

Lewisville Town Council
Briefing and Action Meeting Agenda
November 2, 2023 – 6:30 PM
Lewisville Town Hall 2nd Floor Conference Room
6510 Shallowford Road

1. Call to Order:

- A. Roll Call
- B. Adoption of Agenda

2. Items Requiring Council Direction

- A. Facility fee exemption request
 - i. Forsyth County Sheriff's Office – Foundation Fundraiser – September 7, 2024
 - ii. North Carolina League of Municipalities – Regional Risk Management Meeting – March 28, 2024
 - iii. Lewisville-Clemmons Chamber of Commerce
- B. BAC Update

3. Items Requiring Action at Briefing

4. Old Business

5. Administrative Reports

- A. Clerk
 - i. Resignation – Miriam Marley – Lewisville Beautification Committee
 - ii. Newly Elected Officials Orientation – November 30, 5:30-7 PM, MAWCC
 - iii. Holiday Open House – December 1, 5-6:30 PM, MAWCC
 - iv. Council and staff Christmas lunch – December 6, 12 PM, MAWCC
 - v. Christmas Parade – December 10, 2023, 3 PM
 - vi. CPR Class – January 19, 1 PM, MAWCC
- B. Finance Director
 - i. Audit update

6. Tentative Agenda Items for Regular Meeting on November 9, 2023

- A. Consent Agenda
 - i. Resolution 2023-049 – Financial statements for three months ended September 30, 2023 – [\(Attachment #1\)](#)
 - ii. Approval of Agenda Briefing Minutes – October 5, 2023
 - iii. Approval of Regular Meeting Minutes – October 12, 2023
 - iv. **UNSEAL** Closed Session Minutes – February 21, 2023
- B. Introductions, Recognitions, Presentations and/or Proclamations
 - i. Presentations
 - a. Sheriff's Office monthly report
 - b. June 30, 2023 Audit Report – Monty Pendry, Gibson & Company PA

C. New Business

- i. Ordinance 2023-045– Establishing the Shallowford Road CMAQ Sidewalk Capital Project Ordinance - \$1,446,134 ([Attachment #2](#))
- ii. Ordinance 2023-046 – Amending Ordinance 2023-001 to transfer \$262,933 from General Fund to Shallowford Road CMAQ Sidewalk Capital Projects Fund ([Attachment #3](#))
- iii. Resolution 2023-050 – Internal Control Policy ([Attachment #4](#))
- iv. Resolution 2023-051 – Supporting Clean Energy ([Attachment #5](#))

7. For the Good of the Order

8. Adjournment



**RESOLUTION 2023-049 OF THE LEWISVILLE TOWN COUNCIL
ACCEPTANCE AND APPROVAL OF MONTHLY DISBURSEMENTS**

WHEREAS, the Finance Officer has presented the Town Council with the Revenue Statement Summary and the Encumbrances and Expenditure State Summary of figures for the three months ended September 30, 2023; and

WHEREAS, the Finance Officer did not report any unusual expenditures.

NOW, THEREFORE BE IT RESOLVED THAT the Lewisville Town Council accepts the Revenue Statement Summary and the Encumbrances and Expenditure Statement Summary for the three months ended September 30, 2023 and incorporated herein.

Adopted this the 9th day of November 2023 by the Lewisville Town Council.

ATTEST:

Mike Horn, Mayor

Dora K. Moore, Town Clerk

Town of Lewisville
Financial Budget to Actual Report - General Fund
Three Months Ended September 30, 2023

General Fund

Revenues	Budget	Revenue Year to Date	Revenue Over (Under) Budget	Percentage Collected
Property Tax Collections	\$ 2,993,220.00	\$ 385,140.61	\$ (2,608,079.39)	12.87%
Sales Tax Revenue	1,272,770.00	108,458.04	(1,164,311.96)	8.52%
Other Revenues	1,515,280.00	271,491.90	(1,243,788.10)	17.92%
Transfer from ARPA Special Revenue Fund	-	-	-	-
Subtotal	5,781,270.00	\$ 765,090.55	\$ (5,016,179.45)	13.23%
Appropriation from Fund Balance	597,298.00			
Total	\$ 6,378,568.00			

Departments	Budget	Expenditures Year to Date	Encumbrances Year to Date	Unencumbered and Unspent Balance	Percentage of Budget Spent or Encumbered
Governing Body	\$ 363,052.00	\$ 57,273.24	\$ 39,217.66	\$ 266,561.10	26.58%
Administration	955,200.00	238,340.28	29,360.62	687,499.10	28.03%
Finance	292,977.00	81,324.77	417.00	211,235.23	27.90%
Debt Service	228,800.00	228,800.00	-	-	100.00%
Planning & Zoning	466,340.00	66,891.09	147,723.55	251,725.36	46.02%
Beautification	115,407.00	20,363.67	82,816.79	12,226.54	89.41%
Community Policing	824,750.00	13,833.00	788,660.00	22,257.00	97.30%
Public Safety	15,075.00	1,083.36	-	13,991.64	7.19%
Public Works	557,091.00	101,490.46	47,436.53	408,164.01	26.73%
Streets	292,865.00	126,040.06	37,260.86	129,564.08	55.76%
Powell Bill	386,550.00	309,264.51	2,900.00	74,385.49	80.76%
Storm Water	152,642.00	9,572.90	94,619.46	48,449.64	68.26%
Solid Waste	1,077,790.00	153,503.85	-	924,286.15	14.24%
Recycling	9,215.00	-	-	9,215.00	0.00%
Parks and Recreation	350,623.00	108,054.62	38,415.16	204,153.22	41.77%
Transfers to Capital Projects Funds	165,191.00	165,191.00	-	-	100.00%
Transfers to Capital Reserves	125,000.00	125,000.00	-	-	100.00%
Total	\$ 6,378,568.00	\$ 1,806,026.81	\$ 1,308,827.63	\$ 3,263,713.56	48.83%

General Fund Balance 7/1/2022	\$ 7,943,133.05
Increase (Decrease) FY 2022-2023 (Preliminary)	(1,921,211.11)
Year-to-Date Increase (Decrease) FY 2023-2024	(1,040,936.26)
General Fund Balance 9/30/2023	<u><u>\$ 4,980,985.68</u></u>

**Town of Lewisville
Financial Budget to Actual Report - Willow Run Municipal Service District
Three Months Ended September 30, 2023**

Willow Run Municipal Service District

Revenues	Budget	Revenue Year to Date	Revenue Over (Under) Budget	Percentage Collected
Revenues	\$ 39,352.00	\$ 6,288.88	\$ (33,063.12)	15.98%
Subtotal	39,352.00	\$ 6,288.88	\$ (33,063.12)	15.98%
Appropriation from Fund Balance	-			
Total	\$ 39,352.00			

	Budget	Expenditures Year to Date	Encumbrances Year to Date	Unencumbered and Unspent Balance	Percentage of Budget Spent or Encumbered
Expenditures	\$ 39,352.00	\$ -	\$ -	\$ 39,352.00	0.00%
Total	\$ 39,352.00	\$ -	\$ -	\$ 39,352.00	0.00%

MSD Fund Balance 7/1/2022	\$ 192,445.34
Increase (Decrease) FY 2022-2023 (Preliminary)	40,789.62
Year-to-Date Increase (Decrease) FY 2023-2024	6,288.88
MSD Fund Balance 9/30/2023	<u><u>\$ 239,523.84</u></u>

**Town of Lewisville
September 30, 2023**

Capital Reserve Funds					
	Fund Balance 7/1/2023	Transfers In	Transfers Out	Investment Earnings	Fund Balance 9/30/2023
GWR ROW/Construction Capital Reserve	\$ 1,090,536.88	\$ -	\$ -	\$ 14,292.05	\$ 1,104,828.93
Sidewalks, Bike Paths, and Greenways Capital Reserve	163,166.47	25,000.00	(188,100.00)	1,268.25	1,334.72
Municipal Buildings/Land Capital Reserve	135,263.38	-	-	1,772.69	137,036.07
Public Works Facility Capital Reserve	855,960.81	-	-	11,217.80	867,178.61
Parks & Recreation Capital Reserve	414,845.38	100,000.00	(459,854.22)	2,223.34	57,214.50
Total	\$ 2,659,772.92	\$ 125,000.00	\$ (647,954.22)	\$ 30,774.13	\$ 2,167,592.83

American Rescue Plan Act Special Revenue Fund	
American Rescue Plan Act funding received	\$ 4,024,471.50
Transferred to General Fund to reimburse for general government services - revenue replacement - FY 2021-2022	(1,208,168.14)
Transferred to General Fund to reimburse for general government services - revenue replacement - FY 2022-2023	(1,105,602.57)
Investment earnings	117,809.96
American Rescue Plan Act Special Revenue Fund - Cash Balance 9/30/2023	\$ 1,828,510.75

**Town of Lewisville
September 30, 2023**

Capital Projects Funds - Since Inception									
Project	Revenue	Expenditures	Transfers In	Transfers Out	Investment Earnings	Loan Proceeds	Fund Balance 9/30/2023	Budget	
GWR ROW/Construction Capital Project	\$ 221,684.95	\$(1,093,360.03)	\$ 1,563,000.00	\$ -	\$ 82,275.49	\$ -	\$ 773,600.41	\$ 1,563,800.00	
JWP Maintenance Facility/Playground Expansion Capital Project	-	(35,481.33)	55,000.00	(21,270.78)	1,752.11	-	(0.00)	\$ 55,000.00	
Gateway Project Capital Project	1,096,963.79	(1,761,502.20)	1,591,667.00	-	50,030.19	-	977,158.78	\$ 3,874,874.00	
Community Center Capital Project	100,000.00	(4,789,472.19)	2,947,137.00	-	11,761.70	2,000,000.00	269,426.51	\$ 4,947,137.00	
Roundabout at Lewisville-Vienna Road and Robinhood Road Capital Project	256,256.33	(321,334.41)	560,297.00	-	24,376.54	-	519,595.46	\$ 2,801,485.00	
Jack Warren Park Improvements	-	-	481,125.00	-	4,496.28	-	485,621.28	\$ 520,645.00	
Lewisville-Vienna Multipurpose Path	-	-	353,291.00	-	2,236.65	-	355,527.65	\$ 1,766,453.00	
Total	\$ 1,674,905.07	\$(8,001,150.16)	\$ 7,551,517.00	\$ (21,270.78)	\$ 176,928.96	\$2,000,000.00	\$ 3,380,930.09	\$ 15,529,394.00	



STAFF REPORT

ITEM:	1. ORDINANCE 2023-045
	2. ORDINANCE 2023-046
SUBJECT:	<ol style="list-style-type: none"> 1. CAPITAL PROJECT ORDINANCE – SHALLOWFORD ROAD CMAQ SIDEWALK 2. BUDGET AMENDMENT – TRANSFER FROM THE GENERAL FUND TO THE SHALLOWFORD ROAD CMAQ SIDEWALK CAPITAL PROJECTS FUND
PREPARED BY:	PAM ORRELL, FINANCE DIRECTOR
DATE SUBMITTED:	11/2/2023

BACKGROUND/SUMMARY:

The Town has been awarded a federal CMAQ (Congestion Mitigation & Air Quality) grant and a CRPDA (Carbon Reduction Program) grant to construct sidewalk along one side of Shallowford Road from Lowes Foods Drive to Shallowford Reserve Drive. The Town Manager has signed the agreement with the NC Department of Transportation for the locally administered project with the following breakdown:

Fund Source	Federal Funds	Reimbursement Rate	Town Funds	Town Match Rate
CMAQ (Congestion Mitigation & Air Quality)	\$ 884,928	80%	\$ 221,232	20%
CRPDA (Carbon Reduction Program)	\$ 166,806	80%	\$ 41,701	20%
Total	\$ 1,051,734	80%	\$ 262,933	20%

Total Project Cost \$1,314,667

With this agreement in place, staff is ready to proceed with the procurement of preliminary engineering services. As such, staff is recommending approval of the capital project ordinance titled **Shallowford Road CMAQ Sidewalk Capital Projects Fund** with the following initial budget for expenditures and revenues which does include a 10% contingency over the figures in the table above:

EXPENDITURES	
Preliminary Engineering	\$ 208,507
Right-of Way/Utility Relocation	\$ 158,400
Construction	\$ 947,760
10% Contingency	\$ 131,467
Total Expenditures	\$ 1,446,134

REVENUES	
Transfer from Sidewalks, Bike Paths, & Greenways Capital Reserve Fund	\$ -
Transfer from General Fund	\$ 1,446,134
Total Revenues	\$ 1,446,134

STAFF RECOMMENDATION AND REQUESTED ACTION:

1. Staff is requesting that Council approve Ordinance 2023-045 to establish the Shallowford Road CMAQ Sidewalk Capital Projects Fund.

2. Staff is requesting that Council approve Ordinance 2023-046 which is a budget amendment to transfer \$262,933 from the General Fund to the newly created Shallowford Road CMAQ Sidewalk Capital Projects Fund which represents the Town's 20% local match.

FISCAL IMPACT:

See Background/Summary Section Above.

ATTACHMENTS:

1. Ordinance 2023-045 Capital Project Ordinance – Shallowford Road CMAQ Sidewalk
2. Ordinance 2023-046 Amending Ordinance 2023-001 – Budget amendment to transfer \$262,933 from the General Fund to the Shallowford Road CMAQ Sidewalk Capital Projects Fund



**ORDINANCE 2023-045 OF THE TOWN OF LEWISVILLE
ESTABLISHING CAPITAL PROJECT ORDINANCE
SHALLOWFORD ROAD CMAQ SIDEWALK**

BE IT ORDAINED by the Lewisville Town Council that pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following capital project ordinance is hereby established and adopted:

Section 1. The project authorized is the construction of sidewalk along one side of Shallowford Road from Lowes Foods Drive to Shallowford Reserve Drive. The project will be financed 80% by the Federal Highway Administration under a CMAQ (Congestion Mitigation & Air Quality) grant up to and not to exceed the maximum award amount of \$884,928 and a CRPDA (Carbon Reduction Program) grant up to and not to exceed the maximum award amount of \$166,806. The remaining 20% of the costs will be financed with transfers from the Town's General Fund and the Sidewalks, Bike Paths, and Greenways Capital Reserve Fund.

Section 2. The officers of this unit are hereby directed to proceed with the capital project within the terms of the contracting agreements and budget contained herein.

Section 3. The following amounts are appropriated to complete this project:

Preliminary Engineering	56-00-5600-6002	\$ 208,507.00
Right-of-Way/Utility Relocation	56-00-5600-6001	\$ 158,400.00
Construction	56-00-5600-6000	\$ 947,760.00
Contingency	56-00-5600-6003	\$ 131,467.00
Total Expenditures		\$ 1,446,134.00

Section 4. The following revenues are anticipated to be available to complete this project:

Transfer from Sidewalks, Bike Paths, & Greenways Capital Reserve Fund	56-00-3980-0003	\$ -
Transfer from General Fund	56-00-3980-0000	\$ 1,446,134.00
Total Revenues		\$ 1,446,134.00

Section 5. The Finance Director is hereby directed to maintain within the Capital Projects Fund sufficient detailed accounting records to satisfy the requirements of the contract agreements and state regulations.

Section 6. The Town Manager shall have the authority per G.S. 159-15 to transfer appropriations from one line item to another line item within the capital project ordinance. The Town Manager shall have the authority to approve and execute contracts and contract amendments in amounts not to exceed \$50,000.

Section 7. The Finance Director is directed to report, on a monthly basis, on the financial status of this project.

Section 8. Copies of this capital project ordinance shall be furnished to the Town Clerk, Budget Officer and Finance Director for direction in carrying out this project.

Adopted this the 9th day of November, 2023 by the Lewisville Town Council.

Mike Horn, Mayor

ATTEST:

Dora K. Moore, Town Clerk



TOWN OF LEWISVILLE
 Budget Amendment Ordinance 2023-046
 Amending Budget Ordinance 2023-001

FINANCE DEPARTMENT USE ONLY
Budget Amendment # 7
Pam Orrell, Finance Director

CODE	ACCOUNT DESCRIPTION	AMOUNT	CODE	ACCOUNT DESCRIPTION	AMOUNT
10-20-5600-4996	General Fund - Streets - Transfer to Shallowford Road CMAQ Sidewalk Capital Projects Fund	\$ 262,933.00	10-00-3990-9000	General Fund - Fund Balance Appropriated	\$ 262,933.00
		\$ 262,933.00			\$ 262,933.00

EXPLANATION: To transfer \$262,933 from the General Fund to the Shallowford Road CMAQ Sidewalk Capital Projects Fund which represents the Town's local match.

RECOMMENDED BY: Pam Orrell, Town Finance Director

Approved and effective upon adoption this the 9th day of November, 2023 by the Lewisville Town Council.

ATTEST:

 Mike Horn, Mayor

 Dora K. Moore, Town Clerk



STAFF REPORT

ITEM:	1. RESOLUTION 2023-050
SUBJECT:	INTERNAL CONTROL POLICY
PREPARED BY:	PAM ORRELL, FINANCE DIRECTOR
DATE SUBMITTED:	11/2/2023

BACKGROUND/SUMMARY:

Staff has drafted an *Internal Control Policy* for Council review and approval. Internal controls are a set of rules, procedures, and practices developed and employed to facilitate the safeguarding of an entity's assets be they liquid (cash or investments) or fixed (infrastructure or equipment) or intangible (credit rating or information).

The procedures in this policy are currently being practiced by management and staff. However, this will be the first time the policy has been put in writing. It is important that Council understands these policies and practices because the Town Council sets the tone at the top regarding the importance of internal control and the expected standards of conduct of staff as they conduct the business of the Town.

STAFF RECOMMENDATION AND REQUESTED ACTION:

1. Staff is requesting that Council approve Resolution 2023-050 - *Internal Control Policy*

FISCAL IMPACT:

None

ATTACHMENTS:

1. Resolution 2023-050 - *Internal Control Policy*



**RESOLUTION 2023-050 OF THE LEWISVILLE TOWN COUNCIL
INTERNAL CONTROL POLICY**

WHEREAS, internal controls safeguard the Town of Lewisville’s assets including liquid (cash or investments), fixed (infrastructure and equipment), and tangible (credit rating or information).

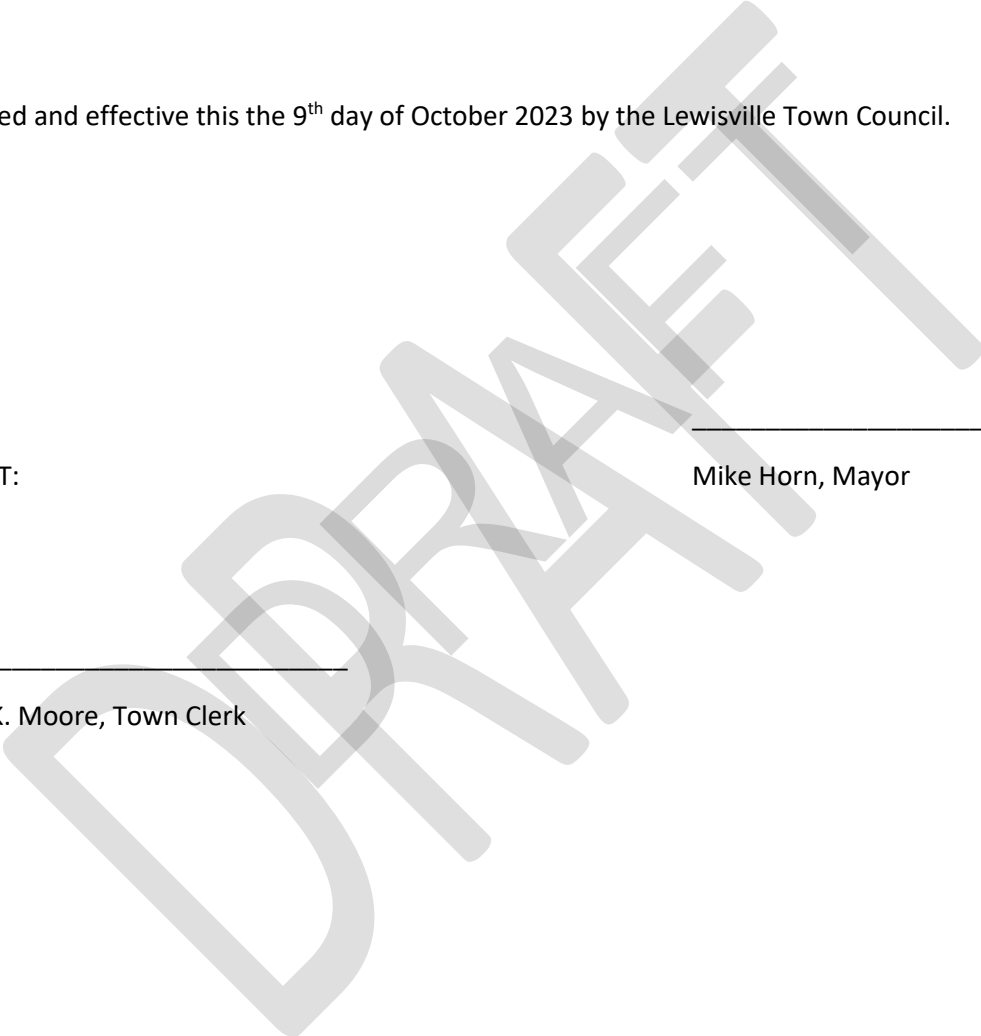
NOW, THEREFORE BE IT RESOLVED, that the Lewisville Town Council adopts the attached Internal Control Policy.

Adopted and effective this the 9th day of October 2023 by the Lewisville Town Council.

ATTEST:

Mike Horn, Mayor

Dora K. Moore, Town Clerk



Town of Lewisville Internal Control Policy



Adopted November 9, 2023

I. PURPOSE

- A.** Internal controls are a set of rules, procedures, and practices developed and employed to facilitate the safeguarding of an entity's assets be they liquid (cash or investments) or fixed (infrastructure or equipment) or intangible (credit rating or information).
- B.** The goals and objectives of this *Internal Control Policy* are to protect public assets and to foster reliability on public information for decision making purposes at all levels both internally and externally.
- C.** At the organizational level, internal control objectives relate to the reliability of financial reporting, timely feedback on the achievement of operational or strategic goals, and compliance with laws and regulations.
- D.** At the specific transaction level, internal control refers to the actions taken to achieve a specific objective (e.g., how to ensure the organization's payments to third parties are for valid services rendered). Internal control procedures reduce process variation (inconsistency), leading to more predictable outcomes. Internal control is a key element of the Foreign Corrupt Practices Act (FCPA) of 1977 and the Sarbanes-Oxley Act (SOX) of 2002 both which mandated strict reforms to protect against fraudulent financial reporting.
- E.** Internal controls rely heavily on segregation of duties, which continues to be the core of establishing good internal controls. Accounting professionals have broadened the definition of internal controls to include (1) establishing a control environment, (2) risk assessment, (3) control activities, (4) flow of information and communication, and (5) monitoring.
- F.** Internal controls should be an integral part of any organization's financial and operating policies and procedures. Internal controls consist of all the measures taken by the organization for the following:
 - 1.** To protect its resources against waste, fraud, and inefficiency
 - 2.** To ensure accuracy and reliability in accounting and operating data
 - 3.** To secure compliance with the policies of the organization
 - 4.** To secure compliance with laws and regulations imposed by other governments or other external parties
- G.** Everyone within the Town of Lewisville has some role to play in internal controls. The roles vary depending upon the level of responsibility and the nature of involvement by the individual.

- H. The Mayor, the Town Council, the Town Manager, the Finance Director, and all department heads should demonstrate the presence of integrity, ethics, competence, and a positive control environment.
- I. The Town Manager, the Finance Director, and all the department heads have oversight responsibility for internal controls within their departments and are responsible for executing control policies and procedures at the detail level within their departments.
- J. Each individual within a department is to be cognizant of proper internal control procedures associated with their specific job responsibilities.

II. INTERNAL CONTROL FRAMEWORK

- A. The Town's internal controls are modeled after the internal control framework set forth in the *Government Accountability Office's Standards for Internal Control in the Federal Government (the "Green Book")*. As described in the "Green Book", management is responsible for establishing and maintaining the internal control system in compliance with the duties outlined in this policy. The Town Council's primary role is to ensure management performs its internal control responsibilities. However, every employee bears some responsibility over the internal control process.
- B. The "Green Book" recognizes five components of internal control:
 - 1. Control environment
 - 2. Risk assessment
 - 3. Control activities
 - 4. Information and communication
 - 5. Monitoring
- C. The Town of Lewisville understands that each component must be present and functioning for the internal control process to operate at the optimal level. The responsibilities tied to each of the components are discussed below.
- D. **Control Environment.** The control environment is the foundation for **all** other components of internal control, providing discipline and structure. Moreover, the Town Council and management establish the tone at the top regarding the importance of internal control and expected standards of conduct, and reinforce expectations at various levels. Examples of how they show their commitment to internal controls include, but are not limited to the following:

1. The Town Council and management should demonstrate a commitment to integrity and ethical values.
2. The Town Council should oversee the Town's internal control system.
3. Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the Town's objectives.
4. Management should demonstrate a commitment to recruit, develop, and retain competent individuals.
5. Management should evaluate performance and hold individuals accountable for their internal control responsibilities.

E. Risk Assessment. Management is committed to identifying and managing the risks that may arise. The risk assessment component of internal control involves management evaluating risks the Town faces that could negatively impact its ability to achieve its objectives. These objectives include the following:

1. Operational Objectives: All assets are appropriately safeguarded against risk of fraud, theft, loss, or abuse.
2. Reporting Objectives: Finance systems and processes produce accurate and reliable financial reporting.
3. Compliance Objectives: Federal and State awards and other grants are expended in compliance with the award terms and conditions.

Risk Identification: Management will work to identify risks that may impair the Town's ability to achieve its objectives. Management will work to focus its risk assessment on areas of opportunity for employees to commit fraud. Specific areas and types of risk include:

- Rapid growth in operations
- Changes in personnel
- Organizational restructuring, such as centralizing or decentralizing
- New activities or service areas
- New or revised information systems
- New technologies in service delivery or information systems
- Changes in the operating or regulatory environment
- New or updated accounting and/or financial reporting practices

Award Compliance and Risk Identification: There are specific risks that arise in the administration of a grant award. Management will work to identify areas of risk that may impair the Town's ability to comply with the award's terms and conditions and/or applicable State and federal laws and

regulations. Specifically, the Town will evaluate risks of non-compliance in the following compliance areas:

- Activities allowed or unallowed
- Allowable costs/cost principles
- Cash management
- Eligibility
- Equipment and real property management
- Matching, level of effort, earmarking
- Period of performance
- Procurement, suspension, and debarment
- Program income
- Reporting
- Subrecipient monitoring
- Special tests and provisions

Risk Analysis: Management will work to determine the potential severity of liabilities associated with the risks identified by weighing the likelihood of occurrence against the degree of impact.

Risk Response: Management shall review the results of the risk analysis and determine whether to implement control activities to mitigate risks. Management will respond to identified risks in one of three ways:

- Accept the risk,
- Reduce the risk by implementing control activities to help prevent or detect issues, or
- Avoid the risk by not pursuing certain activities

Management shall consider the relative cost of implementing controls versus the benefit(s) offered in deciding whether to mitigate risk(s) through the implementation of control activities.

F. Control Activities. Control activities are the actions taken by management to respond to risks that may prevent the Town from achieving its objectives. The internal control activities are either preventative or detective. The Town uses a variety of control activities that support strong internal controls, including, but not limited to the following:

- Written policies and procedures
- Segregation of duties by separating authorization, custody, record-keeping, and reconciliation functions

- Authorizations to undertake projects/programs/expenditures
- Reconciliation of accounts and records
- Documentation and record-keeping
- Physical controls, including locks, physical barriers, and security systems to protect physical assets
- IT controls, including passwords and firewalls to protect sensitive data and restrict access to electronic data and files
- Staff training

G. Information and Communication. The Town communicates accurate and quality information to internal staff and personnel and to external stakeholders and community members. Communications plays an integral role in the internal control system by helping to promote transparency regarding the use of public funds. Management shall be responsible for communicating internal control processes to those employees directly involved in finance and/or grant administration. Management will communicate its policies, procedures, and internal controls through various handbooks, programs, training, and electronic communications.

Information regarding pertinent policies, processes, and control activities will flow down, across, and up the organizational structure. Internal control deficiencies should be reported upstream, with serious matters reported immediately to top-level management. Employees are required to report any critical issues within the internal control system to management as soon as possible after the discovery.

To ensure transparency regarding the use of State and federal funds, the Town shall communicate quality information to community members and external stakeholders. Management shall be willing to engage directly with community members and answer questions and/or provide updates during regularly scheduled meetings.

H. Monitoring. The Town of Lewisville shall conduct monitoring of the internal control system to identify its strengths and weaknesses. Internal and external audits will be conducted pursuant to State and federal law. These audit processes will test the effectiveness of internal controls over State and federal awards.

III. INTERNAL CONTROLS

A. General Internal Controls

The following basic internal controls are an essential part of the operation of the Town of Lewisville as a whole.

1. The Town of Lewisville will have an organization chart that clearly defines the lines of authority and responsibility.
2. Up-to-date job descriptions will be on file for each position within the Town.
3. The Town shall employ personnel with the ability and experience required to perform satisfactorily the responsibilities assigned to them. This includes participation in continuing education for current employees.
4. Management and the Town Council collectively set the Town's objectives, define strategies to achieve those objectives, and establish governance structures and processes to best manage risks in accomplishing those objectives.
5. Monthly financial reports will be prepared on a timely basis by the Finance Director and should be reviewed and understood by management and the governing body. These reports at a minimum should reflect a comparison of budget to actual revenues and expenditures.
6. All employees should take annual, uninterrupted vacations. Other adequately trained employees should perform the tasks of those employees on vacation.
7. All personnel performing fiscal functions must be adequately trained. Any staff member in this area who is not adequately trained should be currently enrolled in the proper courses to ensure that any deficiencies are eliminated.
8. Management and the governing board should take steps, in a timely manner, to implement suggestions for improvement by the independent external auditor.

B. Internal Controls in the Accounting System

1. All journals, ledgers, and other accounting records should be kept up-to-date at all times and should be balanced.

2. All subsidiary records should be periodically reconciled to the general ledger. This reconciliation should be documented and maintained on file.
3. All journal entries should be approved, explained, and properly supported with the correct documentation.
4. The Town should maintain the minimum number of funds possible to meet legal and operating requirements.
5. Duties should be segregated as much as possible between custody of the assets and recording of the transactions.
6. The Town should maintain and follow records filing, retention, and disposal policies in compliance with the Public Record Law, G.S. Chapter 132, and the guidelines established by the North Carolina Department of Cultural Resources.
7. Computerized accounting systems should be controlled with the use of passwords.
8. Reserves should be established for the following:
 - Encumbrances
 - Restricted revenues
 - Fund balance restricted for stabilization by State Statute (G.S. 159-8)
 - Any other reserves required by the governing body

C. Statutory Internal Controls

1. In accordance with G.S. 159-25, the Town shall at all times have in place a finance officer with the necessary skills, knowledge, and experience to perform the following duties:
 - a) The finance officer shall keep the accounts of the Town in accordance with generally accepted accounting principles of governmental accounting and the rules and regulations of the Local Government Commission.
 - b) The finance officer shall disburse all the funds of the Town in strict compliance with the Local Government Budget and Fiscal Control Act, the budget ordinance, each project ordinance, and shall preaudit all obligations and disbursements.

- c) As often as may be requested by the Town Council, the finance officer shall prepare and present to the Town Council a statement of financial condition of the Town.
- d) The finance officer shall receive and deposit all moneys collected by the Town
- e) The finance officer shall maintain all the records concerning debt and other obligations of the Town, determine the amount of money that will be required for debt service or the payment of other obligations, and ensure all payments are made timely.
- f) The finance officer shall supervise the investment of idle funds.

In the absence of the finance officer, a designated deputy finance officer may perform the above duties.

2. The Town shall have its accounts audited as soon as possible after the close of each fiscal year by a qualified certified public accountant. Paragraph 3.88 of *Government Auditing Standards* (the “*Yellow Book*”) issued by the Comptroller General of the United States reads as follows:

“Auditors should conclude that preparing financial statements in their entirety from a client-provided trial balance or underlying accounting records creates significant threats to auditors’ independence, and should document the threats and safeguards applied to eliminate and reduce threats to an acceptable level in accordance with paragraph 3.33 or decline to provide the service.”

Thus, the Finance Director of the Town of Lewisville shall prepare the Annual Comprehensive Financial Report each fiscal year and present it to the auditor for audit and submission to the Local Government Commission.

3. All minutes of the governing body should be maintained in final form in the permanent records of the Town.
4. All funds remaining unclaimed after one year should be escheated to the State as required by G.S. 116b.
5. The Town will develop, adopt, and approve its budget according to G.S. 159-13.
6. All employees who handle public moneys must be bonded either individually or under a blanket bond in accordance with G.S. 159-29.

7. In accordance with the General Assembly's enactment of S.L. 2022-53, G.S. 159-29(a), the individual in the Finance Director position must be underwritten for an individual faithful performance bond to equal or exceed the greater of (1) \$50,000 or (2) an amount equal to 10 percent of the unit's annually budgeted funds, up to a cap of \$1 million.
8. A complete schedule of insurance coverage and limits should be maintained showing expiration dates, premiums, and other essential information.
9. The "Public Purpose Limitation" will be adhered to at all times, which requires that all public funds, no matter what their source, be expended for the benefit of all the residents of the Town generally and not solely for the benefit of particular persons or interests.

D. Internal Controls – Cash Receipts

1. All cash receipts (cash or check) should be recorded in the financial accounting software noting name of the payer, address, date, amount, description, and category for posting to the general ledger. Two copies of the receipt should be printed. One copy of the receipt should be provided to the payer and the other placed in the cash drawer along with the cash or check. All checks should be endorsed for deposit into the Town's bank account.
2. A deposit slip should be prepared in triplicate for the daily deposit and compared to the amount of cash/checks in the drawer, as well as compared to the reports printed from the financial accounting software for posting to the general ledger.
3. All cash and checks received shall be deposited in the bank daily.
4. Ideally, deposits should be taken to the bank by someone other than the person who prepared the deposit.
5. Funds not deposited, such as the cashier's change drawer or petty cash should be located in the vault room at Town Hall where access is controlled.

E. Internal Controls – Cash Management and Investments

1. All deposits will only be in institutions authorized by the governing body.

2. Bank accounts should be properly collateralized in accordance with G.S. 159-31(b). The Town will only use banks that participate in the State pooling method.
3. The financial institutions that hold the Town's funds should be instructed to notify the Town Manager of any unusual items or transactions occurring on the account, such as wire transfers and insufficient funds notices.
4. Current signature cards should be maintained on file with the Town's financial institution at all times. Terminated employees should be removed from signature cards immediately.
5. All bank statements should be reconciled promptly upon receipt to help identify any errors or discrepancies. Any discrepancies should be investigated immediately and acted upon accordingly.
6. Ideally, bank accounts should be reconciled by someone who does not participate in other cash procedures including handling currency, receipts, or signing checks. The Finance Director reconciles the bank accounts. The Town does not have adequate staff to separate these cash functions. However, the Town Manager reviews the bank reconciliations each month.
7. All investments must be in compliance with G.S. 159-30.
8. All investments and bank deposits are to be made in accordance with Section K of the *Town of Lewisville's Comprehensive Financial Management Policy* adopted November 8, 2018 and as amended.

F. Internal Controls – Cash Disbursements (Non-Payroll)

1. Prenumbered checks should be used for all disbursements paid by check.
2. The unused check supply should be locked up at all times.
3. Voided checks should be sufficiently defaced so that no one else can use them. Voided checks and voided check reports from the financial accounting software should be maintained on file in numerical order. Voided checks should never be thrown away.
4. Blank checks should never be signed in advance.

5. Checks written to the order of "cash" should only be used when necessary and detailed records should be kept regarding the reason and distribution of cash.
6. Checks should be prepared by someone who is not authorized to sign them.
7. Check signers should review supporting documentation for disbursements prior to signing the checks.
8. All purchase orders, contracts, or checks should have a properly signed pre-audit certificate (G.S. 159-28).
9. If applicable, purchase orders and receiving reports should be initialed by an authorized individual when goods are received. The purchase order should then be matched to the invoice for payment.
10. Two signatures are required on all checks per G.S. 159-25(b). The first signatory must be the Finance Director or the Deputy Finance Officer. The second signatory should be someone who does not have access to the accounting records.
11. All checks should be mailed or distributed by someone other than the person who prepared the checks.
12. Disbursements should only be made to authorized vendors.
13. The proper authority should approve all expense reports.
14. All checks that are outstanding for a lengthy period of time should be investigated. Checks that are outstanding for more than a year should be escheated.
15. All wire or other electronic transfers should be made by persons authorized by the governing body.
16. The Finance Director should prepare and submit the positive pay report to the bank and monitor for rejections.
17. The Town will also utilize ACH Control at the bank to ensure that all ACH drafts are from authorized vendors.
18. Gift cards should only be purchased when necessary and detailed records should be kept regarding the reason and their distribution.

G. Internal Controls – Cash Disbursements (Payroll)

1. Each employee should have a personnel file that includes, at a minimum, the following:
 - Hiring authorization
 - Salary history
 - Hours authorized to work
 - Federal and State withholding forms
 - Health insurance and retirement deduction information, and
 - Authorization for all other payroll deductions
2. Payroll checks should be handled like other cash disbursements except that a time record will be the supporting documentation which is reviewed and approved by signature of the appropriate supervisor.

H. Internal Controls – Accounts Payable, Expenditures, Encumbrances, Purchasing, and Contracting

1. G.S. 159-28 states that “no obligation may be incurred in a program, function, or activity accounted for in fund included in the budget ordinance unless the budget ordinance includes an appropriation authorizing the obligation and unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year.” Internal controls in the expenditures, encumbrances, purchasing, and contracting areas should ensure that all expenditures are properly documented and made in accordance with the authorized budget.
2. Internal control procedures for accounts payable, expenditures, and encumbrances are as follows.
 - a) Expenditures should be controlled using the budget ordinance. For any annually budgeted fund, all expenditures must be budgeted, and there must be sufficient budgeted revenues or available fund balance to cover each expenditure.
 - b) All budget appropriations in the current year should be recorded in the appropriate expenditure account.
 - c) All expenditures must be charged against an appropriation account.
 - d) An effective year-end cut-off policy should be in place for all liabilities, including accounts payable. Therefore, the purchasing and contracting deadline is expected to be May 31th each year.
 - e) All accounts payable subsidiary records should be reconciled to the general ledger on a monthly basis by the Finance Director.

- f) Any adjustments to recorded accounts payable should be fully documented and approved by the Finance Director.
- g) Any debit balances in accounts payable should be investigated thoroughly.

3. Internal control procedures for purchasing and contracting are as follows.

- a) The approval of invoices for payment should be independent of the purchasing function to the extent possible. The preaudit certificate should be signed by the Finance Director. The Deputy Finance Officer may perform this function in his or her absence. The preaudit certificate should take the following form in accordance with G.S. 159-28(a): "This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act."
- b) All purchase orders and contracts should have properly signed pre-audit certificates (G.S. 159-28).
- c) All checks for payment should have the following certificate on the face of the check in accordance with G.S. 159-28(d): "This disbursement has been approved as required by the Local Government Budget and Fiscal Control Act."

I. Internal Controls – Current Liabilities and Other Long-Term Debt

- 1. Internal control procedures for liabilities and debt outstanding are primarily statutory requirements.
- 2. Internal control procedures for current liabilities:
 - a) Detailed records of all outstanding contracts should be maintained.
 - b) All amounts withheld from contract payments upon completion of a project should be reflected on the books as retainage.
 - c) All bid and other deposits held by the Town should be adequately controlled. The subsidiary ledger should be reconciled to the general ledger on a periodic basis.
- 3. Internal control procedures for long-term debt:
 - a) All installment contracts to purchase land or other capital assets should be properly reflected in the financial records as long-term debt and capital assets.
 - b) All contracts should be approved by the Local Government Commission if the Commission's approval is required. (G.S. 160A-20, G.S. 159-148)

- c) The Town will adhere to arbitrage rebate requirements for all tax-exempt financing.

IV. CLOSING

1. The *Town of Lewisville Internal Control Policy* applies to all Town departments and operations. The examples of control activities contained in this guide are not presented as all-inclusive or exhaustive of all the specific controls appropriate in each department or unit. Over time, controls may be expected to change to reflect changes in the Town's operating environment.
2. The guidance presented in this document should not be considered stand-alone. This guide should be used in conjunction with existing policies and procedures, as well as all applicable State Statutes.

DRAFT

DRAFT



STAFF REPORT

ITEM:	RESOLUTION 2023-051
SUBJECT:	THE GOAL OF 100% CLEAN RENEWABLE ENERGY BY 2050
PREPARED BY:	DORA MOORE, TOWN CLERK
DATE SUBMITTED:	NOVEMBER 2, 2023

BACKGROUND/SUMMARY:

In 2021, Council adopted Resolution 2021051 – The Goal of 100% Clean Renewable Energy by 2050. The current resolution states the Town “commits” to five goals. After some review and discussion by the Environmental Conservation and Sustainability Committee, the Committee is recommending that the Resolution wording be changed to “strive.” This change also aligns with the State’s Executive Order 80.

STAFF RECOMMENDATION AND REQUESTED ACTION:

Staff recommends Resolution 2023-051 be approved by Council.

FISCAL IMPACT:

ATTACHMENT(S):

Resolution 2023-051



**RESOLUTION 2023-051 OF THE LEWISVILLE TOWN COUNCIL
THE GOAL OF 100% CLEAN RENEWABLE ENERGY BY 2050**

WHEREAS, for many years, climate scientists have predicted that greenhouse gasses emitted by burning fossil fuels would increase the Earth's average temperatures and change its climate with dire consequences; and,

WHEREAS, scientists have predicted that an increase in the average temperature is causing and will continue to cause major adverse impacts such as longer and more intense heat waves, prolonged droughts, spread of infectious diseases, rising sea levels, ocean acidification, floods, wildfires, and more frequent extreme weather events; and,

WHEREAS, studies point to severe economic costs of climate change; and,

WHEREAS, there are significant risks to counties and municipalities in North Carolina which will incur large, unpredictable costs adapting to and mitigating the effects of climate change; and,

WHEREAS, responsible planning requires that the Town begin to address the possible effects of climate change and support actions to mitigate those effects; and,

WHEREAS, in 2018, Governor Roy Cooper signed Executive Order 80, North Carolina's Commitment to Address Climate Change and Transition to a Clean Energy Economy, which states that North Carolina will honor the 2015 Paris Agreement goals and the State's commitment to the United States Climate Alliance, which requires the State to reduce its Green House Gas (GHG) emission to 50% below the 2005 levels by 2030.

NOW, THEREFORE, BE IT RESOLVED that the Town of Lewisville strives to:

1. Achieving a goal of 50% clean and renewable energy for its operations by 2030, with a transition to 100% clean and renewable in all sectors by 2050;
2. Encouraging the larger community to strive toward a goal of 50% clean and renewable energy by 2030 with a transition to 100% clean and renewable in all energy sectors by 2050;
3. Incorporating complementary initiatives which reduce greenhouse gas emissions;
4. Promoting green job creation and economic growth;
5. Coordinating with other willing local governments and environmental groups to achieve the statewide goal of a transition to clean and renewable energy by 2050;

BE IT FURTHER RESOLVED that this Resolution replaces Resolution 2021051.

Adopted this the 9th day of November 2023 by the Lewisville Town Council.

ATTEST:

Dora K. Moore, Town Clerk

Mike Horn, Mayor