Board of Commissioners Work Session

Meeting Minutes

May 8, 2026, 6:00 PM

123 Chatham Street, Ronda, NC 28670, US

Present: Mayor Masterson, Commissioner Kevin Reece, Commissioner Bobby Munsey, Commissioner Helen Porter, Commissioner Chris Nelson attending remotely, Administrative Clerk/Budget Officer Rachel DeGroat, ORC Jeff Jones, Maintenance Worker Jordan Church, Commissioner Matthew Foster arrived during the session.

The meeting was opened with an invocation led by Commissioner Kevin Reece.

Prior to beginning, the Mayor announced a reordering of the agenda to accommodate the late arrival of Matthew. Budget-related items were moved to later in the agenda.

1. Mayor Report:

The Mayor reported that three potential bids had been solicited for work on the maintenance shed, from Amplify Buildings, HCI, and Carolina Waterproofing. The Mayor noted that Amplify Buildings, described as a large company experienced with metal buildings, had indicated willingness to provide a bid for either repairing the existing structure or replacing it entirely, which the Mayor characterized as a commendably transparent approach.

The Mayor then addressed the departure of Michael Boaz, the town's financial contractor, providing a chronological account for the public record. On April 16, the Mayor, Commissioner Kevin, and Matthew met with legal counsel (SYNC) and identified potentially problematic contract language. The group had intended to negotiate a separation arrangement, but before any negotiation could take place, Mr. Boaz submitted his formal resignation. The Mayor received the formal written resignation on April 23 and forwarded it to the Town Attorney the following day. On May 1, the Attorney confirmed the resignation was acceptable and should pose no legal damage to the town.

The Mayor acknowledged that some inaccurate information had been circulating in the community, and accepted partial responsibility for ambiguous wording in a prior email suggesting that a negotiation had taken place. The Mayor closed by expressing strong appreciation for Clerk Rachel's exceptional work in taking on responsibilities well beyond her job title during this transition.

2. Maintenance Report:

Maintenance Worker Jordan Church provided the following operational update: new brackets were installed and the America 250 anniversary banner was hung on Main Street; the work truck was serviced; routine mowing was performed at Town Hall, the water tower, and the Highway 268 median; trees along the back of the maintenance shop and around Town Hall were trimmed; several fallen trees near the water tower on were cleared. An upcoming new tap on Little Elkin Church Road is awaiting boring scheduling. Cemetery cleanup work has begun with assistance, and the town is awaiting delivery of block and mulch. New water meters have arrived and are in the shop. Parts have been received to replace a hydrant at the corner of Hoots and Little Mountain Road. A site visit was conducted with an asphalt company for the FEMA projects. Spring cleanup is scheduled for the following week.

Commissioner Kevin Reece inquired whether maintenance staff had been observed cutting and loading bamboo for the sewer authority. Maintenance Worker Jordan Church confirmed this had not occurred.

3. **Acceptance of Michael Boaz Resignation**:

Commissioner Kevin Reece provided additional context on the resignation. He confirmed that the board had intended to negotiate a three-month separation arrangement, but that Mr. Boaz presented his resignation immediately upon being approached, stating he would work out the 90-day notice period. The Town Attorney advised that pursuing breach of contract litigation would cost more than honoring the existing contract terms, making acceptance of the resignation the most fiscally prudent course of action.

Commissioner Kevin Reece noted that during the transition period, Mr. Boaz agreed to complete account reconciliations during non-operating hours to avoid conflict with full-time staff, to transfer any town-related data from his personal laptop to a thumb drive in the presence of staff, and to remain available for questions. The Clerk confirmed that reconciliations had been completed through March. The board acknowledged that reconciliations had previously only been completed through December.

Commissioner Bobby Munsey raised a question regarding whether information held by Mr. Boaz would still be accessible if needed. The Clerk confirmed that for two instances in which she met with financial advisor Bob Scott, Mr. Scott had reached out directly to Mr. Boaz and received responses. The Mayor noted that all communication with Mr. Boaz was being routed through the Mayor, with the Clerk and Bob Scott copied.

The board also discussed the importance of ensuring that future contractor agreements are reviewed by the Town Attorney prior to execution, noting that past contracts had been written by the contractors themselves, creating an unfavorable legal posture for the town.

> A motion to accept Michael Boaz's resignation was made by Commissioner Kevin Reece and seconded by Commissioner Munsey. The motion carried unanimously.

4. **Amendment to Current Budget**:

The Clerk presented a request for a formal amendment to the current fiscal year budget. In preparing the draft FY2027 budget with the assistance of Bob Scott, it was discovered that when FEMA reimbursement funds were received mid-year, the budget was never amended to reflect those funds as revenue. As a result, over $76,000 in FEMA-related expenditures appear in the system without a corresponding revenue entry, creating a negative variance of approximately $73,000 on paper. State law requires that budget amendments be made at the time such revenue is received, and the amendment had not been executed.

The board acknowledged this as a procedural and documentation matter, and the Clerk noted that by law, amendments are required to occur before funds are expended. Several commissioners reflected that the board had been effectively restricted from understanding the financial reports in any actionable way, and that the reports produced under prior management were not presented in an accessible format. The Mayor noted that even the town's financial advisor had difficulty understanding the current software outputs, and expressed a desire for a simplified financial reporting structure going forward.

The Clerk confirmed she would sign the amendment herself in her capacity as Budget Officer.

> A motion to accept the budget amendment was made by Commissioner Kevin Reece and seconded by Commissioner Matthew Foster. The motion carried unanimously.

5. **Acceptance of 2025 Audit, Letter and Contract:**

The Clerk reported that two items related to the 2025 audit required board action: the audit engagement contract, and a management response letter addressing deficiencies identified in the audit.

Regarding the contract, the Clerk noted that a signed copy could not be located in the town's records, and that a review of meeting minutes from April, May, and June of the prior year found no documented approval. The contract, dated December 2025, must be signed and transmitted to the auditor by Monday morning to comply with LGC requirements. The board noted that the email address on the contract still referenced Mr. Boaz's contact information, but agreed this was acceptable given he prepared the document and the information is public record. The Clerk advised the document would be amended by the auditor upon receipt to reflect the correct information.

Commissioner Bobby Munsey raised the possibility of changing auditors in the future, citing difficulty reaching the current auditor and Commissioner Reece agreed for reasons regarding estimated fees of $18,000–$22,000, which he noted were significantly higher than the $10,000–$12,000 range typical for a municipality of Ronda's size.

The board agreed to accept the 2025 contract from auditing company BRC.

Regarding the response letter addressing audit deficiencies, the Clerk reported that both Michael Boaz and financial advisor Bob Scott had each drafted a version. The Clerk identified an error in Mr. Boaz's draft, which incorrectly cited an expected water usage of 500,000 gallons per day from the proposed senior living center, when the correct figure is 20,000 gallons per day. The Clerk recommended the board adopt Bob Scott's draft letter, as it incorporated Mr. Boaz's relevant content while adding additional findings and correcting inaccuracies. The Clerk noted that all board members must sign the letter, and that Commissioner Chris Nelson, attending remotely, confirmed availability to appear in person Monday morning to sign.

> A motion to accept the audit response letter drafted by Bob Scott was made by Commissioner Kevin Reece and seconded by Commissioner Munsey. The motion carried.

The Mayor agreed for all present to sign the audit engagement contract at the close of the meeting.

6. **FY2027 DRAFT Budget:**

The Clerk presented a comprehensive draft budget proposal for FY2027, noting that the town is on the UAL (Unit Assistance List) and is required to submit a draft budget to the state by May 15. The Clerk stated that the draft was prepared over approximately three weeks, including two full-day working sessions with Bob Scott of the League of Municipalities.

General Fund Revenues

The Clerk walked through each revenue line item with reference to the past three fiscal years. Key recommendations included:

- Prior Year Tax Collection: Reduce budget to $2,200, reflecting inconsistent collections.
- Current Year Tax Collection: Reduce to $76,740, derived from a formula using county-provided tax base data and the current 25-cent tax rate, replacing the prior year's budget of $82,890.
- Motor Vehicle Tax: Reduce to $7,500, reflecting conservative and inconsistent historical collections.
- Garbage Fees: Remove the line item entirely, as the town neither charges nor collects garbage fees.
- Miscellaneous Revenue: Remove the line item. Despite a budget of $0, approximately $3,000 had been entered in the system under this category with no clear explanation.
- Rental Income: Rename to reflect the ATM lease ($3,000 annually) and estimated activity center rentals ($1,000), budgeted at $4,000.
- Franchise and Utility Tax: Keep at $27,000 to match prior year actuals.
- Local Option Sales Tax: The Clerk flagged this as a significant unresolved question. The current budget assumes $217,000 in revenue, but only $108,445 had been received to date, with no submissions recorded after September. Neither the Clerk nor Bob Scott could explain the discrepancy. For

draft purposes, $217,000 was retained, with a commitment to research further before finalization.

- Interest on Investments / Powell Bill Investments: Flagged as unclear but retained at $6,500 and $4,500 respectively for draft purposes, with further research required.

Total General Fund Revenue proposed: $370,440.

General Fund Expenditures

The Clerk proposed consolidating and simplifying numerous redundant or unexplained line items across the categories of governing body, administration, streets, sanitation, and Powell Bill. Key recommendations included:

- Governing Body Salaries: $11,440, calculated as base pay for all commissioners plus one holiday month.
- Contracted Services: $50,000, covering the Town Attorney (estimated $30,000), public advertising, and the audit fee (estimated $18,000–$20,000). The Clerk's spreadsheet of year-to-date vendor payments informed this figure.
- Travel: Increase to $1,500 to reflect current year overruns and the Mayor's stated intent to attend more educational opportunities.
- Insurance and Bonding: Split evenly between the general fund and water fund at $10,000 each, and removed from all other duplicate locations.
- Dues and Subscriptions: Increase to $5,000 to reflect actual current year spending of $4,300 against a $4,000 budget. Two chamber memberships were identified as potential areas for reconsideration at final budget.
- Community Events (formerly Festivals): Reduce from $10,000 to $500, renamed to reflect only modest expenditures for Veterans Day and Memorial Day observances. The board agreed the town is not in a financial position to hold festivals.
- Administration Salaries: 85 percent of the Clerk's salary to be charged to the general fund and 15 percent to the water fund, consistent with current practice.
- Telephone and Communications: Increase to $5,000 to reflect reduced cell phones and the addition of internet costs.
- Utilities: $15,000, representing one-third of total Duke Energy costs allocated to Town Hall and surrounding area.
- Maintenance Worker Salary: Rebalanced to 50 percent from general fund (streets) and 50 percent from water fund, simplifying the prior four-category breakdown.
- Professional Services (Streets): $12,000 to cover the grounds maintenance contract, estimated at $10,300, with buffer.
- Motor Fuels: Corrected to $5,000 to reflect increased fuel costs and the new truck use policy.

- Departmental Supplies (Maintenance): Consolidated at $26,000.
- Vehicle Supplies: Increased from $350 to $1,500 to accommodate tire replacement and basic maintenance for both trucks.
- Sanitation: The majority of sanitation line items removed; contract services retained at $32,000 for GFL charges only. The Clerk was reminded to confirm port-o-let costs for Johnson Park are captured separately.

Total General Fund Expenditures proposed: $335,960, leaving a projected surplus of approximately $34,480.

<u>Water and Sewer Fund</u>

The Clerk described the water and sewer budget as the most difficult section of the draft, and the one of greatest financial concern.

- Water Charges Revenue: The current year budget of $282,540 was flagged as significantly unrealistic. Year-to-date collections were $188,000, and historical data showed collections of $191,000–$203,000 in prior years. The Clerk expressed discomfort with proposing $225,000 but acknowledged the need to balance accuracy with the resulting revenue shortfall. The board agreed to retain approximately $200,000–$225,000 for draft purposes, with further discussion planned.
- Water Purchases (Elkin): Budgeted at $110,000. The Clerk noted a "balance forward" line in the software totaling approximately $125,000 that neither she nor Bob Scott could explain, and flagged it for further investigation. The board speculated it may represent internal debt from the general fund to the water fund.
- Debt Service: The Clerk informed the board that the town is obligated to pay $34,441 annually on the water system loan through the year 2032. This is a fixed, unavoidable expenditure.
- Maintenance and Repair of Systems: Budgeted at $10,000, though the Clerk noted that current year expenditures had already exceeded $56,000 due to pump failures and other emergency repairs.

The Clerk concluded that even after expenditure reductions, the water and sewer fund is projected to run a significant deficit. Commissioner Kevin Reece acknowledged that the general fund has been subsidizing water fund deficits, and that this practice cannot continue indefinitely. The board agreed that the draft should be submitted as-is, presenting an honest picture of the financial situation to the state, rather than overstating revenues to appear balanced.

The Clerk also presented several options for increasing water fund revenues for discussion at the budget luncheon, including: a monthly surcharge of $2–$4 per customer dedicated to the water and sewer fund; differentiated rates for commercial and industrial customers; and increases to late fees, reconnection fees, and tap connection fees.

The board discussed the broader issue of the town's water purchasing arrangement with the City of Elkin, with several members expressing the view that as the thirdlargest water customer, Ronda should be receiving a bulk rate rather than being charged at the same level as residential retail customers. Commissioner Kevin Reece indicated his intention to advocate strongly on this matter.

7. **Schedule Budget Discussion Luncheon**:

The board discussed scheduling working sessions to finalize the FY2027 budget. The Clerk noted that a public hearing must be held on June 25, requiring a final budget to be ready for presentation at that time. The board agreed to schedule two budget working sessions: Monday, May 19 at 12:00 PM and Thursday, May 29 (time to be determined at the May 19 session). It was noted that these sessions do not require a quorum as no formal action will be taken, and members unable to attend in person may participate by phone.

8. **Sale Consideration of Town Owned Property:**

Commissioner Kevin Reece reported that a citizen had approached him regarding the possible purchase of excess town-owned land on Gwyn Street. The citizen, who owns adjacent property, expressed interest in acquiring a portion of the land so that their son could construct a home. Commissioner Kevin noted the request had apparently been made on prior occasions without resolution. Commissioner Bobby expressed support for giving the matter proper consideration but cautioned that setback requirements for the nearby well—a minimum of 100 feet—must be strictly observed. Commissioner Kevin agreed to gather parcel details for formal discussion at a future meeting.

9. **Town Hall Cleaning Staff**:

Commissioner Kevin Reece presented a proposal for consideration at the upcoming business meeting. Given that the prior cleaning arrangement has ended and that the Clerk's time is heavily occupied with financial work, Commissioner Kevin Reece proposed engaging a cleaning person for $100 per week on a flat-fee, at-will basis with no formal contract—terminable by the Clerk via email. Commissioner Kevin Reece noted the individual already provides cleaning services to other local businesses and has an established reputation. This would represent less than half the cost of the prior arrangement.

The Clerk noted that any such expenditure would technically need to be charged against the professional services line item, which is already over budget in the current fiscal year. The board agreed the arrangement should be deferred to the start of FY2027 and formally budgeted. The board also agreed that the individual should be screened and approved by the Clerk, and that a Form 1099 would be required. The item will be placed on a future agenda for a formal vote.

10. **Cemetery Rates:**

The board briefly acknowledged the need to revisit out-of-town cemetery rates. No action was taken. The item was deferred to the July board meeting.

11. **Water & Sewer Rates**:

Discussion of water and sewer rates was incorporated into the FY2027 Draft Budget discussion above. No separate formal action was taken. Rate adjustments are expected to be addressed as part of the final budget adoption process.

12. **Best Utility Management Practices (BUMP) Training**:

Covered under 14 of the agenda.

13. **Administrative/Clerk Report**:

The Clerk presented the following items:

- Insurance Reimbursement (Planter): A document requiring the Mayor's signature and notarization was presented to obtain insurance reimbursement for the damaged planter. The Mayor agreed to sign at the close of the meeting.
- Yadkin Valley Wellness Foundation Grant: A representative named Teresa Chatham visited Town Hall to inform the town of an available grant opportunity through the Yadkin Valley Wellness Foundation, which administers a $30,000,000 grant fund and is required to distribute a portion of it within the service area. Ronda falls within the eligible territory. A public informational meeting on the application process is scheduled for May 26, with location information provided via email in the board packet. The time and additional details are to be published on the Yadkin Valley Wellness Foundation website. The Clerk strongly recommended that a board member attend.
- Community Clean-Up Day: The Clerk reported that a flyer had been prepared but the event is being placed on hold due to insufficient advertising and budget concerns. The Clerk noted the town is not in a position to purchase supplies in bulk without knowing how many participants to expect, and recommended an RSVP-required model going forward. Doug Combs was consulted and agreed that better advertising is needed.
- Southern Software – Meter Transition Quote: The Clerk presented a quote from Southern Software to transition the billing system in connection with the new water meter installation. The quoted amount is $3,873. The Clerk noted that while DEQ is expected to reimburse the town, the vendor requires upfront payment, and there is uncertainty about whether the funds are currently available given the state of the town's finances. The board was advised this will need to be addressed before meters are installed, anticipated in July.
- FEMA Project Paving Quote: A quote from an asphalt company for streets and the park under the FEMA project was distributed in the board packet.
- IRS Non-Compliance Notices: The Clerk disclosed that she has received multiple notices from the IRS indicating non-compliance issues dating back to

2023 on various matters. The Town Attorney has been made aware and is working with the Clerk to address them. The Clerk advised the board that this is an ongoing matter requiring attention and that she will continue to keep the board informed.

Commissioner Kevin Reece indicated his intention to reach out to local CPA firms prior to the next business meeting to obtain a proposal for accounting assistance and training to support the Clerk in managing the town's financial records.

14. ORC Report:

ORC Jeff reported that he, the Clerk, and Commissioner Bobby Munsey attended BUMP (Best Utility Management Practices) training in Kernersville approximately two weeks prior. ORC Jeff noted the training had been significantly updated and expressed the view that it would be beneficial for the full board to attend. He noted that the training is particularly valuable for elected officials and that the class was unusually full, predominantly attended by representatives from distressed communities on the UAL list.

ORC Jeff noted that one seat in the training class still needs to be filled by an elected official in order to satisfy a grant application deadline in September. He encouraged the Mayor and commissioners to determine among themselves who would attend.

ORC Jeff also reported the following on infrastructure projects:

- Water Meters: New meters are in the shop. Installation is currently underway in Jonesville, proceeding at approximately 100 meters per day. Installation in Ronda is estimated to begin by mid-June and could be completed within a week and a half thereafter.
- Waterline Project (Money Road): A preconstruction meeting is scheduled for Tuesday at 2:00 PM at Town Hall, at which the contractor's actual start date will be confirmed.
- Well Project: Engineering and design work is complete. The treatment subcontractor is finalizing their portion of the drawings. The engineer is expected to submit to the state for review by the end of the following week and intends to simultaneously begin the bidding process, with state cooperation to accelerate the timeline.
- Water Tower Rehabilitation: ORC Jeff identified this as a high priority alongside the waterline project, and expressed his intention to pursue it aggressively once current projects are further along.
- Consumer Confidence Report (CCR): The annual CCR was completed with assistance from Rural Water/Tyson. It will be posted to the town website with a direct link, and printed copies will be available upon request at Town Hall, in compliance with state requirements.

The meeting was adjourned.

Rachel DeGroat

Rachel DeGroat, Town Clerk