Board Of Commissioners Board Meeting

Meeting Minutes

April 14, 2026, 6:00 PM

123 Chatham Street, Ronda, NC 28670, US

Call To Order:

Mayor Gerald Masterson called the meeting to order.

Invocation And Pledge Of Allegiance:

Commissioner Chris Nelson led the invocation. The Pledge of Allegiance was recited by those in attendance.

Approval Of Agenda:

Commissioner Nelson made the motion to approve. Commissioner Foster second. The motion carried with all members voting in favor.

Approval Of Minutes:

Commissioner Nelson made the motion to approve. Commissioner Porter second. The motion carried with all members voting in favor.

Discussion Of Expenditures:

No discussion was recorded on this item.

Reports:

YVSA

Victor Varella reports YVSA has received $5 million of the needed $6.8 million in grant funding for elevating their pump stations, including the pump station at Ronda Memorial Park. They are in the process of looking for additional funding. All other projects are under budget and on time. To date YVSA does not believe they will need to be raising rates come the new fiscal year.

HCCOG

Commissioner Munsey states nothing to report.

Wilkes EDC

Commissioner Reece reports they will be meeting this upcoming Friday.

Wilkes Chamber

A brief exchange took place between Commissioner Reece and Clerk Rachel DeGroat regarding the scheduling of an upcoming chamber meeting. The clerk confirmed for the following Wednesday.

Yadkin Valley Chamber

Victor Varella reported on some upcoming events: May is the Yadkin Valley Wine Festival and volunteers are needed, June is the Yadkin Valley Carnival, July is the Highway 21 Yard Sale and September is the Yadkin Valley Pumpkin Festival.

Open Forum:

Mayor Masterson opened the forum. Mr. Doug Combs addressed the board requesting their attention on cleaning up the town, following ordinances approved by past boards, and expressed his appreciation for all the time and attention the board gives this great town.

Board Actions:

1. **2025 Audit**

Greg Blackburn of Monroe Robinson presented the results of the 2025 audit using a five-year comparison of key financial performance indicators.

General Fund Balance: Mr. Blackburn explained the breakdown of the general fund balance, noting the categories of restricted funds (per state statute and for streets) and the unassigned fund balance. The unassigned balance, which represents funds available for budget appropriation, declined significantly from approximately $225,000 in fiscal year 2024 to $119,000 in fiscal year 2025. He attributed the large increase in the restricted-for-state-statute category—from $143,000 to approximately $325,000—primarily to transfers from the general fund to the water fund to cover operating shortfalls.

General Fund Balance as Percentage of Expenditures: At 44 percent, the Town remains above the Local Government Commission's (LGC) recommended minimum threshold of 34 percent for a municipality of Ronda's size, though this figure represents a declining trend from 107 percent in 2021.

Water Fund Performance: The unrestricted component of the water fund's net position has been negative since fiscal year 2023, declining to negative $244,000 in fiscal year 2025. The quick ratio for the water fund has been below the recommended 1-to-1 threshold since 2022, indicating that current liabilities exceed current assets. Unrestricted cash as a percentage of adjusted expenditures has also remained below the recommended 16 percent threshold since 2022.

Audit Opinion: Mr. Blackburn reported an unmodified opinion, meaning nothing came to the auditors' attention to indicate that the financial statements were not in accordance with generally accepted accounting principles. He confirmed that no significant unusual transactions were identified, no fraud or irregularities were detected, and no disagreements with management arose during the audit.

Commissioner Reese read directly from the audit report to confirm these findings for the record, including sections on significant unusual transactions, fraud, and disagreements with management. Mr. Blackburn affirmed that the audit was designed to address fraud risks, including revenue recognition and management override of controls, and that nothing arose from those procedures to indicate fraud.

Findings Noted: Mr. Blackburn identified two items requiring a board response: (1) expenditures in certain departments exceeded budgetary appropriations, which is a recurring compliance finding the state requires the board to address; and (2) the audit was submitted substantially later than the October 31 target date, due in part to staff turnover and a lack of institutional knowledge during the period when the Town was without a clerk.

Commissioner Bobby Munsey and other board members engaged in a substantive discussion with Mr. Blackburn about the root causes of audit delays, including the difficulty in obtaining year-end property tax collection reports from Wilkes County and the historical reliance on the consulting financial officer to compile accounting records. Mr. Blackburn agreed to work with Budget Officer Rachel DeGov to develop a year-end closing checklist and to coordinate directly with the County to ensure that required reports are provided on a routine basis going forward.

> Motion to accept and approve the 2025 Audit as presented was not formally recorded in this portion of the meeting; the board acknowledged the audit and the requirement to prepare a written response to the identified findings, to be signed by a majority of the board.

2. **Unit Assistance List** – Kendra B. Boyle, Director-Fiscal Management Section, Department of State Treasurer

Kendra B. Boyle, Director of the Fiscal Management Section at the Department of State Treasurer, attended alongside coach team member Tim Green to discuss the Town's placement on the Unit Assistance List (UAL) and provide guidance on the board's statutory financial responsibilities.

Board Responsibilities Under G.S. 159: Director Boyle outlined the board's obligations under General Statute 159, emphasizing that the board is responsible for adopting and maintaining a balanced, realistic budget; ensuring expenditures remain within appropriations; and maintaining internal controls. She stated plainly, "The buck stops with you guys."

Why the Town Is on the UAL: Director Boyle identified the primary reasons for the Town's placement: year-over-year operating losses in the water and sewer fund, consistently negative financial performance indicators (quick ratio, liquidity, unrestricted cash as a percentage of expenditures), repeated over-expenditures relative to appropriations, and chronic audit delays. She emphasized that the pattern spans multiple years and was not attributable to any single issue.

Implications of UAL Status: Director Boyle explained that UAL placement imposes additional reporting requirements and restricts the Town's ability to issue debt without LGC approval. Specifically, debt financing exceeding $50,000 for a term of more than three years requires prior LGC approval, compared to the $500,000 threshold for units not on the UAL.

Water Fund Losses and Rate Structure: Director Boyle stressed that the water and sewer fund should be self-supporting, with rates set to cover expenses and build adequate reserves. She acknowledged the board's prior rate increases, stating, "I applaud you for making that hard decision." She also noted the Town's low property tax collection rate of approximately 80 percent as an unusual concern, particularly given the low tax rate.

Commissioner Reese provided context for the financial challenges, citing Elkin's residential water rate charges to the Town rather than a bulk rate, the cost of maintaining aging and inherited infrastructure (including asbestos-over-concrete lines), and the economic constraints of the service area. He outlined the Town's plans to reduce purchased water through expanded well production, replace deteriorated water lines using state appropriations, and address meter reading accuracy through new technology. Director Boyle acknowledged these plans while cautioning that grant funds come with significant administrative obligations, audit requirements, and expenditure deadlines—specifically noting that approximately $3.3 million in ARPA funds must be expended by the end of calendar year 2025.

Pre-Audit Function and Internal Controls: Director Boyle explained the statutory requirement for the finance officer to perform a pre-audit before any funds are obligated—verifying that budget authority exists before a contract is signed and again before a check is issued. She noted that the recurring over-expenditure findings suggest that one or more of these internal controls are either not in place or not being followed.

Segregation of Duties: Director Boyle raised the importance of segregating financial duties so that the same individual is not both recording transactions and reconciling bank statements, and that access to the accounting software should be appropriately restricted.

Budget Officer and Finance Officer Roles: Budget Officer Rachel DeGroat clarified for the record that she had been appointed to the role only days prior and had not yet been given access to or documentation of several key processes, including the grant drawdown procedures managed by the consulting financial officer. She expressed concern that critical processes were not documented and that she had, on occasion, only become aware of outstanding invoices months after services were rendered, resulting in funds being spent from the general account without awareness of the offsetting obligation. Director Boyle recommended that all financial processes be fully documented to ensure continuity in the event of a transition in consulting or staff roles.

Mayor's Comments on Board Engagement: Mayor Masterson acknowledged that the current budget format is effectively unreadable to board members without a financial background, comparing it to a document written in a foreign language. He expressed a desire for a budget structure that every board member can understand and actively participate in creating, noting that in his prior experience, all board members built the budget line by line. Director Boyle agreed this was a significant concern and suggested the board work with Tim Green, the League of Municipalities, or the UNC School of Government to develop a more accessible budget reporting format.

Key Takeaways from Director Boyle: Director Boyle summarized that the UAL placement reflects a pattern over time and will require consistent effort to resolve; that financial performance indicators need clear, actionable responses followed through by the board; and that improvement depends on functioning internal controls supported by an engaged board. She affirmed the LGC's role as a resource and not an adversary, stating, "I hope I didn't come across too strong…I'm absolutely here to educate."

3. **Awarded Water Line Project**

Mayor Masterson confirmed that at the prior work session, the board voted to approve Baker Underground to proceed with the water line replacement project at a cost of $988,000, in order to advance the project given the urgency of grant expenditure deadlines.

4. **Approval Of Lead Line Replacement**

Mayor Masterson reported that the board had also approved a loan from the state in the amount of $575,958 (subject to a 2 percent administrative fee) for the replacement of lead lines on Austin Street, which were inherited from the Town of Elkin.

5. **Budget Officer Appointment**

Mayor Masterson confirmed that the board had voted to appoint Rachel DeGroat as Budget Officer.

6. **Junkyard & Trash Removal**

No separate formal action was taken on this item. Discussion of this matter was incorporated into the Community Day agenda item below.

7. **Community Day**

Commissioner Reese proposed organizing a community volunteer day to clean up litter and engage with residents along a specific street, with the Town providing food or refreshments for volunteers. After discussion of scheduling conflicts—including Jordan's Rural Water Association conference during the week of May 11 and Commissioner Reese's travel plans—the board agreed to hold Community Day on Saturday, May 9, meeting at Town Hall at 8:00 AM. Town Clerk DeGroat noted she could not guarantee a paper announcement would reach residents in time through water bill mailings due to mail delays, and it was suggested that a door-hanger flyer be distributed by Jordan during meter readings and that notice be posted on the Town's website.

Commissioner Reese also suggested coordinating Community Day cleanup with the rescheduled Spring Cleanup week (May 18–22) so that debris gathered during Community Day could be left at the curb for collection by the Town dump truck during the formal cleanup week.

8. **309 Cemetery Street**

Town Clerk DeGroat and Mayor Masterson identified an ongoing issue at 309 Cemetery Street, where a collection of wood and other materials belonging to a property owner is blocking access to water meters, preventing meter reads and the installation of new smart meters. Commissioner Foster indicated he would make contact with the property owner directly and offered to accompany Jordan to the site to identify the exact meter location and request that the obstruction be cleared, noting that access to the water meter is a public easement.

9. **Awarded Upcoming Repairs At Town Hall**

Commissioner Foster presented the board with a decision regarding the scope of interior floor repairs at Town Hall, for which a contractor had already been awarded. The board discussed two options for the foyer area: a more limited repair at approximately $3,100, or a complete tear-out and replacement of the floor, subfloor, ledger board, and any damaged joists with new flooring at $14,500. Commissioner Foster recommended the full replacement, noting that previous repairs had been inadequate and that further deterioration was inevitable. The total project cost, combining the previously approved structural work and the full floor replacement, would be $50,900, to be funded in part through a transfer from a trust fund account.

Town Clerk DeGroat confirmed that the funds could be transferred to cover the full amount. The board agreed it was preferable to complete the work comprehensively rather than apply a temporary fix.

> A motion was made by Commissioner Reece and seconded by Commissioner Nelson to approve the full scope of repairs to Town Hall at a total cost of $50,900, contingent upon confirmation of the contractor's current insurance coverage. The motion carried.

10. **Memorial Day Service Announcement**

Commissioner Nelson announced that the Town's Memorial Day service was being planned for 1:00 PM, with his brother confirmed to speak. He noted that confirmation was pending from the East Wilkes High School ROTC and band. Commissioner Nelson also expressed a desire to identify a veteran to lay the ceremonial wreath and to present a framed flag to the family of the late husband of former Mayor Benge, who was a veteran. Mayor Masterson suggested that the Town also reach out to the family of a veteran recently interred in the area who received a large motorcycle procession. Commissioner Nelson asked Town Clerk DeGroat to identify any veterans who have passed in the prior year so that appropriate recognition can be arranged. It was noted that these expenses would fall within the existing mayoral discretionary budget.

11. **Spring Clean Up – Date Change**

Town Clerk DeGroat reported that the Spring Cleanup, originally scheduled for the week of May 11, has been rescheduled to the week of May 18–22 due to Jordan's attendance at the Rural Water Association conference. Notification had been sent out, and board members were asked to help spread the word.

Adjourn

Mayor Masterson adjourned.

Rachel DeGroat

Rachel DeGroat, Town Clerk