

**Minutes**  
**Town of Atlantic Beach, North Carolina**  
**Town Council Work Session**  
**Monday, February 7, 2005**

The regularly scheduled work session of the Atlantic Beach Town Council was held Monday, February 7, 2005 at 6:00 p.m. in the Council Meeting Room.

**Members Present:** Mayor Pro Tem Eddie Dawkins; Council Members Harry Archer, Doug Creech, Tom Doe and Christie Roberson

**Members Absent:** None

**Others Present:** Chuck Cooper, Town Manager; Derek Taylor, Town Attorney; Leslie H. Eldredge, Town Clerk

**CALL TO ORDER AND ROLL CALL**

Mayor Pro Tem Dawkins called the meeting to order at 6:03 p.m. All Council members were present.

**APPROVAL OF THE AGENDA**

Councilman Creech moved to approve the agenda as presented, Councilwoman Roberson seconded, and the agenda was approved by a unanimous vote of 5-0.

**1. Public Hearing – Extension of the Existing Moratorium on Ground Signs Advertising Off-Premises Matters Within the Town of Atlantic Beach – Planning Director**

Planning Director Lee Smith was unable to attend the work session, so the Town Attorney explained this issue. Extension of the existing moratorium on ground signs is basically an administrative matter to allow the Planning Board time to address issues in the proposed ground sign ordinance that had arisen as a result of the joint work session of the Town Council and Planning Board on January 12, 2005. Adoption of Ordinance No. 05-02-01 would extend the moratorium through May 17, 2005 (another 90 days).

Councilman Creech moved to enter the public hearing regarding extension of the moratorium. Councilman Doe seconded, the motion carried by unanimous vote of 5-0.

No one had signed up to speak at the public hearing. Councilman Creech moved to go out of the public hearing, Councilman Doe seconded, and approval was unanimous, 5-0.

Councilman Creech, seconded by Councilman Doe, moved to adopt Ordinance No. 05-02-01, "An Ordinance Extending the Moratorium on Ground Signs Advertising Off-Premises Matters." Approval was unanimous, 5-0.

**2. Presentation of Audit for FYE June 30, 2004 – Charles Smith, Carter, Williams & Scarborough, LLP**

Mr. Smith introduced Steve Scarborough, another partner in his firm, who would present the audit. Mr. Scarborough noted that the Town of Atlantic Beach had engaged the firm to perform the annual audit required by the Local Government Commission (LGC). Carter, Williams & Scarborough had delivered the audit to the LGC, and the LGC approved it and granted permission for it to be delivered to the Town Council.

Of the 93 pages in the report, one page belongs to the auditors – the Independent Auditor's Report on page 3. In that report, the auditors say that the financial statements are the responsibility of the Town's management. The auditors conducted its audit in accordance with auditing standards accepted in the United State of America and in the auditors' opinion, based on their audit, the Town's financial statements present fairly, in all material respects, the financial position of the governmental activities. The auditors gave the Town an unqualified report, which means they did not find anything in the financial statements to make them believe that the statements are not materially stated.

A new paragraph was added to the Auditor's Report this year which stated that the Town adopted Governmental Accounting Standards Board (GASB) Statement Number 34 during the year ended June 30, 2004. GASB 34 required the auditors to prepare statements on a government-wide basis using full accounting methods, not a modified method of accounting as before. This makes the government report more like a private sector report.

Mr. Scarborough explained some of the changes resulting from GASB 34. Capital assets used to be recorded in an account group, but now are reflected in the General Fund, so fixed assets are now there. The auditors must now report the net depreciation for all fixed assets, both General Fund and Water Fund. Debt for the General Fund used to be an account group called the Long Term Debt Account Group, but is now recorded in the General Fund.

Mr. Scarborough offered a slide presentation with highlights of the audit report. He briefly reviewed the Net Assets statement (page 9 in the printed Comprehensive Annual Financial Statement, or CAFR), which is the actual GASB 34 statement. Nothing had really changed; the Town still had cash of \$4.2 million (\$2.5 million in the General Fund and \$1.7 million in the Water Fund). Basically, there was no change in accounts receivable and other current assets from prior years other than the current activity change. The Town has debt assets of \$1.9 million which is now reflected in the General Fund.

Current liabilities for the Water and Sewer Fund are basically unchanged; they are merely accounts payable. There was a major change of \$802,000 which never used to be reflected in the General Fund and now it is. It is made up mainly of installment purchases.

The unrestricted fund balance is \$2.5 million, which is fairly close to the cash balance. The Town had total net assets of \$3.6 million for the year.

The next slide was of the Fund Level Statement, which was identical to the way it was shown last year. It did not contain fixed assets or long-term debt.

Next was the Statement of Revenue, Expenditures and Changes in Fund Balance. The numbers shown were on a modified accrual method, but GASB 34 requires that everything be shown full accrual. The Town budgeted \$1.4 million in revenue and actually received a little more, so there was a positive variance of \$77,000 for the year. On the expenditures side, the Town budgeted \$4.8 million but actually had \$4.5 million, so there was a positive \$258,000 variance in expenditures. This is a good situation as long as the Town provided all the services it budgeted. The Town actually generated \$190,000 profit for the year in the General Fund, so the Town actually worked its plan approximately \$370,000 better than it had projected. There were also additional retained earnings in the Water Fund. Under both the modified accrual and GASB 34, the Town had a flush year.

The Town had about \$4.2 million in cash, broken down as follows: \$2.4 million in the General Fund, \$1.7 million in the Water Fund (Enterprise Fund), and \$197,000 in the Special Revenue Fund (Capital Reserve Fund).

The Town receives approximately 66% of its revenue from taxes. On the expenditures side, about 61% of every dollar is spent on public safety, 12.3% on general government, 1.9% on debt service, .3% on Powell Bill, and 23.6% on Public Works. The Town collected approximately 99.7% of its property taxes.

Mayor Pro Tem Dawkins recognized former Finance Director Kathy Bruce, Sabrina Simpson, Laura Buda, and June Harris for the work they did.

Councilman Doe moved to accept the audit as presented. Councilman Creech seconded, and approval was unanimous, 5-0.

3. **Resolution No. 05-02-01, "Resolution Designating Bank Depositories and Authorizing Signatures for Bank Depositories for the Town of Atlantic Beach, North Carolina" – Town Manager**

Mr. Cooper explained that NCGS Section 159-31 requires that the governing board of each local government designate one or more financial institutions as official depositories. The resolution in Council's packets designates the Town's official depositories for monies and also designates the Mayor Pro Tem, Town Manager, Tax Collector and Town Clerk as the Town officials who are authorized to accept, sign and endorse checks and other financial instruments on behalf of the Town.

Councilman Doe moved to adopt Resolution No. 05-02-01, "Resolution Designating Bank Depositories and Authorizing Signatures for Bank Depositories for the Town of Atlantic Beach, North Carolina." Councilman Creech seconded the motion, which carried by unanimous, 5-0, vote.

#### **4. Parking Meters – Town Manager**

Mr. Cooper said he understood that in the past, the Town typically erected the parking meters around April 1 and they were removed at various times over the past few years. The Council's packets contained several pieces of parking meter information for the past three years (2002-2004):

- a. Schedule of parking fees as amended by the Council on March 1, 2004.
- b. Schedule of parking fees adopted by the Council on May 6, 2002.
- c. Parking meter schedule (dates meters were put up and removed).
- d. Parking meter revenue.
- e. Parking violation revenue.

Staff is requesting guidance regarding the continued use of parking meters, date the meters should be put up, and any proposed rate changes.

The Town Attorney reminded the Town Council that this is a parking control matter, not a revenue matter. The purpose is to control traffic and parking, and revenue is secondary to that purpose.

Councilman Creech said that parking meter revenues are supposed to be used only for the streets and sidewalks in the area where the parking meters are located. He did not think parking meter revenues should be counted on and included in the budget. Furthermore, he would rather not have the parking meters put up, especially in light of the Circle redevelopment project.

Councilman Doe stated that no doubt all the Council members, if they had their choice, would not want to charge the public for parking. On the other hand, if the Town is spending money, it is entitled to receive compensation, and the beach is close enough to that parking to fit

within that proximity issue. He wondered what Fred Bunn was going to do with the properties that he has bought, specifically, does he intend to offer them for rented parking? Councilman Creech said he did not believe so. Mr. Bunn's intentions might influence the Council's decision regarding parking meters, said Councilman Doe, and he would like to know what those intentions are. He believes there is a certain sentiment to keeping the parking within the basically marked parking spaces rather than have it all over, which means keeping parking in the street where available. The rates and time frames for parking need to be determined.

Councilwoman Roberson said that parking will always be an agenda item. More visitors to the beach will increase the need for parking regulations. It is costly to man and operate the parking meters. Beautification needs to be continued, and will be an increased cost to the Town that needs to be defrayed. She did not feel the parking meter revenue would fully offset the cost of operating them or of beautifying the area, and her vote at this time would be to eliminate the meters.

Mr. Cooper will talk to Mr. Bunn and bring more information to the Council at its next meeting.

Mr. Taylor again cautioned the Council that parking meters are to be used for traffic control and the revenues from them are incidental to that purpose. Ms. Tootsie Vinson was recognized from the audience. She reminded the Council that there were parking meters on New Bern Avenue as well as at the Circle. The meters were installed at New Bern Avenue because residents on that street used to take up all the parking and no visitors were able to park there to use the beach access. If parking meters are to be removed, the Council needs to remember that particular parking problem and somehow ensure that the residents on New Bern Avenue do not monopolize the parking spaces for themselves and their visiting company.

## **5. Town Manager's Report**

### **A. Budget Transfer (FYI Item)**

NCGS Section 159-15 allows the Town's Budget Officer (the Town Manager) to make periodic budget transfers from one line item to another within the same fund. While these transfers do not affect the total budget, the statute requires that the Council be notified of the transfers at its next scheduled meeting following the transfers.

One budget transfer was presented in Council's packets: \$3,075 was transferred from the Finance Department's Health Insurance line item to the Professional Services line item to pay

the balance due on the auditor's statement and to allow for the continued services (five hours) of accountant Joy Bell. This transfer was completed in January.

Councilman Creech moved that the Council appoint Councilman Harry Archer to replace Joe Stroud on the Carteret County Beach Commission. Councilwoman Roberson seconded the motion which carried unanimously, 5-0.

#### **6. Mayor/Council Requests/Comments**

Councilman Creech reminded the Council that the Carteret County Beach Commission had request the appointment of Councilman Harry Archer to fulfill former Mayor Joe Stroud's term on the Commission. Councilman Archer had to decline the appointment because is already a member of the County Planning Commission and under the General Statutes, may not hold a second appointed office. Councilman Creech moved to appoint Councilman Tom Doe to the Carteret County Beach Commission. Mayor Pro Tem Dawkins seconded, and the motion carried by unanimous vote of 5-0.

Councilman Creech moved to appoint Mayor Pro Tem Eddie Dawkins as Mayor of Atlantic Beach and that the Town Clerk administer his oath of office in the Town Hall on February 8, 2005. Councilwoman Roberson seconded the motion, which carried by unanimous, 5-0, vote.

Councilman Archer stated that he had asked for the appointment of a Mayor be put on a meeting agenda and it never was. He felt it was unusual that it would not be included as an agenda item. Mr. Taylor assured him that any business that came before the Council at a regularly scheduled meeting could be acted upon by the Council, and therefore it was perfectly legal to make this appointment without it being an advertised agenda item. Councilman Doe concurred with Councilman Archer's observation. Both Councilmen approved of the nomination, but felt it should have been an agenda item.

Councilwoman Roberson moved to appoint Planning Board member Jim Bailey to fill Councilman Dawkins' seat on the Council after he is sworn in as Mayor. Councilman Doe seconded, and the motion carried unanimously, 5-0.

Councilman Dawkins moved to appoint Councilman Creech as Mayor Pro Tem to be effective when he is sworn in as Mayor. Councilman Doe seconded the motion, which carried by unanimous vote of 5-0.

#### **7. Town Attorney's Report**

The Town Attorney had nothing to report.

**8. Closed Session – Consult With Town Attorney re Matters Protected by the Attorney-Client Privilege or Potential Litigation and to Consider and Give Instructions Concerning *Town of Atlantic Beach v. Gary Gardner* Pursuant to NCGS Section 143-318.11(a)(3)**

Councilman Creech moved that the Council enter closed session pursuant to North Carolina General Statute Section 143-318.11(a)(3) to consult with the Town Attorney regarding matters protected by the attorney-client privilege or potential litigation and to consider and give instructions concerning the judicial action titled *Town of Atlantic Beach v. Gary Gardner*. Councilman Doe seconded, and the motion carried unanimously, 5-0.

Mayor Pro Tem Dawkins called for a break in the proceedings at 7:10 p.m. The meeting was reconvened at 7:20 p.m. and the Council entered closed session immediately.

The Council reconvened to open session at 8:12 p.m.

**9. Adjournment**

There being no further business before the Town Council, Councilman Doe made a motion to adjourn the meeting. Councilman Creech seconded, and approval was unanimous, 5-0. It was 8:13 p.m.