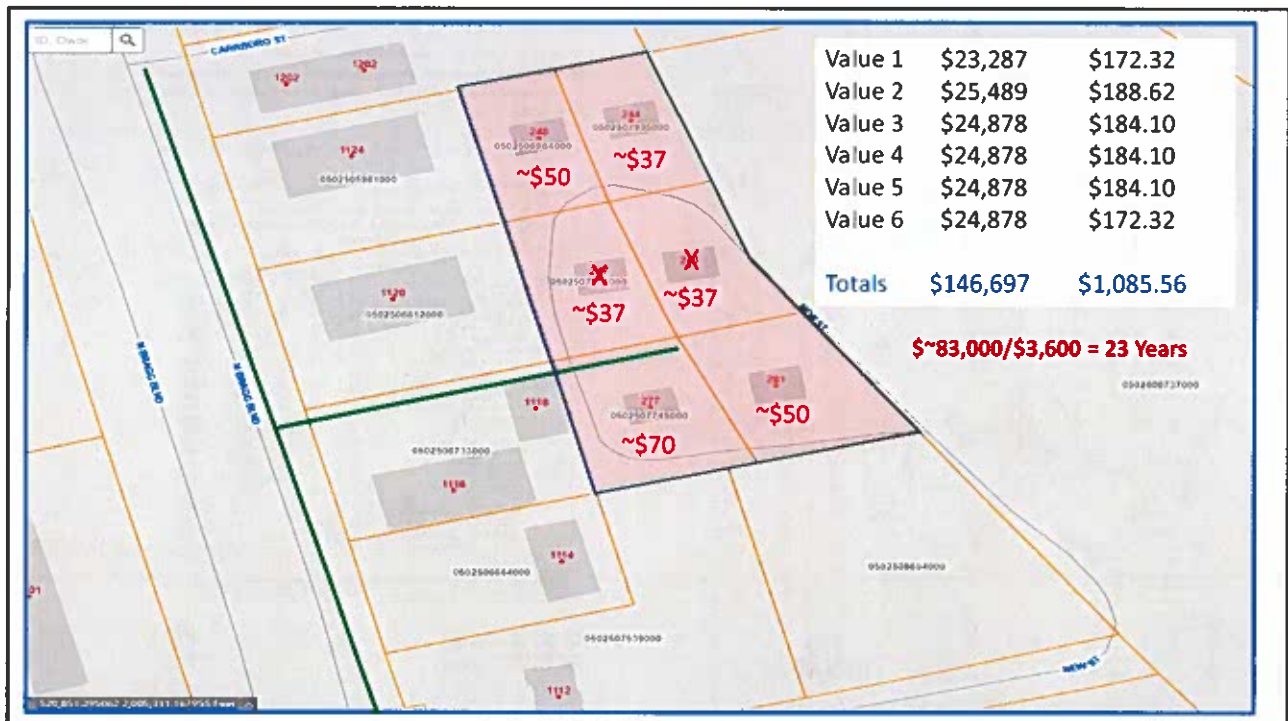


Table 1920: CIP Cost Summary

Year	SEWER INTERCEPTOR INVESTIGATION	PROJECT 1 - ODELL ROAD AREA SEWER REHAB AND REPLACEMENT	PROJECT 2 - MAIN STREET AREA SEWER REHAB AND REPLACEMENT	PROJECT 3 - MAIN STREET AREA SEWER REHAB AND REPLACEMENT	PROJECT 4 - SPRING AVENUE AREA SEWER REHAB AND REPLACEMENT	PROJECT 5 - DIXFIELD SEWER REHAB AND REPLACEMENT	PROJECT 6 - ADDITIONAL SEWER LINE REPLACEMENT	REHABILITATE LIFT STATIONS AND ADD BACKUP GENERATOR	TOTAL COST
1	\$ 200,000.00							\$ 200,000.00	\$ 1,678,000.00
2		\$ 6,728,725.00							\$ 6,728,725.00
3			\$ 3,196,800.00						\$ 3,196,800.00
4				\$ 6,287,775.00					\$ 6,287,775.00
5									\$ -
6									\$ -
7					\$ 7,918,000.00				\$ 7,918,000.00
8									\$ -
9						\$ 2,000,000.00			\$ 2,000,000.00
10							\$ 13,400,875.00		\$ 13,400,875.00
									<b>\$ 43,812,375.00</b>

Notes:  
1. Considering the timeline for adoption of this plan and Town budget planning cycle, Year 1 is anticipated to be FY 2026

**\$ 43,812,375**

AIA Report - Sewer  
DWI Proj. No. VUR-AIA-ARF-0036  
Town of Spring Lake  
Cumberland County, North Carolina

  
December 2025  
Page 74

Town of Spring Lake  
Financial Model Output Summary  
Water and Sewer Fund

AIA Recommended CIP

Revenue	Description	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
Operating Revenue Existing Rates		5,471,000	6,664,500	8,666,500	11,113,500	14,206,000	17,948,000	23,761,000	31,668,000	42,912,000	58,117,000	78,117,000
New Revenue (Cumulative amount)		1,095,000	1,095,000	2,063,000	2,679,000	3,696,000	4,814,000	6,333,000	8,374,000	11,201,000	14,968,000	20,632,000
Operating Revenue		6,566,000	7,759,500	10,729,500	13,792,500	17,902,000	22,762,000	30,094,000	40,042,000	54,113,000	73,085,000	98,749,000
General Revenue Increased from Rate Adjustments - Percentage		16.1%	17.2%	17.2%	17.3%	17.3%	17.3%	17.3%	17.3%	17.3%	17.3%	17.3%
Expenses	Description	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
Operating Expenses		4,184,000	5,343,000	6,647,000	8,136,000	9,837,000	12,433,000	15,378,000	19,808,000	25,848,000	34,648,000	46,294,000
Capital Outlay		190,000	650,000	860,000	1,010,000	1,060,000	1,546,000	1,793,000	1,965,000	90,000	2,184,000	90,000
Starting Debt Service		230,000	230,000	230,000	230,000	230,000	230,000	230,000	230,000	230,000	230,000	230,000
Proposed Debt Service		-	30,000	670,000	1,111,000	1,668,000	2,337,000	3,241,000	4,403,000	5,874,000	7,714,000	10,032,000
Financial Outcomes	Description	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
Expenses to Cover		5,817,000	6,497,000	7,421,000	8,943,000	10,800,000	13,772,000	16,808,000	21,494,000	28,177,000	37,080,000	48,307,000
Difference / (Shortage)		80,000	774,000	341,000	489,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Effect on Customer Bills	Description	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
Per Month Residential Bill - Current	8.00	\$127.95	\$193.54	\$181.18	\$298.38	\$295.81	\$278.34	\$315.98	\$363.21	\$476.97	\$628.21	\$770.83
Monthly Residential Bill - Change		\$25.95	\$25.95	\$27.64	\$27.19	\$21.25	\$20.94	\$41.33	\$47.53	\$64.66	\$29.34	\$22.43
Rate Increase Approx		32%	16%	10%	10%	10%	10%	10%	10%	10%	7%	6%
Financial Indicators	Description	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
Fund Balance Yearover		3,911,000	4,189,000	4,338,000	4,617,000	4,819,000	5,099,000	5,277,000	5,554,000	5,763,000	5,868,000	5,914,000
Fund Balance % of Expenses to Cover		70%	64%	67%	62%	60%	60%	61%	60%	60%	79%	74%



Water/Sewer 10-Year Capital Investment	Description	Total CIP	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
Water Distribution		46,847,000	340,000	4,746,500	4,210,000	4,414,000	2,955,000	6,318,000	-	7,188,000	14,134,000	14,134,000
Sewer Collection		17,626,000	1,171,100	6,196,200	3,163,200	6,180,900	-	10,417,800	-	10,260,000	10,917,000	-
Total Water/Sewer CIP		64,473,000	1,361,100	10,942,700	7,373,200	12,565,900	2,900,000	6,818,300	10,417,800	17,417,300	34,287,400	14,134,000

## 4.6 Financial Model Outputs- Water and Sewer

### 4.6.1 Revenue

Revenue increases for the water and sewer fund required to sustain the AIA generated capital improvements plans result in customer rate-generated revenue increases of 20% in the first year of the planning period, followed by 18% in the second year, then 15% in each of the next six years, followed by 7% in year nine and 5% in year ten. This translates into a monthly 5,000-gallon residential water and sewer bill increasing an average of \$29.52 (monthly) in each of the first five years (115% total increase year 1 through 5), followed by an average of \$30.79 in each year thereafter (71% total increase year 6 through 10). The total increase on the 5,000-gallon monthly residential bill from year 1 through 10 is \$342.88, which is a 268% increase.

Town of Spring Lake Asset Inventory Assessment Study Proposed Water and Sewer Rate Increases				Average Water & Sewer Bill 5,000 gallons per month		
Fiscal Year	Proposed Rate Increase	Cumulative Rate Increase	Water Rates	Sewer Rates	Total W&S Bill	Annual Increase/Mnth
2026	0%	0%	\$ 60.09	\$ 67.85	\$ 127.94	\$ -
2027	20%	20%	72.11	81.42	\$ 153.53	\$ 25.59
2028	18%	42%	85.09	96.08	\$ 181.16	\$ 27.64
2029	15%	63%	97.85	110.49	\$ 208.34	\$ 27.17
2030	15%	87%	112.53	127.06	\$ 239.59	\$ 31.25
2031	15%	115%	129.41	146.12	\$ 275.53	\$ 35.94
2032	15%	148%	148.82	168.04	\$ 316.86	\$ 41.33
2033	15%	185%	171.14	193.24	\$ 364.38	\$ 47.53
2034	15%	228%	196.81	222.23	\$ 419.04	\$ 54.66
2035	7%	250%	210.59	237.78	\$ 448.37	\$ 29.33
2036	5%	268%	221.12	249.67	\$ 470.79	\$ 22.42
Total Monthly Increase in Water & Sewer Rates Over 10 Year Period						\$ 342.85
Annual Increase in Water & Sewer Bill				\$ 342.85	12	\$ 4,114.23

## Alternates

### 4.11 AFFORDABILITY CONSIDERATIONS: ALTERNATE FINANCIAL MODEL

Given the magnitude of rate increases necessary to support the full CIP generated from the water and sewer AIA processes, an alternate financial model scenario was developed to limit rate increases to a more affordable level through the 10-year planning period. A benchmark that can be used to gauge affordability is the North Carolina Department of Environmental Quality (NCDEQ) calculation for the annual cost of a 5,000-gallon residential water and sewer bill as a percentage of Median Household Income (MHI). DEQ references this benchmark in its "Rate Study Guidance Document", Section 2.8.1, citing that utilities bills are commonly considered affordable in a range from under 2% to 4% of MHI. DEQ uses this approach to assign priority points to funding applications where the annual cost of a 5,000-gallon residential water and sewer bills exceeds 2.5% of MHI.

An alternate financial model was created that limits revenue increases to the anticipated DEQ benchmark of 2.5% of Median Household Income projected through the 10-year planning period. This projection is based on the calculated annual cost of the 5,000-gallon residential water and sewer bill as a percentage of MHI using DEQ's Affordability Calculator for the years 2020 and 2025. For this time period Spring Lake's MHI increased an average of 6.4% annually. This annual rate of increase was then used to project water and sewer bills corresponding to 2.5% of MHI for each year of the 10-year planning period.

Spring Lake MHI=\$50,497  
 2.5%- \$1,262/Yr or \$105/Mth  
 4% \$2,019/Yr or \$168/Mth

## Alternates

The assumption is that rates can be considered reasonably affordable if they are held near 2.5% of MHI.

The 10-year CIP will require a reduction of approximately \$48 million (46%) in order for the revenue generated under the affordable scenario to sufficiently address projected expenses. The reduction is accomplished by deferring the proposed water main replacement projects 5 and 6 (Main St area and additional AC water lines), and sewer rehabilitation projects 5 and 6 (Deerfield area and additional sewer line replacements) beyond the 10-year planning period, to FY 11-15. Please note project deferral will increase the risk of potential failure.

A detailed CIP, financial model output summary, comparable utilities table, and residential water and sewer bill projection tables for the alternate financial model are included in the appendix.

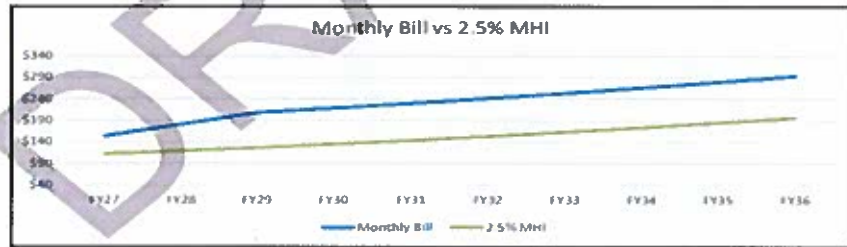
### Town of Spring Lake

#### Monthly 5,000-gallon Residential Water and Sewer Bill Projection Table

Reduced CIP with debt issues based on SRF terms: 20-year term, 2.25% interest  
 Rate Affordability Based on Projected UNC Benchmark 2.5% Median Household Income

Current Rate	10-year Rate Adjustment Projection									
FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
\$127.66	\$153.94	\$181.18	\$208.35	\$218.77	\$225.71	\$241.20	\$253.20	\$265.92	\$278.21	\$293.17
\$ change	\$26.28	\$27.24	\$27.18	\$10.42	\$10.94	\$11.40	\$12.00	\$12.60	\$13.30	\$13.96
% change	20.0%	18.0%	15.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

Comparison with:	20%	rd	18%	15%	12%	5%						
2.0% MHI	\$105.20						\$143.70	\$153.06	\$162.93	\$173.44	\$184.62	\$196.53
Spring Lake above 2.0% MHI	\$22.76	\$41.56	\$61.97	\$81.40	\$83.69	\$85.92	\$88.13	\$90.32	\$92.48	\$94.59	\$96.65	\$98.65
Percent Above Median:	22%	37%	52%	64%	62%	60%	58%	55%	53%	51%	49%	46%
Inflation Factor	0.4%											



### Grants

Spring Lake is designated as a Distressed Utility as of November 4, 2025, and is therefore eligible for VUR (Viable Utility Reserve) Grant Funding. This has not been included in the CIP but is an alternative funding option that can be explored when VUR funding is available.

Agency	Funding Sources				
	Interest Rate	Loan Terms	Additional Conditions	Grant/Principal Forgiveness	Loans/Grant Fee
Clean Water State Revolving Fund (CWSRF)	1/2 Market Rate (Fixed)	20-Year Term	Federal/State Conditions & LGC Approval Required	Potential for PF	2% (Loan Fee)
Drinking Water State Revolving Fund (DWSRF)	1/2 Market Rate (Fixed)	20-Year Term	Federal/State Conditions & LGC Approval Required	Potential for PF	2% (Loan Fee)
Viable Utilities Reserve (VUR)	N/A	N/A	State Conditions - LGC & SWA Approval BUMP Training Required For Utilities Designated as Distressed	100% State Grant	1.5% (Grant fee)
State Revolving Program (SRP)	1/2 Market Rate (Fixed) of the 20-Year Bond Index	20-Year Term	State Conditions & LGC Approval Required	Grant % Determined by Affordability Criteria (median household income, etc.) \$3 Million Cap for Grant & \$3 Million Cap for Loan	TBD
Economic Development Administration (EDA)	N/A	N/A	Federal Conditions	Supplement Funding Grant w/ 50% Match Requirement (can be bonds, SRF Loans, etc.)	N/A

## Fayetteville Public Works Rate Increase Effective July 1, 2026 – 21%

• Current annual water purchased from FPWC	\$1,317,000(edited)
• Rate Increase	21%
• Increase in Cost of Water	\$276,570
• Rate Increase needed to cover cost of water	4.93%
• Cost of Water Next Fiscal Year FPWC	\$1,661,756
• Harnett Regional Water	\$408,033 (Assumed)
• Total Cost of Water FY 2027	\$2,069,789

## Town of Spring Lake Water Rate Increase

### Staff Recommendation

Increase TOSL Water Rate by 4.93% to adjust and cover the 21% cost increase to purchase water from PWC. The increase would be effective beginning June 1, 2026.



## Town of Spring Lake Water & Sewer Rate Increase

### Staff Recommendation

Increase TOSL Water and Sewer Rate by 23% to cover the debt service for a \$20,000,000 Capital Improvement Loan. The increase would be effective beginning December 1, 2026.

## Town of Spring Lake Merger Regionalization Feasibility (MRF)

### Staff Recommendation

Sell the water and sewer system at an appraised value based upon a ~80,000,000 "liability".

# What is the Board of Commissioners Direction?

## System Development Fees

**DRAFT REPORT**

**COST-JUSTIFIED WATER AND SEWER  
SYSTEM DEVELOPMENT FEES**

**TOWN OF SPRING LAKE, NORTH CAROLINA**

David Honeycutt, PE, Principal/Pinehurst Office Manager  
Dale R. Schepers, Financial Services Analyst



5 Regional Circle, Suite A  
Pinehurst, NC 28374  
Firm License No.: C-0450

**Email Review: January 14, 2026**

**Focus Group 1 Review: January 21, 2026**

## System Development Fees

### System Development Fees

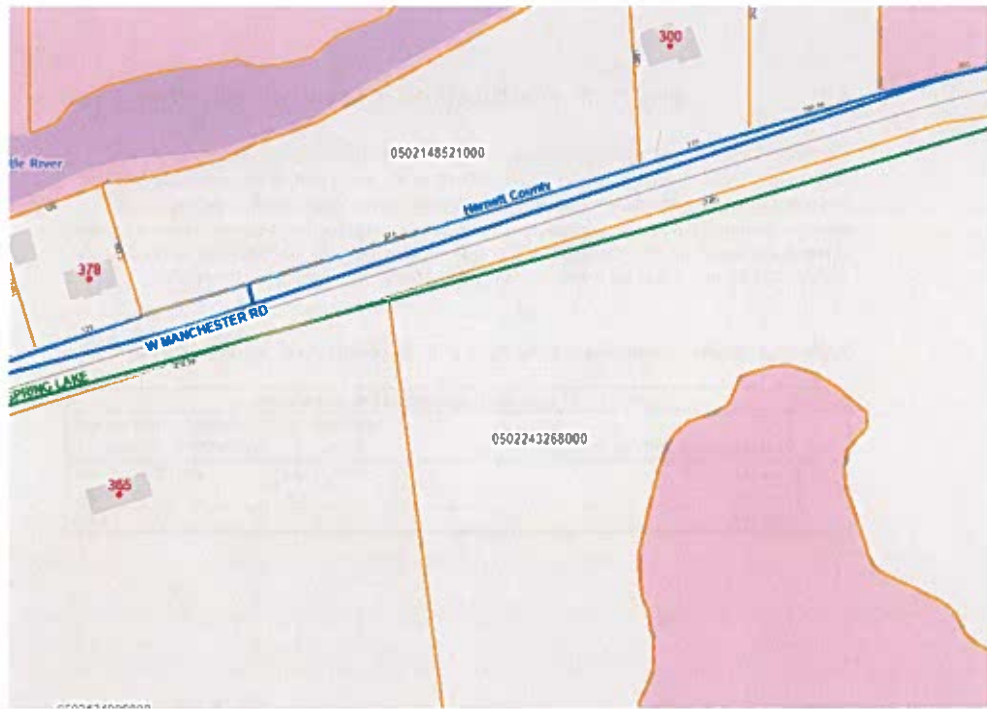
**Residential (to include Mobile Homes):**

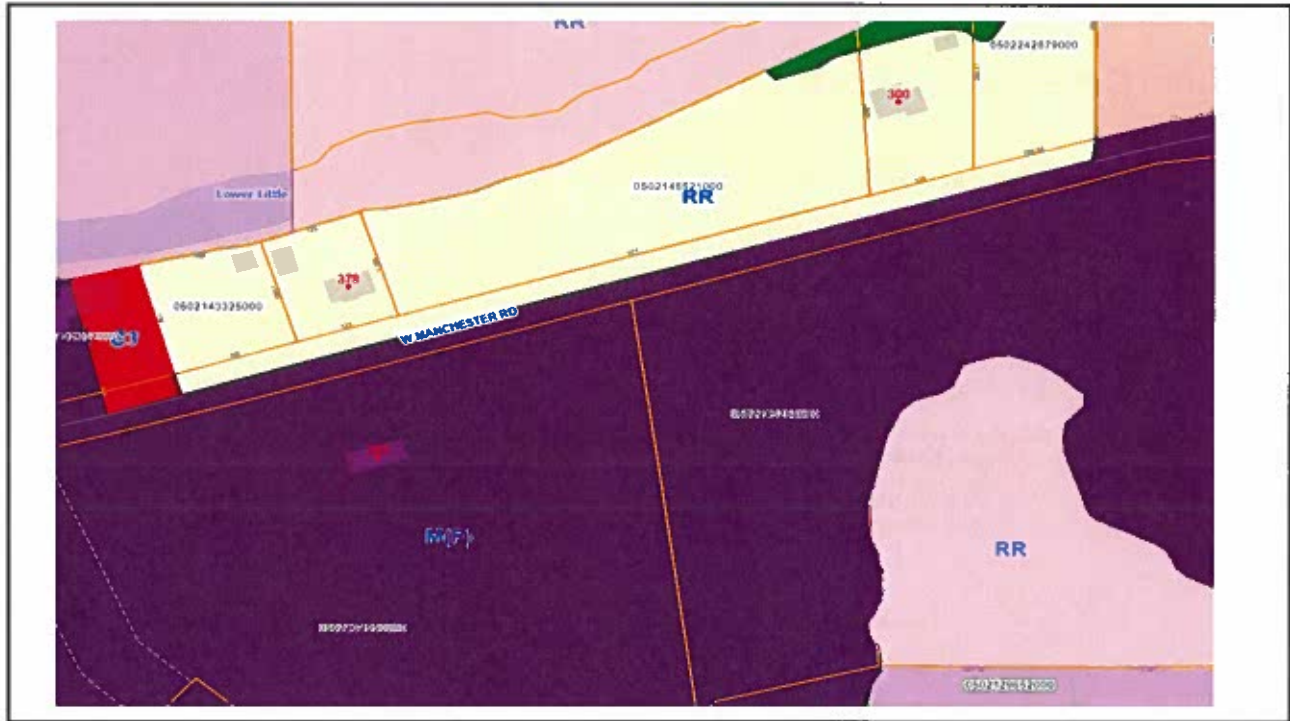
1 Bedroom	\$ 350.00
2 Bedroom	\$ 500.00
3 Bedroom	\$ 625.00
Additional Bedrooms Add	\$ 200.00 each

**Commercial:**

Multiplex / Apartment / Condominium / Townhouse	Hotel – Motel / Bed & Breakfast (and like buildings)
2 to 50 Bedrooms	\$ 200.00 per bedroom
51 to 100 Bedrooms	\$ 175.00 per bedroom
101 to 200 Bedrooms	\$ 150.00 per bedroom
201 + Bedrooms	\$ 125.00 per bedroom

## Benefits?





**4.0 SERVICE UNIT CALCULATIONS: EQUIVALENT RESIDENTIAL UNITS**

HB 436 requires SDF calculations to be applied to various categories of customer demands based on service units or ERU's. An ERU is defined as the water and sewer capacities required to serve the most typical user type which is a three-bedroom single-family dwelling. North Carolina Division of Water Resources (DWR) design standards for constructing water and sewer systems, NC Administrative Code 15A NCAC 18C .0409 and 15A NCAC 02T .0114 respectively, assign 400 gallons per day for water demand and 225 gallons per day for wastewater.

**Table 4.0.1- System Development Fees: Equivalent Residential Unit, Water and Sewer**

Spring Lake: Equivalent Residential Unit Calculation				
Item	System Development Fee Calculation	Cost of Capacity \$/GPD	Customer Demand GPD	Cost per Unit Capacity
1	Water System	\$ 1.89	400	\$ 756
2	Sewer System	\$ 4.26	225	\$ 959
Total ERU				\$ 1,715

## Financial Impact

- Single Family Residence     \$1,715
- Duplex                             \$3,430
- 200 Unit Apartment             \$343,000

Note- 82 CO's issued in the last two years     ~\$140,000

## Staff Recommendation

**"§ 162A-209. Adoption and periodic review.**

**(a) For not less than 45 days prior to considering the adoption of a system development fee analysis, the local governmental unit shall post the analysis on its Web site and solicit and furnish a means to submit written comments, which shall be considered by the preparer of the analysis for possible modifications or revisions.**

**(b) After expiration of the period for posting, the governing body of the local governmental unit shall conduct a public hearing prior to considering adoption of the analysis with any modifications or revisions.**

**(c) The local governmental unit shall publish the system development fee in its annual budget or rate plan or ordinance. The local governmental unit shall update the system development fee analysis at least every five years.**

What is the  
Board of Commissioners Direction?

ATTACHMENT THREE

- Liberty Estates: 17 structures - 7 torn down - 10 more to go – cleaning up the junk piles and the overgrown landscape.



BEFORE



AFTER



BEFORE



AFTER



BEFORE



AFTER



BEFORE



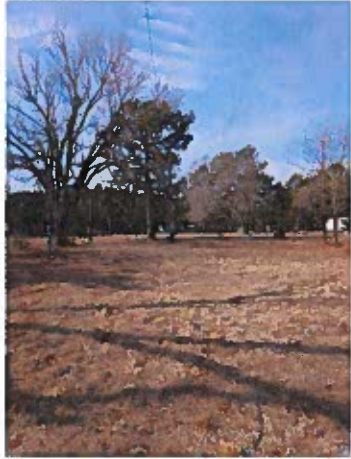
AFTER



OVERALL SITE BEFORE CLEAN-UP



## OVERALL SITE AFTER CLEAN-UP



- Rosehill park - N & S Conner Cir, Sigmund St.  
Wesley St. - 19 structures – Demolition permits  
issued January 23



- Rosewood Rentals - White Eagle Ln & Misty Cir. - 17 structures
- Demolition Ordinances filed January 29th



ATTACHMENT FOUR

# SPRING LAKE

CODE ENFORCEMENT

300 RUTH ST



OUR COMMUNITY MATTERS

# 10/01/25 DAY 1

TOTAL VIOLATIONS

ON 10/01/25 THERE WERE A TOTAL OF 207  
CODE ENFORCEMENT VIOLATIONS

# 02/09/26

FIVE MONTHS LATER

VIOLETIONS CLOSED

AS OF 02/09/26 A 133 CODE ENFORCEMENT VIOLATION CASES HAVE BEEN CLOSED OUT . THERE ARE CURRENTLY 74 PENDING CODE ENFORCEMENT CASES.

# 11/13/25

OPERATION GREEN AND CLEAN

0900 HRS.

30 SPRING LAKE EMPLOYEES TOOK TO THE STREETS OF DEERFIELD NEIGHBORHOOD GIVING OUT 318 GREEN IN COMPLIANCE PLACARD. THERE WERE 120 RED VIOLATIONS GIVEN OUT FOR VARIOUS JUNK VEHICLES, VEHICLE IN THE RIGHT OF WAY, JUNK PILES, AND HIGH GRASS.

# VIOLATION 116 N. GROGG

VIOLATION DATE 11/06/25



A LETTER HAS BEEN HAND DELIVERED AND MAILED OUT ON 01/28/26. A CRIMINAL CITATION WILL BE ISSUED ON 02/10/26

# VIOLATION 213 LACOCK

VIOLATION DATE 01/13/26



A LETTER WAS HAND DELIVERED AND MAILED OUT ON 02/05/26. ON 02/18/26 A CRIMINAL CITATION WILL BE ISSUED.

# CLOSED

## VIOLATIONS

1159 N. BRAGG



THIS INCIDENT HAS BEEN OPEN AND CLOSED FOR THE PAST FIVE MONTH. INCIDENT WAS CLOSED OUT ON 02/06/26. GRANT & MURRAY ADVISED A BARRIER WILL BE PUT UP IN THE NEXT FEW WEEKS TO COME.

# CLOSED

## VIOLATIONS

1159 N. BRAGG



THIS INCIDENT HAS BEEN OPEN AND CLOSED FOR THE PAST FIVE MONTH. INCIDENT WAS CLOSED OUT ON 02/06/26. GRANT & MURRAY ADVISED A BARRIER WILL BE PUT UP IN THE NEXT FEW WEEKS TO COME.

# CLOSED

VIOLATIONS

1631 HINKLE ST.



THIS INCIDENT WAS OPEN 11/06/25. THIS INCIDENT WAS CLOSED ON 12/16/25.

# CLOSED

VIOLATIONS



THIS INCIDENT WAS OPEN 11/06/25. THIS INCIDENT WAS CLOSED ON 12/16/25.