



**LUCAMA BOARD OF COMMISSIONERS
REGULAR MEETING
MONDAY, NOVEMBER 4, 2024
LUCAMA TOWN HALL
BOARD ROOM**

MINUTES

1. Call to Order

Mayor, Matthew Creech, (hereinafter “Mayor Creech”) called to order the regular meeting of the Town of Lucama Board of Commissioners (hereinafter “Board”) at 6 pm on November 4, 2024.

2. Roll Call

Mayor Creech conducted roll call – by use of sign-in. The following were present:

Commissioner, Dennis Ford (hereinafter “Comm. Ford”)
Commissioner, David Johnson (hereinafter “Comm. D. Johnson”)
Commissioner, Jeff Johnson (hereinafter “Comm. J. Johnson”)
Commissioner, Kim Joyner (hereinafter “Comm. Joyner”)
Commissioner, Jody Teague (hereinafter “Comm. Teague”)
Interim Town Administrator, Ralph Clark (hereinafter “Admin. Clark”)
Town Clerk, Dena Owens (hereinafter “Clerk Owens”)
Town Attorney, Gabe DuSablón (hereinafter “Attorney DuSablón”)

3. Moment of Silence

Those in attendance observed a moment of silence.

4. Approval of Agenda

Mayor Creech asked for a motion to approve the agenda.

MOTION: Comm. Teague made motion to amend and approve the agenda; seconded by Comm. Ford. Motion passed by unanimous vote.

5. Approval of Minutes of Last Meeting

Mayor Creech gave the Board an opportunity to review the proposed minutes and financial report from the October 7th regular meeting.

MOTION: Comm. Ford made motion to approve the October 7, 2024, minutes and the financial report; seconded by Comm. Teague. Motion passed by unanimous vote.

6. Welcome of Guests

Danna Layne, with Nunn, Brashear, and Uzzell, was in attendance to bring the Board a report from the FY 2023 Audit.

Mrs. Layne stated that the Town is almost there, meaning being caught up with the audits that were behind. She stated that she had talked with Beverly Stroud, the Town's third-party CPA, who said she will begin working on 6/30/24 to have the FY 24 audit submitted by January.

Mrs. Layne stated that she would be happy to schedule a work session with the Board to give them information on how the financial statements work together and the numbers flow together.

Mrs. Layne stated that she was happy to present an unmodified opinion. That is the highest level of assurance she can give as an audit that means the statements are fairly represented for the Town. There is various audit evidence, bank statements, investment statements, LGC and Department of Revenue provided information. Reasonableness is a calculation that is performed, and it is different if it is a general fund or a proprietary fund. That figure could change because there could always be something that comes in later. For example, when a statement is reviewed, there may be a prior period adjustment. Such was the case when Mrs. Layne issued an adverse opinion on a previous audit. This was done because she did not feel comfortable with income and expenses. It was found later that the Town double paid taxes by a previous payroll contractor, and a receivable was booked because there will be a refund to the Town of \$20,000, based on a letter received from a law firm. They also evaluate supplementary information, such as the LGERS retirement numbers and tax receivables.

The Management Discussion and Analysis is the only place where there will be comparative figures, financial highlights, gives a good overview of how the statements flow together. It is important that the Board pay special attention to the MD & A section.

Danna shared with the Board Exhibit 3 from the audit the modified accrual financial statement, where budgets are written. It consists of the general fund and the American Rescue Plan Fund. There is about \$1,000,000 in assets with over half being cash. There was less than \$100,000 in accounts payable, giving fund balance of a little over \$1,000,000. The American Rescue Plan, all funding there

is deferred in the 2024 budget, and it can be reflected in how it is being treated. The funds must be spent by Dec. 31, 2025.

Exhibit 5 is the comparative to budget. There was \$500,000 in revenue budgeted, the final budget was \$625,000 and the Town fell short of that with \$605,000 in revenues. The expenditures were originally budgeted at \$609,000, amended the budget for a little over \$1,000,000 and spent \$973,000. Mrs. Layne asked the Board to pay particular attention to the Transportation line item as it will be mentioned again during the presentation. Transportation reflects Powell Bill and spending. The Town had done significant work with some roadways, etc. This caused a financial performance indicator, a concern with the State that will have to be addressed.

The Town ended with a net change in fund balance, or a loss of \$304,000. The adjustment of the \$29,000 is the tax that was overpaid and should be received back.

Exhibit 5 is the proprietary funds, the electric, water and sewer funds. The Electric fund has about 7.4 million dollars, the Water Fund \$260,000 giving a total of 7.6 million dollars in assets. There is over \$11 million in assets when all the fixed assets are considered. The current liabilities for the Electric Fund were \$140,000 and \$100,000 for the water and sewer fund. There are long-term assets of \$180,000 in the Electric Fund and \$836,000 for the Water and Sewer Fund because of the debt associated with the Water and Sewer Fund. There is a strong equity with the Electric Fund of 7.4 million dollars and 2.7 million in the Water and Sewer Fund which gives a net position of \$10,000,000.

Exhibit 7 will point out that with the Electric Fund has about 2.5 million dollars and expenses the same creating an operating loss of a little over \$100,000. There are some revenues and expenses giving a total loss before contributions of \$38,000 changing the position of being \$41,000 in profits. The Water and Sewer Fund has \$440,000 in operating revenues, operating expenses of \$545,000 creating a \$100,000 loss. There was grant funding giving a change of net position of \$592,000.

Within the financial statements there are note disclosures that are nearly 20 pages long. They give information about accounting policies and assets, liabilities, and fund balances. It will give more details about loans. It gives more information about LGERS and how much the total liability is that the State calculates. Ad Valorem Tax Schedules are included in the section as well as compliance items.

Mrs. Layne shared information about reports that were issued and covered the performance indicators of concern. There was a statutory violation issued

regarding the Public Officials Bond. The law changed in 2023 regarding the amount of bond for a finance officer. The amount is 10 percent of annually budgeted funds. They must be added together and multiplied by 10 percent. That gives the amount of the surety bond for the finance officer. The surety bond held by the Town was not enough, which is a statutory violation. The audits being late was a statutory violation and there was a brokered CD investment that was not allowed by the State. It was short-term and turned around. The LGC reported it to Danna, so it had to be included in the report. Segregation of duties was kept but it is in hopes to see it go away in the 2025 audit because of a new hire, to help strengthen the segregation of duties. She mentioned speaking with Admin. Clark and Clerk Owens about was to strengthen the segregation, now that there is a third person in the office. Mrs. Layne stated that as Finance Officer, Dena, should be signing checks and isn't, so that needs to be corrected. Dena should be a signer, and a Board member could be the secondary signature. Also, when it comes to bank reconciliations, she should not be signing the checks and reconciling the bank. Ashleigh, being responsible for deposits and accounts payable, should not reconcile the bank statement. The best practice will be for Marina to reconcile the bank, eventually.

Other reports that are issued is the communication of significant deficiencies and material weaknesses required because of her profession. She repeated the same findings.

She also issues a letter of communication to those in charge of governance stating that there was no change in the accounting policies, using estimated (depreciation), there was no difficulty in performing the audit. There were some items corrected, did not have any disagreements with management, and management was required to sign a letter.

Mrs. Layne spoke of Performance Indicators of Concern and explained the information, stating that there would need to be a letter written to the LGC to explain what will be done to make corrections.

7. Public Comments

Richie Ballance of 6235 Little Rock Church Road was at the meeting to address a possible group home coming to the Swift Creek neighborhood. He asked if there had been any changes since the last time he addressed the Board. Mayor Creech stated that he had spoken with Admin. Clark and Clerk Owens and there had been no new development. The requested documents have not been turned in. There is no new update.

8. Old Business

Admin. Clark spoke on the GFL contract, mentioning that he and Attorney DuSablou had reviewed it. The contract states that the agreement would be a 5-year obligation, to which Attorney DuSablou suggested shortening it to 3 years. Admin. Clark said he would like the contract to be renewed yearly with a notice of 90 days, allowing either side to get out of the contract if desired. He believes this adjustment to the agreement will protect the town. Admin. Clark mentioned the service fee of \$12.74 per cart per month, the possibility of the rate being adjusted annually based on consumer pricing, and additional charges possibly being impacted by fuel prices or landfill costs. The projected start date is January 1, 2025, which will allow time for the town to receive the cans and notify customers. Admin. Clark noted the town will not get rid of the garbage truck or cans, so if the town is not satisfied with GFL, we will be able to return to our own garbage collection. There was much discussion regarding concern between the town collection versus GFL collection and the work force and salary changes that will be taking place.

MOTION: Motion was made by Comm. Ford; seconded by Comm. Teague. Motion passed as follows; Yays Comm. Joyner; Nays Comm. D. Johnson and J. Johnson

9. New Items of Business

Clerk Owens spoke on the application for voluntary annexation for a property on Blalock Rd. She said that she would need permission from the board directing her to investigate the ownership of the property so that the sufficiency of the petition of the annexation can be certified. Mr. Clark clarified the process and there was some discussion regarding the location and future steps that would need to be taken.

MOTION: Motion was made by Comm. Ford; seconded by Comm. Teague. Motion passed by unanimous vote.

Clerk Owens notified the board of two openings on the planning board. There was discussion regarding whether one of the current members would be stepping down or not and Comm. Ford's current position on the board. Admin. Clark said getting the planning board established is crucial and openings need to be filled as soon as possible. Mayor Creech asked if the board would like to table the matter.

MOTION: Motion was made by Comm. Ford; seconded by Comm. Teague. Motion passed by unanimous vote.

Admin. Clark shared information regarding the backhoe that is currently being used by the town. He said it has caused many problems and had to be worked on several times in the last few months and suggested replacing the backhoe. Admin. Clark shared three proposals that were received from vendors of the State of North Carolina Purchasing contract: Company Wench \$98,991.72 plus sales tax, Premier Equipment \$109,500.00 plus sales tax, and James River Equipment \$119,992.25. He said he and the Public Works Director reviewed the prices and models listed in each proposal and recommend purchasing the backhoe from Company Wench by transferring funds from the electric reserves.

MOTION: Motion was made by Comm. J. Johnson; seconded by Comm. Ford. Motion passed by unanimous vote

10. Town Administrator's Report

Admin. Clark spoke on data he pulled regarding Inflow and Infiltration and the impact that it has had on the town over the last few months. There was some discussion about the outcome of sewer cleaning that was recently done and whether that would help the issue. He said he would try to get more information on the report and video.

Admin. Clark also mentioned a virtual meeting that will be coming up between the Department of Environmental Quality and McDavid to discuss both grants the town has.

11. Adjournment

Mayor Creech adjourned the meeting at approximately 7:30 pm, November 4, 2024, upon motion of Board.

MOTION: Motion was made to adjourn by Comm. Teague; seconded by Comm. Joyner. Motion passed by unanimous vote.

Respectfully Submitted: Dena Owens, Town Clerk