

NORTH CAROLINA
DEPARTMENT OF STATE TREASURER



Dale R. Folwell, CPA
STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA

STATE AND LOCAL GOVERNMENT FINANCE DIVISION

TOWN OF EUREKA
Community Meeting
July 29, 2019

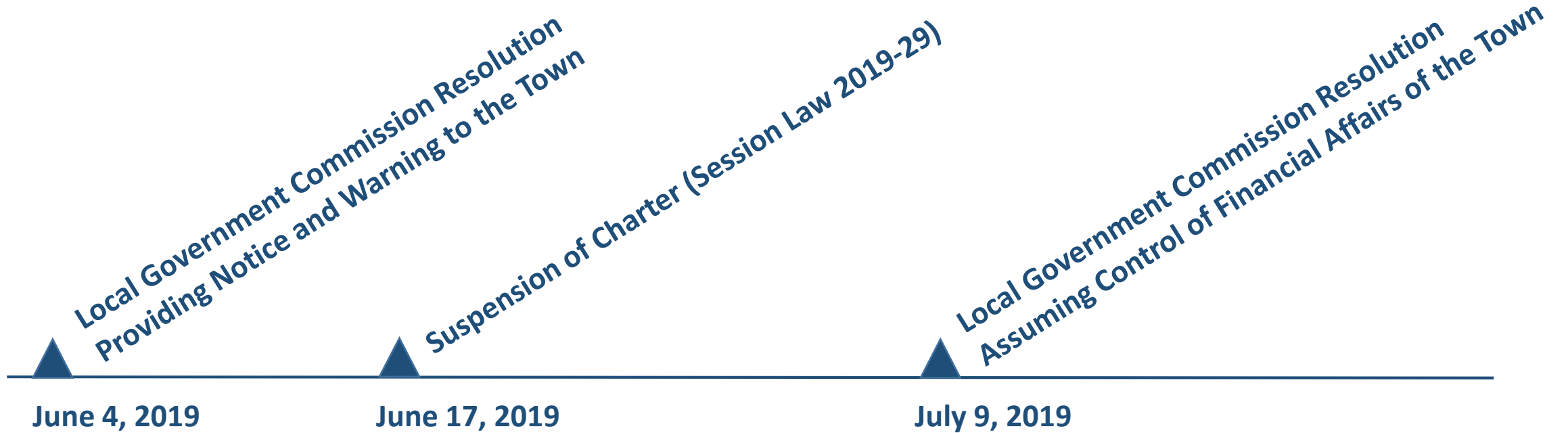


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Background





June 4, 2019: LGC Notice and Warning

The Local Government Commission (LGC) adopted a resolution at its June 4, 2019 meeting to provide formal notice and warning to the Town of Eureka regarding non-compliance with the Local Government Budget and Fiscal Control Act (N.C.G.S. 159, Article 3).



June 4, 2019: LGC Notice and Warning

The Town has balanced its budget in its Sewer Fund by appropriating fund balance that was not legally available for at least the last five years (N.C.G.S. 159-8(a)).

The Town has over-expended its budget for at least the last five years and failed to properly budget the movement of funds between the General Fund and the Sewer Fund (N.C.G.S. 159-28(a)).

The Sewer Fund is not being operated in a manner sufficient to provide adequate funds for operation of the system or for timely payment of the Town's outstanding liabilities without transfers from the General Fund, and as a result, the General Fund has been depleted of reserves.



June 17, 2019: Suspension of Charter

The North Carolina General Assembly enacted Session Law 2019-29 which suspended the Town of Eureka's charter for five years and placed all monies and assets of the town under the control of the Department of State Treasurer.

During the period of suspension:

- No elections will be held for mayor or commissioners, but current elected officials may continue to use their public titles.
- The town will not be required to fulfill provisions of the Local Government Budget and Fiscal Control Act (N.C.G.S. Chapter 159, Article 3).



July 9, 2019: LGC Assumption of Control of Financial Affairs

The LGC adopted a resolution at its July 9, 2019 meeting to assume control of the financial affairs of the Town of Eureka, pursuant to its authority under N.C.G.S. 159-181(c).

Department of State Treasurer staff members named as the Town's Finance Officer and Deputy Finance Officer:

Finance Officer: Sharon Edmundson

Deputy Finance Officer: Manasa Cooper



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Impact on Town Operations



Impact on Town Operations

- Residents should expect minimal impact on the day-to-day services and operations of the town.
- Taxes will continue to be levied and collected.
- No disruptions in town garbage or sewer service are anticipated.
- Sale of cemetery plots will be continue to be assigned by town officials; payments will be handled by LGC staff. Mailed payments are encouraged but we are working on a process for collecting payments in town.



Impact on Town Operations (continued)

- LGC staff is responsible for all aspects of financial management of the town.
- LGC staff will occasionally be at Town Hall to access and review financial records.
- Mail is being checked once a week (schedule may change).
- All Town bills are being forwarded to and paid by LGC staff.
- LGC staff will file all financial reports with local, state and federal agencies (IRS, DOT, etc.).
- The LGC and its staff are committed to making financial decisions in the best interest of the town and the community.



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Financial Update



Financial Update – Budget Status

Interim budget

- Adopted through August 31
- September interim budget will be presented to the LGC for review at its August 6 meeting

Annual budget

- Will be presented to the town for review and input (late August)
- Will be presented to the LGC for review at its September 10 meeting



Financial Update – Account Balances

General Fund	Utilities Fund	Total
\$22,637	\$13,104	\$35,742

Note:

Bank account balances as of 7/18/19

Powell Bill Funds of \$80,363 are available but limited to street maintenance and other related expenditures defined and limited by North Carolina statutes.



Financial Update – Accounts Payable

General Fund	Utilities Fund	Total
\$10,789	\$39,355	\$50,144

Note:

Accounts payable as of 7/24/19



Financial Update

Interim Budget: July – August 2019

REVENUE - ALL FUNDS

General Fund-Fund Balance Available	\$16,125
Water & Sewer Fund-Fund Balance Available	\$25,118
Powell Bill Fund-Fund Balance Available	\$1,050
Total Projected Revenues	\$42,293

APPROPRIATIONS - ALL FUNDS

General Fund Appropriations	\$16,125
Water & Sewer Fund Appropriations	\$25,118
Powell Bill Appropriations	\$1,050
Total Projected Appropriations	\$42,293



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Questions and Answers



Additional Questions and Media Inquiries

Financial /Operations Questions: Sharon Edmundson

- Director, Fiscal Management Section of the State and Local Government Finance Division
- Acting Finance Officer, Town of Eureka
- Sharon.Edmundson@NCTreasurer.com

Media Inquiries: Frank Lester

- Deputy Treasurer, Communications and Government Affairs
- Frank.Lester@NCTreasurer.com