109 N Main Street
P.O Box 336
Rich Square, NC 27869

Town of Rich Square

Phone: 252-539-2315
Fax: 252-539-3945
Website: richsquarenc.org

To: LGCNotifications@nctreasurer.com – Secretary of the Local Government Commission

From: Victoria Newcombe, Mayor

Re: Notice of Noncompliance for Fiscal Year 2025 Audit

Date: June 26, 2026

The Town of Rich Square's Appeal Based on "Other Good Cause with Evidence"

We are writing on behalf of the Town of Rich Square to formally appeal the notice of noncompliance regarding our annual audit report for fiscal year ending 2025. We understand the requirements set forth under North Carolina Session Law 2023-59 (SB99) and G.S. 159-34, and we are committed to meeting our obligations to submit timely annual audit reports. We deeply regret the delay in submitting our fiscal year 2025 audit report. This delay is the result of exceptional and unforeseen circumstances primarily related to challenges involving our Board's oversight and administration hired by said Board.

Internal Delays:

The Town had a Board that did not perform any oversight of its staff. There were no internal control policies and there was no one making sure that crucial deadlines were being met in a timely manner. No one was allowed to check behind the Police Chief, Finance Officer, and the Town Clerk. The Board did not conduct diligence on behalf of the town and its citizens.

It was apparent that the Finance Officer had ongoing issues and struggles with the Town's financial software – Harris Cloud-Smart Fusion. She did not know what exactly was required of the Finance Officer position nor what her duties entailed. She did not go to Financial Management training that was offered through the UNC School of Government or the NCLM. She did not know the Town's own Personnel Policy nor the Code of Ordinances of the Town.

The Town Clerk did attend Clerk School but did not know what her duties entailed and the responsibility that she was hired on to do.

The Police Chief injected himself into Human Resource issues that should have been handled by the Board of Commissioners; therefore, causing interruptions that impacted the work in the administration office among the staff and Mayor Newcombe.

The Town Board did not know its responsibility as explained in the Town's Code of Ordinances nor did they know what was enforceable or not enforceable in the Code of Ordinances, such as the Town Charter.

The 2021 Audit was completed and approved in July 2023. The Board of Commissioners approved a new contract to start working on providing Martin, Starnes, & Associates with the information to complete the 2022 Fiscal Year End Audit and the then Finance Officer was struggling with extracting information that would assist with the audit process in addition to other basic financial activities. She was not very organized and was not able to locate the requested items due to the state of her office.

The November 2023 elections brought in a new mayor and the replacement of one commissioner. Mayor Newcombe found out that the town was behind on their audits and with supplying information to the NC Treasury coach team members. Mayor Newcombe tried working with the then Town Clerk and Finance Officer but had no results. Mayor Newcombe went to the Board of Commissioners asking them to direct the Town Clerk and the Finance Officer to do their duties and to assist her with getting the information needed for the 2022 audit. The Board did not offer any assistance to Mayor Newcombe except they appointed newly elected Commissioner Peggy Cary as a liaison between town staff and the mayor as the Commissioner over the Administration staff and made her the Deputy Finance Officer. Commissioner Cary was given no access to the financial management software. Mayor Newcombe made several attempts to locate an outside bookkeeper with municipal accounting experience which proved unsuccessful for over a year. December 2024, the Town Clerk resigned citing difficulty with authority and duties assigned. Finally, in February 2025, Christine Bass, was hired to assist Ms. Howard in the finance office and as Town Clerk. Ms. Bass has many years of experience working for a few local municipalities. Ms. Howard was terminated from her position on April 21, 2025 for continued job performance issues and serious financial inconsistencies. Ms. Bass, was immediately sworn in as Rich Square's Finance Officer and continues to work diligently to stabilize the financial operations of the Town. Ms. Howard did not cooperate with the audit process, pay invoices, answer and supply other agencies the required documents, and has left the Town in financial turmoil.

Mayor Victoria Newcombe expressed the financial inconsistencies to the Town Attorney and the Board of Commissioners on multiple occasions. The Police Chief knew of the issues as well. Mayor Newcombe went around the town attorney, police chief, and the Board and contacted the Northampton County District Attorney and requested a forensic audit on her own. She also reached out to the NC State Auditor's office explaining her concerns with town funds and current state of the Town's finances. The Northampton County District Attorney's office finally replied to Mayor Newcombe's several letters and messages and advised that they did not handle forensic audits and would refer the issue to the Northampton County Sheriff's Department. Sheriff Jack Smith nor any of his deputies has yet to contact Mayor Newcombe as to her forensic audit request. The NC State Auditor's Office has reached out as of January 2026 and as of April 14th they started reviewing the books of the Town of Rich Square along with getting viewing access to the Harris Cloud Financial Management Software. They were back on May 18th & 19th to review more of the information and continue to be in touch by phone or email requesting more information.

Mayor Newcombe tried to get several policies, job descriptions, and time sheets instituted and the Board of Commissioners did not feel it was necessary nor was needed. May and June of 2025, Ms. Bass had to start the process of getting policies adopted by the Board due to requests of outside agencies needing these policies to be adopted so that the Town would stay in compliance per the agencies requirement.

Administration Transitions:

The Town of Rich Square hired Ms. Bass as Town Clerk on February 10, 2025. When Mrs. Howard was terminated on April 21, 2025 Ms. Bass was sworn in as the new Finance Officer and is still the Town Clerk. The Town of Rich Square was invited to join the AIM Program offered by the NCLM and it was a much-needed blessing the town needed. Pam Hurdle assisted with making sure the Finance Officer knew her duties with 6 monthly training sessions, IT support, and most important financial assistance for the 2023 Fiscal Year End Audit. Ms. Bass completed the required training and the town was awarded additional funding to help with the management of their IT security with the assistance of a program through the NCLM.

During the election process in November 2025, the Town of Rich Square lost the following elected officials:

Commissioner Reggie White
Commissioner Raymond Joyner
Commissioner Charles Eason
Commissioner Larry Godwin – resigned
Commissioner Linwood Bryant – resigned February 2025

As of December 2025, the Board of Commissioners for the Town of Rich Square is as follows:
Mayor Victoria Newcombe – re-elected
Mayor Pro-Tem Byron Ward – newly elected
Commissioner Peggy Cary – re-elected
Commissioner Jerome Garris – newly elected
Commissioner Marcia Majett – newly elected
Commissioner Ennis Williams had just replaced Commissioner Linwood Bryant in April 2025 but was elected

The Town encountered long delays in securing a new auditor as many small towns do currently given the current shortage of municipal auditors. It was fortunate that we were able to retain Martin, Starnes, & Associates. They requested documents via email from Mrs. Howard on multiple occasions and she never responded to them. They would call the office and Mrs. Howard would put them on hold and not get back to the call. They have been very patient through this transition period of the finance officer. Once Ms. Bass obtained full access into the financial management software and the banking, she was able to provide Martin, Starnes, & Associates the information to complete the 2022 audit.

Progress Toward Compliance:

Despite these obstacles, the Mayor, Board of Commissioners, Finance Officer, Certified Public Accountant firm Carr, Riggs, & Ingram, and auditing firm Martin, Starnes, & Associates have been working diligently to address the backlog of audits. September 2025 the 2022 Fiscal Year End Audit was submitted and approved by the Local Government Commission (LGC) and by the end of June 2026 we will have the 2023 Fiscal Year End Audit submitted and waiting on approval by the LGC. That will be 2 audits completed in under a year. Once the 2023 Fiscal Year End Audit is approved by the LGC we will begin work on the 2024 Fiscal Year End Audit.

With the help of part-time Water/Sewer (W/S) Billing Clerk Patricia Majette being able to go through every piece of paperwork that was in the finance office and sorting it so that we can start to get a filing system sorted by fiscal year. Once all the paper was gone through and file boxes were full, we were able to organize payroll, invoices, bank statements, and W/S documents. This made it easier to get through the 2022 and the 2023 audits.

The Town received a call from Paige Hufford, OCI Finance and Business Compliance Analyst, stating the town was not in compliance as to the ARPA funding received and several items needed to be found, adopted, and approved by the Board in just under a two-month period and to be ready for an inspection of documents and policies via a desk review process. The Town successfully completed the desk review visit with only one document being needed. The town recently went through a virtual ARPA monitoring visit wherein Ms. Bass, Mayor Newcombe, and Engineering Services had to attend and we successfully answered all questions as to financial management, budget and expenditure oversight, internal controls, organizational oversight, audit compliance, and records and reporting.

Ms. Bass received the annual request for records form from the United States Department of Agriculture (USDA) due to a loan that was received back in 1997 for the Water Department. Ms. Bass replied to the letter as requested. September 2025, Angela Fulford, Area Specialist for USDA, reached out via email to advise the Town was in Non-Monetary Default on its loan. The email gave 30-days to provide all the requested information to fix the Non-Monetary Default issue. Ms. Bass then learned that the town had not complied for the past three years. Ms. Bass was able to locate the information and supply USDA with the paperwork in under a month. December 2025, Ms. Bass received a letter advising of a Compliance Review scheduled for January 2026 and requesting several documents for loan on a grant project that closed out 11 years prior. Ms. Bass went through several files and even went to Engineering Services to see if they had anything on the grant that was in question. Ms. Bass was able to locate some of the requested documents and advised that several policies had just been adopted by the Board and provided them to the agent. USDA found that the Town had come back into compliance.

Ms. Bass being just sworn in as Finance Officer and her first task was to figure out a budget for the new fiscal year July 2025 to June 2026. Due to the state of the finance office Ms. Bass had no information to go with except for the pile of invoices that had been unpaid in front of her and from there she was able to work out a budget to present to the Board and the citizens for the 25-26 fiscal year. Mrs. Rountree from the NC Treasury Department was the coach team member at that time and was very satisfied with the budget as presented. Ms. Bass worked diligently to get all the past due bills caught up and making sure that we were paying for accounts that were held by the towns and cancelled accounts that should have been closed many years ago. She had to work strategically to pay three years of Water Tank Maintenance which was a total of $50,000 while making sure that all the other invoices for the W/S department were being paid and not in arrears.

Ms. Bass made sure that we maintained strict budget management and that we had money in the proper line item to cover the expenses needed for each department. She supplied the Board with budget ordinance amendments and explained the reason for each transaction to the Board so that they would understand the reason for the money being moved from one line item to another.

Conclusion:

Based on the Guidance Criteria for Drafting an Appeal Based on "other Good Cause with Evidence", we respectfully request that this appeal be deemed successful due to these extenuating circumstances. The Town of Rich Square has demonstrated its commitment to compliance and accountability by addressing the issues hindering our progress and taking substantial steps towards resolution.

We humbly ask for the Commission's understanding and patience as the 2023 Fiscal Year End Audit is completely accepted and approved by the LGC. The withholding of our sales tax distributions would have severe repercussions for the Town, potentially under mining our ability for the Town to work towards completing another year end audit in a timely manner, and with providing essential services to our community. Considering the exceptional circumstances and our concerted efforts to resolve this matter, we kindly request that the Commission approve this appeal and defer any withholding actions.

Thank you for your understanding and consideration of this appeal.

Respectfully submitted,

Victoria Newcombe

Victoria Newcombe, Mayor
Town of Rich Square

Christ Bass

Christine Bass, Finance Officer

Attachment: Memorandum from Dennis Patton, Zoning Administrator
Projected Dates for Remaining Audits

109 N Main Street
P.O Box 336
Rich Square, NC 27869

Town of Rich Square

Phone: 252-539-2315
Fax: 252-539-3945
Website: richsquarenc.org

MEMORANDUM

Date: June 10, 2026

To: Local Government Commission Appeals Review

From: Dennis Patton, Zoning Administrator & Land Use Planner Dennis Patton

Subject: Appeal of Withholding Sales Taxes

I'm writing this letter on behalf of the current administration at the Town of Rich Square to appeal to your consideration of withholding a portion of the Town's sales taxes. Even though I am a contract "employee" for the Town in serving the Town on multiple projects to improve the community's planning, my many years of experience has taught me to observe and measure the sincere efforts of a town administration to make positive changes in all areas of governance.

As mentioned above, I have worked as a land use planner and grant administrator for many towns throughout the five-county region of the Upper Coastal Plain Council of Governments from which I retired several years ago. I began working with the Town of Rich Square two years ago because Mayor Newcombe had the foresight to convince the Board the Town needed a land use plan, which is near completion. The enthusiasm of the Advisory Committee spilled over into several running for Commissioners seat last November (and winning two seats). I mention this because I witnessed the final changes and steps towards an administration that stood for being transparent, abiding by the rules, and fulfilling its obligations. The transformation has been exciting to watch and participate in!

Reestablishment of a Planning Board, the hiring of a new (and competent) Town Clerk & Finance Officer, workshops with the community and businesses, improved relations with the County, establishing partnerships with other agencies, administering its ordinances, making amendments to some of the ordinances are some of the many things accomplished in the past 18 months and especially the past 7 months.

Obviously, the area of most concern to the LGC is local government's financial governance. The Mayor and Board's decision last year to hire Christine Bass as the new Town Clerk and Finance Officer has been a godsent for the Town and the Board. Given my work with the Planning Board and Zoning Ordinance amendments over the last 6 months, I have had the pleasure of attending recent Board of Commissioners' meetings and have listened to the financial reports from Ms. Bass. I found her reports thorough but explained in a way that their constituents can understand and see progress. She has been examining and paying invoices. Through her competence, she has been working diligently with their auditor, which has resulted in the FY 2022 being completed and submitted and FY 2023 to be submitted by the end of this month.

The Town of Rich Square has shown a commitment to taking the necessary steps to gradually straighten out its financial situation. They have shown real progress in a small town with a small staff. The withholding of sales taxes this past FY sent the intended message and placed severe limitations on their small budget. The Town is working several issues and positive changes with its limited budget. Continued withholdings will limit the Town's work towards positive changes. I sincerely ask that you consider signaling your understanding, patience, and acceptance of this progress by deferring any further withholding of sales taxes for the coming year. This will provide encouragement for progress well done with more audits to come.

109 N Main Street
P.O Box 336
Rich Square, NC 27869

Town of Rich Square

Phone: 252-539-2315
Fax: 252-539-3945
Website: richsquarenc.org

June 5, 2026

L. Paige Hufford
OCI Business Service Coordinator II
NC DEQ
Raleigh, NC

Ms. Hufford,

The time line that the Town of Rich Square's Mayor and Board of Commissioners have agreed to get the Town of Rich Square's audits current and up to date. After speaking with the Town's auditor Ethan Bumgarner, Senior Accountant for Martin & Starnes & Associates, CPAs, P.A. and the Town's certified public accountant Thomas Monte from Carr, Riggs, & Ingram it is very possible for the town to get all its audits caught up in the next four to six years. The proposed schedule for submission of the fiscal year end audits is as follows:

- Submit the June 30, 2022 audit by September 18, 2025
- Submit the June 30, 2023 audit by June 30, 2026
- Submit the June 30, 2024 audit by March 31, 2027
- Submit the June 30, 2025 audit by December 31, 2027
- Submit the June 30, 2026 audit by September 30, 2028
- Submit the June 30, 2027 audit by June 30, 2029
- Submit the June 30, 2028 audit by March 31, 2030
- Submit the June 30, 2029 audit by December 31, 2030
- Submit the June 30, 2030 audit by September 30, 2031

The Town of Rich Square's Mayor, Board of Commissioners, Auditor, Certified Public Accountant, Finance Officer, and department heads are committed in trying to get the Town's financial status up to date and current. Everyone involved understands that the Town of Rich Square will not be able to receive any additional funding opportunities until we have gotten the audits caught up and current.

Each Board member and department head acknowledges the importance of getting the Town of Rich Square back to good financial status with the Local Government Commission (LGC), NC Department of Treasury, and the NC Division of Environmental Quality Division of Water Infrastructure.

Thank you for your assistance and your patience as we continue to work to meet all the deadlines and conditions to maintain any federal and state funding for the betterment of the Town of Rich Square and its citizens.

Sincerely,

Victoria Newcombe

Mayor Victoria Newcombe

Christ Bass

Finance Officer Christine Bass