

**TOWN OF NEWLAND**  
**08/06/2024**  
**MONTHLY BOARD MEETING**



**ATTENDING:**

**MAYOR:** Derek Roberts

**ALDERMAN:** Kenan Foxx, James Johnson, Gail Haller, Christie Hughes

**GUEST:** Kenny Caraway, Vicki Caraway, Nancy Davis, Amber Williams, Crystal Wise, Jane Wise, Karen Bounds, Bert Valery, Sammie Jones, Larry Hoyle, Beverly Hoyle, Susan Johnson, Sabrina Smith, Kim Lee, Stephen Auffinger, Susan Auffinger, Mike Nelson, Jackie Nelson, Kristy Andrieszyn, Diane Jaynes, several other individuals in attendance

**STAFF:** Town Administrator Bill Bailey, Finance Officer Sandy Lewis, Police Chief Michael Fields, Police Captain Chris Clark, Public Works Director Gary Lewis, Town Attorney Gerald McKinney

Mayor Roberts called the meeting to order at 6:00 p.m., reminded everyone of ethics awareness, and led the assembly in the Pledge of Allegiance. Mayor Pro Tem Foxx motioned to approve the July minutes; Alderman Hughes seconded the motion. All agreed by a show of hands and stating aye. Mayor Pro Tem Foxx motioned to approve the agenda. Alderman Johnson seconded the motion. All agreed by a show of hands and stating aye.

**CINDY RANDOLPH: FY AUDIT 2022**

Cindy introduced herself to the board and said the financial statements had been handed out to them. She reminded them this audit was two years behind and is the June 30th, 2022 audit report. She explained that she would not go through the entire report; however, she would hit the highlights. She thanked the board, the mayor, Bill, and Sandy for allowing her to do the audit again this year. Cindy stated Sandy does a fantastic job with the finances, and she is beginning to straighten everything out. We have already completed the fieldwork for the 2023 audit a week or so ago, so all that is left to complete the June 30th, 2023 audit is to write the financial statements, send them in for approval, and submit them to the local government commission. The June 30th, 2022, audit has been submitted and approved by the LGC. Cindy stated she had issued an unmodified opinion on the financial statements, which is the normal type of opinion you want when auditing your financial statements. The Town's unassigned fund balance for the general fund was \$901,787, which was an increase from the previous year of \$900,903. The unassigned fund balance represents 83.12% of your total general fund expenditures for the fiscal year. Cindy stated that the fund balance available for appropriation is an important reserve for local

governments to provide cash flows during periods of declining revenues or to be used for emergencies and unforeseen expenditures. Back in 2022, the LGC put out an average fund balance available for appropriation for towns the size of Newland in North Carolina, and that was 63%. As of June 30th, 2022, the Town was at 83.12%. The current property tax collection percentage was 95.36%, and general fund revenues increased by \$92,578. That increase was due to the increase in sales tax revenue, and we received the Care Act funding of \$109,000. Cindy explained that the LGC distributes a data input sheet she has to fill out, which is to be submitted at the same time as the audit report. It states that 8.33% of the fund balance represents enough to cover only one month of expenditures. Alderman Johnson reassured the Town had ten months laid back, and Cindy stated yes. Cindy said the Town is on the unit assistant list by the LGC, and we will have to write a letter for the June 30th, 2022 audit to give a corrective action plan. There were findings in this audit, which were issued in a separate letter and submitted to the LGC. The first one is that the governing board is responsible for ensuring that audited financial statements are available to the public in a timely manner. These were due by October 31st, 2022, and we submitted this on June 24th, 2024, so we are almost two years behind. However, Cindy explained she realized there was a lot of turnover going on during this time. There were budget violations within the general fund, which means the Town overspent its budget in the general fund with expenditures. General government was overspent by \$49,154, public safety overspent by \$757, and transportation by \$41,061. Cindy said you are not supposed to pay for something without it being pre-audited, saying there are funds available and budgeted for. Material weaknesses were identified in this audit, such as a lack of segregation of duties. With a smaller organization and turnover, there was no oversight or separation of any of the duties that could possibly segregate the late audit timeliness. Bank reconciliations had not been completed for a year, so one of the questions was how much cash you had available and how this was going to be corrected. Bank reconciliations are still not being prepared on a monthly basis until we catch up on the audits. Day-to-day transactions were not being reported in the general ledger, and late submissions of your retirement plan funds were found. Cindy reassured the fieldwork had been completed for the June 30th, 2023 audit, and she will be giving Sandy the adjusting journal entries to enter into Southern. She also stated that another major issue was switching software during a fiscal year, which was a crazy thing to do. However, now that Sandy is here and has some stable bodies, we can move forward. Alderman Hughes asked Cindy if she could explain why the audit was turned in so late. Mayor Roberts stated that because we've had so much turnover and we switched software systems in the middle of the fiscal year. Sandy added that the Town went without a finance officer for ten months before she started, and then she was only here for five months. Cindy explained they had a date to come and do the 2022 audit, and when they started, they realized there had not been any revenue recorded in the system and that bank reconciliations had not been completed. She said Jessica was appointed as the finance officer at one point, and she thinks she was just way in over her head. They were able to provide all invoices for payments made, and nothing was missing. Cindy also looked at our check signers, and everything looked okay. Attorney McKinney asked if there was a deadline for us to address these things with the LGC. Cindy asked Sandy if she had received anything for 2022, and she said no. Cindy said they would probably contact Bill or Sandy. Mayor Roberts asked if we were down to one software system. Sandy said that as soon as the LGC accepts the 2023 audit, she will download all of the files and get rid of QS1, but we are only using Southern as of now. Cindy said the audit for June 30th, 2024, is due by October 31st, 2024. The LGC will not tell you this, but you will be granted a one-month extension without amending the contract.

## **ADOPTION OF UTILITY ORDINANCE**

Mayor Roberts announced we had failed to advertise for the Sweetwater Ranch public hearing; therefore, that would not be taking place tonight. Property owners will receive a written notice in the mail if they are joining the property line, and it will be advertised on the website. Bill stated the utility ordinance the Town has in place right now is out of date and needs direction from the board. Alderman Johnson said he thinks they need to put it off and do more research because the citizens just had their taxes raised. He says he understands what the state says and that we have to go up a little in order to receive grants. Alderman Hughes asked if they were discussing the ordinance or the fees. Mayor Roberts stated we have to increase the fees; however, we are looking at the ordinance. Everybody keeps saying there is too much to read, and he is asking for everyone to set a date they will have it read instead of kicking it down the road. Vicki Caraway asked if the ordinance was available for the public to read. Bill stated that the clerk has a copy in her office, and she can upload it to the website this week. Several individuals asked if they could get a copy of it tonight. Bill left the room to make copies. A comment was made about the town manager's professionalism. Mayor Roberts asked what day everyone could meet to discuss the utility ordinance, and everyone agreed that August 20th would be at 5:00 pm.

## **FEE SCHEDULE**

Mayor Roberts asked Bill if the fee schedule was the same thing as the ordinance when he returned the room. Bill stated no, fees are required by the statute to be adopted by the ordinance. The Town has several fees that have never been adopted by anything other than the board saying, "Make this happen." This is an effort to consolidate these fees and what Mike Tolson told you last month about setting up a fee schedule for utilities. It includes things we are already charging for, such as a copy fee. Bill stated he added a few things, such as charging for copies of the Town's ordinance and police report fees. One thing we do not charge for is off-duty rates for police officers. Most jurisdictions charge if somebody wants an officer for something that is not under normal rotation, then there is an hourly rate. We do zoning compliance reviews because the Town has housing requirements, so there is a fee for that. There is a double fee requirement if somebody does something without a permit or without approval from the Town, then we can charge a double fee. Water fees include new residential deposits are \$100 in Town and \$200 out of Town; everything is doubled. The commercial deposit is \$150 in Town and \$250 out of Town. Meter fees are included; however, they will be adjusted each year because the cost of meters will change. The table for utility rates Mike Tolson showed you are included as well. Mayor Roberts asked if everyone would like to discuss the fee schedule on August 20th as well, and everyone agreed. Alderman Hughes wanted to clarify that the town will have to increase utility rates in order to be eligible for future grants, loans, etc. We haven't had an increase in years. Bill stated that the LGC drives this, and we lose points because our fee structure was adopted in 2017 and does not have a conservation fee schedule. A citizen asked Bill what other fees he was putting in place. Bill stated there were fees we were already charging; he was just putting them in one place to make it easier to find them, and they need to be adopted by the ordinance. Mike Nelson stated he did not have an objection to raising utility fees. However, he received his tax bill, which went from \$6,000 to \$9,000 this year, and questioned doubling out-of-town rates. Bill explained that the way Mike Tolson set up the structure was that if you ran 5,000 gallons, you would actually pay a few cents less. So you would probably be paying close to what you are paying now.

## **PUBLIC WORKS REPORT**

Gary told the board he had given them a few charts to review. Each line below is for a week, so the top line is the number of hours reported on work orders. You can go through and see the work orders completed and how many hours were put into them. Below that, you can see the cost spent per week. Gary pointed out on 7/15 that the cost was higher because a meter was installed on Cemetery Road, which added up to almost \$1,000 in parts. Several other work orders are daily tasks, such as putting chemicals into the wells. You can see individual locations and the amounts to the side to track how much it costs to manage. He also had seventeen 811 tickets, including one where they ran a fiber optic line up to the middle school. They ended up running into the force main sewer line, and the County had Iron Mountain come out to fix it. Alderman Johnson thanked Gary for everything he was doing. Mayor Roberts asked if Gary knew when he could get water and sewer installed at his house. Gary said he would probably have to have Iron Mountain do it because the sewer line is twelve feet deep. Mayor Roberts asked Gary if he would call them and he said he would have him come out next week. Gary asked if he could mark where he wanted his tap to be installed.

## **FINANCE REPORT**

Sandy stated she didn't have much to report other than to follow up on what Cindy reported with the audits. She and Bill were on a call today with the LGC, and they approved our appeal, so we are good for the 2023 audit. Sandy stated for the 2024 audit, she would reconcile the revenue, and Jessica would reconcile expenses, so they aren't reconciling their own work. She will come to the September meeting with a fund balance policy. We are going to need several ordinances and policies put in place as far as the financials go. She provided the board with her report and the budget versus the actual report. This report will give you a view of what the finances are looking like against the budget in expenditures for the month. Sandy asked the board to look over the report and let her know if they had any questions. Mayor Roberts asked if she and Jessica were having to work on the weekends anymore. Sandy said no, that was to finish up the 2023 audit and get it submitted to the LGC.

## **POLICE REPORT**

Chief Fields stated they had 586 calls for service and three arrests. He and Lazlo were requested to help search for an elderly gentleman with dementia who had wandered into the woods. They were successful in finding him safely. Mayor Roberts asked Chief if he wanted the area behind the fire department mowed. He said it didn't matter, whatever Gary preferred. Gary said it needed to be mowed however he would talk to Chief and see how to proceed.

## **ADMINISTRATOR'S REPORT**

Bill stated that all of the streetlights and timers had been installed. However, the schedule the streetlights are on doesn't make any sense. Gary stated he had noticed they were still on around 7:30 in the morning, and there was plenty of light at that time. The new timers do have an automatic setting for daylight savings. Mayor Roberts asked the public if they had any suggestions on when they would like to see the lights on. Sandy stated she could already see a slight increase on the bill. Bill said we have arms to mount banners on; however, we have not put them up yet, because we do not know what we are hanging up. Mayor Roberts has already spoken to VFW and the high school, who would like to hang up banners. Gary stated that the same place we order Christmas lights from has flags, and they only come in a few different sizes.

Bill said we are on the November ballot for liquor by the drink, which will cause us to participate financially. We will have to pay for the printing of those ballots for the Town; however, he is unsure of the cost. We do not have the option of having our own store; we must have 1,000 registered voters. Bill and Chief have spoken about the incidents with dangerous dogs, and the statutes require us to appoint an animal control officer. He wrote a memo that appointed the Police Chief, so there is something filed. The other part of the ordinance requires us to have a board that reviews any situation that may be appealed. For example, if the Chief has reason to believe a dog is dangerous and needs restrictions, the owner can come to the board asking for an appeal. Chief explained there are guidelines in the statute by which they must go. There isn't much they can do about a stray dog running around Town. However, this gives us the ability to do something legally with aggressive dogs. A citizen asked what would happen to the dog if the owner did not file an appeal. Chief Fields said the County has a good relationship with the Mitchell County animal shelter, and they have helped with some stray dogs as well. By having this, we will be able to hold the owner accountable. MPT Foxx made a motion for the board to be able to hear canine appeal cases. Alderman Johnson seconded the motion. All agreed by a show of hands and stating aye. MPT Foxx made a motion to appoint our Police Chief as our designated animal control officer. Alderman Haller seconded the motion. All agreed by a show of hands and stating aye. Bill said we can charge up to 6% in occupancy tax, and you can get the 6% for the first \$300,000 and then 1% for anything after that. He asked the board if they wanted him to move forward with drafting a resolution. They said yes. He said we will have to give everyone 30 days to come into compliance and hand out the forms, so it will be 60 days before we can start collecting.

### **CITIZEN COMMENTS**

A citizen asked Sandy if they could get a copy of the audit. Sandy stated she had only brought ten copies. However, she would scan and upload it to the website.

### **CLOSED SESSION**

Alderman Hughes motioned to terminate Bill Bailey's employment with the Town of Newland. Alderman Johnson seconded the motion. The motion passed with a 3-1 vote, with MTP Foxx stating nay. Alderman Johnson made a motion to make Sandy Lewis the interim Town Manager/Finance Officer for the Town of Newland. Alderman Haller seconded the motion. All agreed by a show of hands and stating aye. Alderman Johnson motioned to adjust the interim town manager's pay to \$38.00 and retirement benefits. Alderman Haller seconded the motion. All agreed by a show of hands and stating aye.

### **ADJOURNMENT**

Alderman Johnson made a motion to adjourn. Alderman Haller seconded the motion. All agreed by a show of hands and stating aye. Meeting adjourned at 7:46 pm.

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**Town Clerk, Jessica Buchanan**

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**Mayor, Derek Roberts**