

**AGENDA**  
**Stoneville Town Council Meeting**  
**April 4, 2017**  
**7:00 PM**

**Call to Order-Mayor Craddock**  
**Pledge of Allegiance**  
**Invocation**  
**Approval of Minutes from Last Meeting**  
**Approval of Agenda**

**New Business:**

1. Western Rockingham Community Event – Mary Martin
2. Leslie Street Asphalt Repairs – Mark Malloy
3. FY 2017-2018 Budget Presentation – Joanna Dalton
4. FY 2017 – 2018 Audit Contract – Joanna Dalton
5. Columbarium at Town Cemetery – Sherri Darnell

**Public Comments:**

**Old Business:**

1. Oakdale Street Storm Drain Replacement – Mark Malloy

**Town Manager Report:**

1. 1<sup>st</sup> 2017 Cruise In – April 21<sup>st</sup> 5p-8p
2. SES Carnival – Stoneville Park – April 29<sup>th</sup> 8a-8p
3. Stoneville Clean-Up Week – April 24<sup>th</sup> – April 28<sup>th</sup>

**Executive Session Into:**

**Executive Session Out Of:**

**Adjourn/Recess:**

**Stoneville Town Council**  
**Meeting Minutes**  
**March 7, 2017**  
**7:00 PM**

**Present:** Present were Mayor Ricky Craddock, Mayor Pro-Tem Chuck Hundley, Councilwoman Lori Armstrong, Councilmen Henry Thornton, and Jerry Smith. Councilman Bill Farris was excused.

Also, present were Town Manager Kenneth Gamble, Human Resource/Finance Officer Joanna Dalton, Town Clerk Sherri Darnell, Police Chief Frank Moore, Police Captain Brandon Rivera, Police Administrative Assistant Perry Webster, and Public Works Director Mark Malloy.

**Welcome:** Mayor Ricky Craddock welcomed the assembly and asked members of Boy Scout Troop 566 to lead us in the Pledge of Allegiance. Mayor Craddock led the Invocation and then called the meeting to order.

**Minutes:** Mayor Ricky Craddock asked if there were any corrections to the minutes from the last meeting. With no corrections, Mayor Craddock asked for a motion to approve the minutes. Councilman Thornton made the motion to approve the minutes. Councilwoman Armstrong seconded the motion. Motion carried.

**Agenda:** Mayor Ricky Craddock asked if there were any adjustments to the originally submitted Agenda. With no changes, Mayor Craddock asked for a motion to approve the Agenda. Councilman Smith made the motion to approve the Agenda. Mayor Pro-tem Hundley seconded the motion. Motion carried.

**New Business:**

**Adopt A Highway-Sarah Chandler:**

Mrs. Chandler was not in attendance.

**2017 Aaron Manuel Cruise In:**

Mr. Michael Manuel approached Council to request permission to hold the Cruise In again this year downtown. He stated that the dates would be the third Friday from April through September. Mayor Pro-tem Hundley made the motion to again allow this event. Councilman Smith seconded the motion. Motion carried.

**2017 Bark for Life:**

Ms. Chrissy Griffin asked Council for permission to again hold the Bark for Life event at Stoneville Memorial Park to raise funds for the American Cancer Foundation. This event will be held on September 16, 2017. Councilman Smith made the motion to allow this event. Councilman Thornton seconded the motion. Motion carried. Town Manager Gamble asked for a clarification that the fee for use of the park would be waived for this event. Councilman Smith then made the motion to allow this event with the fee to be waived. Mayor Pro-tem Hundley seconded the motion. Motion carried.

**15<sup>th</sup> Annual March for Meals Month Proclamation:**

Mayor Craddock read the proclamation and then asked for a motion to adopt. Councilwoman Armstrong made the motion. Mayor Pro-tem Hundley seconded. Motion carried. Copy incorporated into the minutes.

**Ordinance O-2017-01-Amendment to Chapter 51 (Utility Use) Ordinance:**

Town Manager Gamble explained the revisions to the ordinance regarding application of late fees, cutoffs, delinquency fees and leak and pool adjustments. He also explained that this ordinance would have an effective date of July 1, 2017 in order to convey this information to our customers. Councilman Smith made the motion to adopt this amended ordinance. Councilwoman Armstrong seconded. Motion carried. Copy incorporated into the minutes.

**Billing and Collections Policy:**

Town Manager Gamble stated that the policy includes distribution of water billing calendar, how we apply late fees, delinquency fees, leak or pool adjustments and Extensions of disconnection of services due to hardships. This policy will also be effective July 1, 2017 in order to convey this information to our customers. Mayor Pro-tem Hundley made the motion to adopt this policy. Councilman Thornton seconded the motion. Motion carried. Copy incorporated into the minutes.

**Ordinance O-2017-02-Amendment to Chapter 74 (Traffic Schedules) Ordinance:**

Town Manager Gamble stated that after a citizen inquiry and investigation, many stop signs, yield signs and street misspellings were added or corrected. Councilman Smith made the motion to adopt this ordinance amendment. Councilwoman Armstrong seconded the motion. Motion carried. Copy incorporated into the ordinance.

**Approval to Replace Booster Station and 75,000 gallon shed roofs:**

Public Works Director Malloy stated that the roofs at these 2 locations are leaking and need repair to protect the equipment inside them. After some discussion, Councilman Smith made the motion to allow up to \$10,000.00 to make repairs to both locations. Councilman Thornton seconded the motion. Motion carried.

**Approval to Seek USDA Grant Funding for Public Works Truck:**

Public Works Director Malloy asked for approval to apply for grant funding to obtain a work truck. After some discussion, Mayor Pro-tem Hundley made the motion to approve the application process. Councilwoman Armstrong seconded. Motion carried.

**Public Comments:**

Mr. Mark Brown of 108 Oakdale Street had questions regarding the closure of the dead end portion of Oakdale Street.

Mr. Jake Hundley (Hundley's Grocery) 400 N Henry Street asked questions regarding the backflow preventer that is being required at his business.

**Old Business:**

**Backflow Preventer Project Update:**

Public Works Director Malloy gave an update on the status of backflow preventers that have been installed and why they are so important.

**Town Manager's Report:**

Town Manager Gamble stated that the Leaf Collection contract has not been completed due to Mr. Wilson not returning his calls.

Matthews Street project is still on hold due to easement discussions with one property owner.

Oakdale storm drain replacement started March 7, 2017.

The WRCC dinner is March 23, 2017. If anyone is planning on attending, please let our Town Clerk know by March 17<sup>th</sup>.

Citizens Economic Development Annual Meeting is March 28<sup>th</sup> at 5:30 pm. Please let our Town Clerk know if you would like to attend by March 21<sup>st</sup>.

**Executive Session:**

Mayor Craddock asked for a motion to enter into executive session. Councilman Smith made the motion. Councilman Thornton seconded. Motion carried.

**Regular Session:**

Mayor Craddock asked for a motion to return to regular session. Councilman Thornton made the motion. Mayor Pro-tem Hundley seconded. Motion carried.

Mayor Craddock stated that a personnel matter was discussed with no action taken.

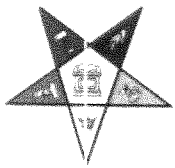
**Adjourn:** Mayor Craddock asked for a motion for adjournment. Councilman Thornton made the motion. Councilman Smith seconded. Motion carried.

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Mayor Ricky Craddock

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Town Clerk, Sherri Darnell,  
CMC, NCCMC



Beauty of Madison  
OES, Chapter 383  
P.O. Box 1002  
Madison, NC 27025

**Chapter Elected  
Officers**

Worthy Matron  
*Mary D. Martin*

Worthy Patron  
*John T. Collins*

Associate Matron  
*Ernestine  
Muhammad*

Secretary  
*Felicia J.  
Kornegay*

Treasurer  
*Lena T. Goolsby*

Conductress  
*Beverly R.  
Foddrell-Hayes*

Associate  
Conductress  
*Dorothy Martin*

Trustee Chairman  
*Delois Watkins*

Order of the Eastern Star, PHA  
Beauty of Madison Chapter #383  
PO Box 1002  
Madison, NC 27025

Madison Masonic Lodge #563  
Robert Shelton, Jr., Most Worshipful Master  
Beauty of Madison Chapter #383  
Mary D. Martin, Worthy Matron  
702 West Idol Street  
Madison, NC 27025

To: Who It May Concern (EIN#: 80-0784475)

The Madison Masonic Lodge #563 and The Beauty of Madison Order of the Eastern Star, PHA Chapter #383 is hosting a community outreach event on April 8, 2017 from 10:00 a.m. to 6:00 p.m. at 406 West Gene Hairston Street in Madison, NC 27025. The event is called **“Bringing the Neighbor Back to the Neighborhood.”**

These organizations are based on charity, education, love and moral values. We will have activities that will include live music, promote the arts and cultural experiences, learning opportunities for students, and social awareness.

We are expecting approximately 1,500 citizens from the Madison-Mayodan-Stoneville and other surrounding areas. We are requesting donations that can be used to support this event. Our goal is to provide free food and drinks.

Thank you for your support and being a good neighbor. Any question or concerns, please contact me at 336-791-3054 or [mdmartin38@yahoo.com](mailto:mdmartin38@yahoo.com)

Respectfully yours,

*Mary D. Martin*

*Robert Shelton, Jr.*

Mary D. Martin

Robert Shelton, Jr.

# **TOWN OF STONEVILLE**

**FISCAL YEAR  
2017-2018  
BUDGET**

THE FY 2017-2018 BUDGET

FY 2017-2018 BUDGETED REVENUES BY FUND

	FY 15-16	FY 16-17	FY 17-18	% of Total
GENERAL FUND:	Revenues	Revenues	Revenues	Revenues
Ad Valorem Taxes	445500	473520	465709	0.25
Other Taxes & Licenses	127600	133301	159100	0.09
Restricted Revenue	126000	246870	298350	0.16
Intergovernmental Revenue	111000	131000	156961	0.09
Sales & Services	141223	140260	133808	0.07
Other Financing Sources	68000			0.00
Investment Earnings	350	350	350	0.00
GF Fund Balance Appropriated				0.00
	<b>\$ 1,019,673</b>	<b>\$ 1,125,301</b>	<b>\$ 1,214,278</b>	<b>66.43%</b>
WATER & SEWER FUND:				
Operating Revenue	652654	642942	613642	0.34
Non-Operating Revenue				0.00
Other Revenue	2728100			0.00
	<b>\$ 3,380,754</b>	<b>\$ 642,942</b>	<b>\$ 613,642</b>	<b>33.57%</b>
<b>TOTAL REVENUES</b>	<b>\$ 4,400,427</b>	<b>\$ 1,768,243</b>	<b>\$ 1,827,920</b>	<b>100.00%</b>

FY 2017-2018 BUDGETED EXPENDITURES

	FY 15-16	FY 16-17	FY 17-18	% of Total
GENERAL FUND:	Expenditures	Expenditures	Expenditures	Expenditures
Administration	170793	184731	194610	0.11
Economic & Physical Devel.	10250	113750	117250	0.06
Fire Department	119499	157018	193493	0.11
Governing Board	45852	39481	44681	0.02
Police Department	286673	302458	327174	0.18
Public Buildings	143320	80426	76560	0.04
Public Works	190830	198797	215464	
Recreation Department	52456	48640	45046	0.02
General Fund Contingency				0.00
	<b>\$ 1,019,673</b>	<b>\$ 1,125,301</b>	<b>\$ 1,214,278</b>	<b>66.43%</b>
WATER & SEWER FUND:				
Water Department	318360	273805	268548	0.15
Wastewater Treatment	3062394	369137	345094	0.19
	<b>\$ 3,380,754</b>	<b>\$ 642,942</b>	<b>\$ 613,642</b>	<b>33.57%</b>
	<b>\$ 4,400,427</b>	<b>\$ 1,768,243</b>	<b>\$ 1,827,920</b>	<b>100.00%</b>

**TAX & USER FEE RATES**

- Property Tax: \$0.69 per \$100 of assessed valuation.
- Vehicle Tax: \$5.00 per car.
- Water Rates:
  - Inside Town Limits  
\$15.78 Minimum Plus \$7.39 per 1000 Gallons (1500 Gallons Included in Base Rate)
  - Outside Town Limits  
\$28.58 Minimum Plus \$13.79 per 1000 Gallons (1500 Gallons Included in Base Rate)
- Sewer Rates:
  - Inside Town Limits  
\$15.78 Minimum Plus \$7.39 per 1000 Gallons (1500 Gallons Included in Base Rate)
  - Outside Town Limits  
\$28.58 Minimum Plus \$13.79 per 1000 Gallons (1500 Gallons Included in Base Rate)
- Garbage: \$14.07 Monthly
- Recycling: \$1.50 Monthly

**MAJOR FY 17-18 CAPITAL EXPENDITURES**

USDA Sewer Rehabilitation - Replacement  
\$2,678,000 (\$1,865,000 Grant / \$813,000 Loan)

**Other FY 17-18 Expenditure Highlights**

Full Replacement of Fire Department Turn Out Gear \$60,000

**TOWN OF  
STONEVILLE**

**FISCAL YEAR  
2017-2018  
GENERAL FUND**



**GENERAL FUND REVENUES  
FISCAL YEAR 2017-2018 BUDGET**

	FY 14-15 Budget	FY 15-16 Budget	FY 16-17 Budget	FY 17-18 Proposed	FY 17-18 Manager Recommended	FY 17-18 Council Approved	Revenue Highlights
<b>Ad Valorem Taxes</b>							
Current Year	403,000	421,000	419,520	400,000	400,000		
Prior Years	19,500	19,500	15,500	15,000	15,000		
Penalties & Interest	2,500	5,000	5,000	5,000	5,000		
Tax and Tag			33,500	45,000	45,709		
	425,000	445,500	473,520	465,000	465,709	0	
<b>Other Taxes &amp; License</b>							
Art. 39 Sales Tax	52,500	60,000	60,000	65,000	65,000		
Art. 40 Sales Tax	37,500	40,000	44,000	50,000	50,000		
Art. 42 Sales Tax	27,500	27,500	29,201	32,000	32,000		
Art. 44 Sales Tax	400	100	100	100	100		
Art. 44*524 Sales Tax				12,000	12,000		
Privilege License	1,500						
	119,400	127,600	133,301	159,100	159,100	0	
<b>Restricted Revenue</b>							
NCDOT 5310 Grant			99,000	99,000	99,000		
Madison & Mayodan SKAT Match			7,350	7,350	7,350		
Governor's Crime Commission Grant	7,933						
PD COPS Grant Revenue							
FD Grant Revenue			14,520	60,000	60,000		State Matching Grant & McMichael
Powell Bill	32,000	34,000	34,000	34,000	34,000		
Home Energy Loan Grant Rev							
Fire Protection Charge	83,000	83,000	83,000	89,000	89,000		
Fire Dept on Behalf	9,000	9,000	9,000	9,000	9,000		
	131,933	126,000	246,870	298,350	298,350	0	
<b>Intergovernmental Revenue</b>							
Sales & Use Tax Refund	12,000	12,000	11,000	11,000	11,000		
Gas Tax Refund	1,800	2,500	1,500	2,000	2,000		
Beer & Wine Tax	4,000	4,000	4,500	4,500	4,500		
Telecommunications Tax	14,000	13,000	12,000	9,400	9,400		
Utility Franchise Tax	29,000	31,000	48,000	56,000	56,000		
Hold Harmless Revenue	40,000	45,000	50,000	70,061	70,061		
Video Programming Tax		3,500	4,000	4,000	4,000		
	100,800	111,000	131,000	156,961	156,961	0	

**GENERAL FUND REVENUES  
FISCAL YEAR 2016-2017 BUDGET**

	FY 14-15 Budget	FY 15-16 Budget	FY 16-17 Budget	FY 17-18 Proposed	FY 17-18 Administrator Recommended	FY 17-18 Council Approved
<b>Sales &amp; Services</b>						
Court Fees	300	500	500	500	500	
Fire Dept Special Revenue						
Solid Waste Fees	68,258	69,623	71,000	86,446	86,446	
Recycling Fees	11,250	11,600	15,000	9,162	9,162	
Cemetery Revenues	5,000	5,000	5,000	2,500	2,500	
Youth Activities	25,000	34,000	28,760	20,000	20,000	
July Fourth						
Beuatification/Preservation						
Sales of Surplus Equipment	5,000	5,500	5,500	1,500	1,500	
Lease - Cellular Tower Property	12,000	12,000	12,000	12,700	12,700	
Miscellaneous Revenue	1,000	3,000	2,500	1,000	1,000	
	127,808	141,223	140,260	133,808	133,808	
<b>Other Financing Sources</b>						
Loan for Town Hall Roof & HVAC		68,000				
	-	68,000		-		
Investment Earnings	350	350	350	350	350	
	350	350	350	350	350	
Powell Bill Fund Bal. Appropriated						
GF Fund Balance Appropriated	-	-	-			
<b>TOTAL GENERAL FUND</b>	<b>\$ 905,291</b>	<b>\$ 1,019,673</b>	<b>\$ 1,125,301</b>	<b>\$ 1,213,569</b>	<b>\$ 1,214,278</b>	<b>\$ -</b>

**ADMINISTRATION  
FISCAL YEAR 2017-2018 BUDGET**

	FY 14-15 Budget	FY 15-16 Budget	FY 16-17 Budget	FY 17-18 Proposed	FY 17-18 Manager Recommended	FY 17-18 Council Approved	Expenditure Highlights
Salaries - Regular	90,559	95,489	107,110	111,370	111,370		
Salaries - Overtime			1,000	1,000	1,000		
FICA	7,245	7,305	8,184	8,596	8,596		
Retirement	6,493	8,000	9,534	10,362	10,362		
Health Insurance	16,530	14,400	14,516	15,968	13,255		
Worker's Compensation	300	574	2,977	3,275	3,275		
Unemployment Insurance							
Auditor	20,400	16,900	16,480	17,300	17,300		
Professional Services				3,500	3,500		
Tax Billing	4,000	4,100	4,100	4,510	4,510		
Office Supplies	2,700	3,500	2,800	2,174	2,174		
Vending Expense	2,600	1,000					
Travel/Gas	2,000	3,000	3,000	3,000	3,000		
Telephone	5,400	5,000	5,000	3,500	3,500		
Postage	600	700	700	700	700		
Admin Vehicle Maintenance	800						
Advertising	100	100	100	100	100		
Training	3,000	3,000	3,000	2,500	2,500		
Zoning	500	500	500	500	500		
Miscellaneous		1,000					
Liability Insurance	1,300	1,375	880	968	968		
Capital Outlay							
Computers / Programs	3,000	3,000	3,000	6,000	6,000		
Service Charge	600	1,000	1,000	1,000	1,000		
Dues and Subscriptions	250	850	850	1,000	1,000		
<b>TOTAL ADMINISTRATION</b>	<b>\$ 168,377</b>	<b>\$ 170,793</b>	<b>\$ 184,731</b>	<b>\$ 197,323</b>	<b>\$ 194,610</b>	<b>\$ -</b>	

**ECONOMIC & PHYSICAL DEVELOPMENT  
FISCAL YEAR 2017-2018 BUDGET**

	<u>FY 14-15 Budget</u>	<u>FY 15-16 Budget</u>	<u>FY 16-17 Budget</u>	<u>FY 17-18 Proposed</u>	<u>FY 17-18 Manager Recommended</u>	<u>FY 17-18 Council Approved</u>	<u>Expenditure Highlights</u>
Loan Assistance	0	0	0				
SKAT Bus Local Match		2,250	3,650	3,650	3,650		
ADTS (SKAT Service)			106,350	106,350	106,350		
CED Dues		500	500	1,000	1,000		
Small Town Main Street	5,000	5,000	750	3,750	3,750		
SANS Technical Fibers	9,800						
Gerbing							
Downtown Façade Program		2,500	2,500	2,500	2,500		
<b>TOTAL ECON &amp; PHYS DEVL</b>	\$ 14,800	\$ 10,250	\$ 113,750	\$ 117,250	\$ 117,250	\$ -	

**FIRE DEPARTMENT**  
**Fiscal Year 2017-2018 Budget**

	<u>FY 14-15 Budget</u>	<u>FY 15-16 Budget</u>	<u>FY 16-17 Budget</u>	<u>FY 17-18 Proposed</u>	<u>FY 17-18 Manager Recommended</u>	<u>FY 17-18 Council Approved</u>	<u>Expenditure Highlights</u>
Salaries	2,500	2,716	23,751	26,943	26,943		
FICA	2,400	2,410	4,913	2,061	2,061		
Worker's Compensation	1,500	373	882	970	970		
Fire Calls	24,000	24,000	24,000	24,000	24,000		
Fire Drills	4,100	4,500	4,500	4,500	4,500		
Uniforms	4,000	3,000	2,655	60,000	60,000		Full Replacement of Turnout Gear
Supplies	500	1,000	1,000	1,000	1,000		
Equipment		6,900	23,520				
Telephone	1,600	1,600	1,600	1,600	1,600		
Gas	2,000	2,000	2,000	3,000	3,000		
Equipment Maintenance	2,000	2,000	3,000	3,000	3,000		
Vehicle Maintenance	8,500	8,500	8,000	8,000	8,000		
Training	500	2,000	500	500	500		
Certification	600	750	700	700	700		
Office Supplies	200	500	250	250	250		
Miscellaneous							
Liability Insurance	9,000	13,650	10,216	11,238	11,238		
Pensions	2,500	2,700	2,700	2,700	2,700		
Capital Outlay							
VFIS Accident & Sickness			2,300	2,500	2,500		
Debt Service - New Engine 71	29,500	29,500	29,131	29,131	29,131		Year 3 of 15
Computers / Programs	700	1,000	1,000	1,000	1,000		
Life Safety	400	400	400	400	400		
First Responder	500	1,000	1,000	1,000	1,000		
Fire Dept On-Behalf Exp	9,000	9,000	9,000	9,000	9,000		
Fire Dpt Special Account							
<b>TOTAL FIRE DEPARTMENT</b>	<b>\$106,000</b>	<b>\$119,499</b>	<b>\$157,018</b>	<b>\$193,493</b>	<b>\$193,493</b>	<b>\$0</b>	

**Notes for 2017 - 2018:**

**GOVERNING BOARD  
FISCAL YEAR 2017-2018 BUDGET**

	FY 14-15 Budget	FY 15-16 Budget	FY 16-17 Budget	FY 17-18 Proposed	FY 17-18 Manager Recommended	FY 17-18 Council Approved	Expenditure Highlights
Governing Board Salaries	8,400	8,400	8,484	8,823	8,823		
Governing Board FICA	672	642	675	700	700		
Attorney - Retainer Fee							
Worker's Compensation	100	2,460	772	849	849		
Office Supplies		500	500	500	500		
Governing Board Miscellaneous	1,000	4,900					
Governing Board Dues	4,000	4,500	4,500	4,500	4,500		
Senior Citizens Program	2,000	2,000	2,000	2,000	2,000		
Governing Board Insurance	500	800	800	880	880		
Election Expense	500	6,150		4,679	4,679		
Christmas Expense	250	250	250	250	250		
Retreat Expense	500	250	500	500	500		
Contingency			1,000	1,000	1,000		
Legal Fees	20,608	15,000	17,000	17,000	17,000		
Public Notices / Media			1,000	1,000	1,000		
Training & Travel			2,000	2,000	2,000		
<b>TOTAL GOVERNING BOARD</b>	<b>\$ 38,530</b>	<b>\$ 45,852</b>	<b>\$ 39,481</b>	<b>\$ 44,681</b>	<b>\$ 44,681</b>	<b>\$ -</b>	

**POLICE DEPARTMENT  
FISCAL YEAR 2017-2018 BUDGET**

	FY 14-15 Budget	FY 15-16 Budget	FY 16-17 Budget	FY 17-18 Proposed	FY 17-18 Manager Recommended	FY 17-18 Council Approved	Expenditure Highlights
Salaries - Regular	127,766	140,794	142,202	152,846	152,846		
Salaries - Part Time	30,000	32,500	40,000	40,000	40,000		
401 (K)	7,888	8,150	9,130	8,142	8,142		
FICA	12,621	13,100	13,969	14,753	14,753		
Retirement	12,148	11,500	14,609	13,435	13,435		
Health Insurance	18,300	20,700	20,907	22,598	26,403		
Worker's Compensation	4,100	2,788	3,859	4,245	4,245		
Uniforms	1,500	1,000	1,000	1,000	1,000		
Equipment	7,933	1,000	1,000	1,000	1,000		
Other Supplies	1,000	723	500	500	500		
ACO Supplies	500	500	500	500	500		
Professional Services	1,000	1,000	1,800	1,800	1,800		
DARE Program							
Telephone	3,000	3,714	3,700	3,700	3,700		
Postage	250	250	250	250	250		
Gas	18,000	18,000	15,000	18,000	18,000		
Equipment Maintenance	800	1,000	1,000	1,000	1,000		
Vehicle Maintenance	3,000	3,000	3,500	3,500	3,500		
Training	3,000	3,000	3,000	3,000	3,000		
Miscellaneous							
Liability Insurance	8,000	9,768	9,680	10,648	10,648		
Capital Outlay							
Computers / Programs		1,000	3,100	3,100	3,100		
Debt Service - USDA	9,300	10,752	10,752	10,752	10,752		Year 4 of 5
Debt Service - Car	5,800	1,834	1,800	4,000	7,400		Year 1 of 5
Special Account	1,000	600	1,200	1,200	1,200		
<b>TOTAL POLICE DEPT.</b>	<b>\$ 276,906</b>	<b>\$ 286,673</b>	<b>\$ 302,458</b>	<b>\$ 319,969</b>	<b>\$ 327,174</b>	<b>\$ -</b>	

**Public Buildings  
FISCAL YEAR 2017-2018 BUDGET**

	<u>FY 14-15 Budget</u>	<u>FY 15-16 Budget</u>	<u>FY 16-17 Budget</u>	<u>FY 17-18 Proposed</u>	<u>FY 17-18 Manager Recommended</u>	<u>FY 17-18 Council Approved</u>	<u>Expenditure Highlights</u>
Electricity	48,000	45,000	48,000	48,000	48,000		
Maintenance	3,196	3,500	10,820	3,500	3,500		
Liability Insurance	7,700	10,500	11,000	11,000	11,000		
Capital Outlay		68,000					
Debt Service		16,320	10,606	14,060	14,060		Payment 3 of 5
<b>TOTAL PUBLIC BLDGS</b>	\$ 58,896	\$ 143,320	\$ 80,426	\$ 76,560	\$ 76,560	\$ -	



**Public Works  
FISCAL YEAR 2017-2018 BUDGET**

	FY 14-15 Budget	FY 15-16 Budget	FY 16-17 Budget	FY 17-18 Proposed	FY 17-18 Manager Recommended	FY 17-18 Council Approved	Expenditure Highlights
Salaries	42,820	48,778	50,054	66,190	66,190		
FICA	3,426	3,731	3,829	4,911	4,911		
Retirement	3,070	3,449	3,629	4,814	4,814		
Health Insurance	9,595	10,265	10,368	11,405	11,022		
Worker's Compensation	2,200	574	331	364	364		
Uniforms							
EnviroLink							
Other Supplies		500	500				
Cemetery Fund Expense	1,000	500	1,000	1,000	1,000		
Telephone & Internet	1,000	900	1,000	1,000	1,000		
Nuisance Abatement		3,000	3,000	3,000	3,000		
Gas	5,900	4,248	4,796	5,725	5,725		
Building Maintenance	1,000						
Equipment Maintenance	2,000	800	2,000	4,930	4,930		
Vehicle Maintenance	3,000	1,000	2,160	4,000	4,000		
Powell Bill	32,000	20,000	17,600	17,000	17,000		
Recycling	12,500	12,500	12,500	13,132	13,132		
Miscellaneous							
Office Supplies	500	700	750	750	750		
Liability Insurance	2,834	3,885	5,280	5,808	5,808		
Capital Outlay							
Waste Collection	76,000	76,000	80,000	66,218	66,218		
Debt Service - Truck				5,600	5,600		
<b>TOTAL PUBLIC WORKS</b>	<b>\$ 198,845</b>	<b>\$ 190,830</b>	<b>\$ 198,797</b>	<b>\$ 215,847</b>	<b>\$ 215,464</b>	<b>\$ -</b>	Year 1 of 5

**RECREATION DEPARTMENT  
FISCAL YEAR 2017-2018 BUDGET**

	<u>FY 14-15 Budget</u>	<u>FY 15-16 Budget</u>	<u>FY 16-17 Budget</u>	<u>FY 17-18 Proposed</u>	<u>FY 17-18 Manager Recommended</u>	<u>FY 17-18 Council Approved</u>	<u>Expenditure Highlights</u>
Salaries	16,238	16,756	16,591	17,939	17,939		
FICA	1,299	2,540	2,538	2,800	2,800		
Worker's Compensation	400	390	441	485	485		
Travel		1,000	600	600	600		
Park Maintenance	4,000	4,000	4,000	4,000	4,000		
Christmas Parade		250	250	250	250		
Pack the Park		1,500	1,000				
Concessions	3,000	2,755	3,000	1,000	1,000		
Cheerleading		1,500					
Golf	1,500						
Soccer	2,500	1,600	1,600	1,600	1,600		
Football	3,500	3,000					
Baseball/Softball	1,500	2,000	1,500	1,500	1,500		
Basketball	7,000	8,500	7,500	7,500	7,500		
Volleyball		3,000	4,100	3,500	3,500		
Kickball							
Miscellaneous	1,000	2,000					
Liability Insurance	1,000	1,665	3,520	3,872	3,872		
Resale Merchandise			2,000				
Capital Outlay							
Contingency							
<b>TOTAL RECREATION DEPT.</b>	<b>\$ 42,937</b>	<b>\$ 52,456</b>	<b>\$ 48,640</b>	<b>\$ 45,046</b>	<b>\$ 45,046</b>	<b>\$ -</b>	

**TOWN OF  
STONEVILLE**

**FISCAL YEAR**

**2017-2018**

**WATER & SEWER FUND**

**WATER & SEWER FUND REVENUES  
FISCAL YEAR 2017-2018 BUDGET**

	<u>FY 14-15 Budget</u>	<u>FY 15-16 Budget</u>	<u>FY 16-17 Budget</u>	<u>FY 17-18 Proposed</u>	<u>FY 17-18 Manager Recommended</u>	<u>FY 17-18 Council Approved</u>	<u>Revenue Highlights</u>
<b><u>Operating Revenue</u></b>							
Water & Sewer Charges	650,000	639,154	627,516	598,042	598,042		
Taps & Connections	2,000	2,500	2,500	2,500	2,500		
Reconnections	500	1,000	1,826	2,000	2,000		
Water Meter Deposits	3,000	5,000	5,000	3,000	3,000		
Penalties	2,500	5,000	6,000	8,000	8,000		
	658,000	652,654	642,842	613,542	613,542	0	
<b><u>Non-Operating Revenue</u></b>							
Sale of Surplus Property							
<b><u>Other Revenue</u></b>							
Miscellaneous Revenue	100	100	100	100	100	100	
Regional WWT Revenue							
NC Clean Water Grant	260,000						
Matthews Street Loan	87,000						
Equipment Loan		50,000					
NCRC Capacity Grant							
USDA Infrastructure Grant		1,865,000					
USDA Infrastructure Loan		813,000					
	347,100	2,728,100	100	100	100	100	
<b>TOTAL W&amp;S FUND</b>	<b>\$ 1,005,100</b>	<b>\$ 3,380,754</b>	<b>\$ 642,942</b>	<b>\$ 613,642</b>	<b>\$ 613,642</b>	<b>\$ 100</b>	

**WATER DEPARTMENT  
FISCAL YEAR 2017-2018 BUDGET**

	FY 14-15 Budget	FY 15-16 Budget	FY 16-17 Budget	FY 17-18 Proposed	FY 17-18 Manager Recommended	FY 17-18 Council Approved	Expenditure Highlights
Salaries	37,556	35,920	38,854	36,477	36,477		
Call Out Pay		2,500	2,500	2,500	2,500		
FICA	3,005	2,882	3,165	2,637	2,637		
Retirement	3,192	2,667	2,970	2,586	2,586		
Health Insurance	8,550	6,720	7,488	8,237	8,237		
Worker's Compensation	1,500	574	882	970	970		
Water Tests	10,800	10,800	10,800	9,000	9,000		
Professional Services	2,600	2,600	8,000				
EnviroLink							
Water Purchases	115,000	98,000	111,720	107,933	107,933		
Water System Maintenance	25,000	25,000	17,441	21,725	21,725		
Telephone	2,400	2,800	1,245	2,500	2,500		
Postage	2,500	4,000	4,000	4,000	4,000		
Electricity	10,000	10,000	10,000	10,000	10,000		
Liability Insurance	2,834	3,885	5,280	5,808	5,808		
Building Maintenance							
Equipment Maintenance	5,000	5,000	2,627	1,000	1,000		
Vehicle Maintenance	2,500	2,500	2,000				
Computer/Programs	3,000	7,000	7,000	4,500	4,500		
Training	3,000	3,000	2,000	2,000	2,000		
Miscellaneous	2,000	6,000		4,000	4,000		
Contingency	22,745	31,500	5,000				
Water System Capital Outlay				12,000	12,000		Replace Downtown Main
Water System Equipment		25,000					
Debt Service - Gator & Tractor		6,200	7,030	5,375	5,375		
Water Tank Maintenance	23,000	23,812	23,803	25,300	25,300		
GPS Mapping Project	8,500						
Debt Service - Principal							
Debt Service - Interest							
Transfer out to GF							
<b>TOTAL WATER DEPT.</b>	<b>\$ 294,682</b>	<b>\$ 318,360</b>	<b>\$ 273,805</b>	<b>\$ 268,548</b>	<b>\$ 268,548</b>	<b>\$ -</b>	

**WASTEWATER TREATMENT  
FISCAL YEAR 2017-2018 BUDGET**

	FY 14-15 Budget	FY 15-16 Budget	FY 16-17 Budget	FY 17-18 Proposed	FY 17-18 Manager Recommended	FY 17-18 Council Approved	Expenditure Highlights
Salaries	36,421	39,163	41,837	41,895	41,895		
Call Out & Standby Pay		15,000	13,810	12,930	12,930		
FICA	2,914	4,070	4,368	3,052	3,052		
Retirement	2,611	3,761	4,091	2,992	2,992		
Health Insurance	10,260	10,304	10,407	11,448	11,448		
Worker's Compensation		574	882	970	970		
EnviroLink							
Professional Services	10,400		9,000	1,802	1,802		
Tests							
Uniforms	1,500	1,500	1,500	1,500	1,500		
Sewer Usage	90,000	90,000	103,500	100,080	100,080		
Other Supplies	2,500	2,267	3,500	3,500	3,500		
Sewer System Maintenance	30,000	30,000	22,000	15,000	15,000		
Travel	2,500	2,500	2,210	2,210	2,210		
Diesel Fuel	2,000	2,500	2,500	2,500	2,500		
Telephone	3,300	3,500	1,690	2,500	2,500		
Electricity	17,000	20,000	20,000	20,000	20,000		
Gas	2,000	2,000	2,000				
Pump Repair	10,000	10,000	10,000	10,000	10,000		
Equipment Maintenance	2,500	3,500	2,500	2,500	2,500		
Vehicle Maintenance	2,000	3,000	2,000				
Training	3,000	3,000	2,000	2,000	2,000		
Miscellaneous	2,000	2,000					
Liability Insurance	2,834	3,885	5,280	5,808	5,808		
Dues & Subscriptions	1,500	1,500	1,500	1,500	1,500		
Equipment							
Backhoe	14,400	10,320	9,072	9,072	9,072		
Contingency	22,740	25,000					
Jetter - Principal	1,258						
Jetter - Interest	300						
N Glenn Debt Service							
Debt Principal - Bonds	51,500	51,500	51,500	51,500	51,500		Year 14 of 20
Interest - Bonds	15,100	12,350	10,960	10,960	10,960		Year 14 of 20
State Revolving Loan							
Capital Outlay - SCADA System		25,000					
Debt Service - SCADA System		6,200	7,030	5,375	5,375		Year 3 of 5
Capital Outlay - USDA Sewer Project		2,678,000					
USDA Sewer Loan - Principal							Payments Begin FY 18-19
USDA Sewer Loan - Interest							Payments Begin FY 18-19
Capital Outlay - Matthews Street Project	347,000						
Matthews St. Loan - Principal	20,880		24,000	24,000	24,000		Payment 2 of 4
Matthews St. Loan - Interest							
<b>TOTAL WWT</b>	<b>\$ 710,418</b>	<b>\$ 3,062,394</b>	<b>\$ 369,137</b>	<b>\$ 345,094</b>	<b>\$ 345,094</b>	<b>\$ -</b>	



**Town of Stoneville  
Schedule of Fees  
2017-2018**

**Administration**

Bad Check Fee.....	25.00
Copies – First 5 Pages.....	No Charge
Copies – Page 6 through End.....	\$0.10 ea
Fax – Page 1.....	\$1.00
Fax Page 2 through End.....	\$0.25 ea
Notary Fee – First Signature.....	\$5.00
Notary Fee – Each Additional Signature on Same Document.....	\$1.00 ea
Stoneville License Plate.....	\$5.00
Stoneville Print.....	\$25.00
Stoneville Hat.....	\$20.00
Stoneville T-Shirt (S, M, L, XL).....	\$15.00
Stoneville T-Shirt (XXL).....	\$18.00
Stoneville Sweat Shirt (All Sizes).....	\$20.00

**Cemetery**

Grave Site (Stoneville Resident).....	\$300.00
Grave Site (Non-Resident).....	\$750.00
Mausoleum (Resident & Non-Resident).....	\$1450.00

**Garbage / Recycling**

Garbage.....	\$14.07 Monthly
Recycling.....	\$1.50 Monthly
Bulky Item Pick-Up.....	\$20.00

**Parks and Recreation**

Refundable Deposit Required for Stoneville Park Field and Shelter Reservations.....	\$100.00
Ball Field Rental – Hourly.....	\$20.00
Ball Field Rental – All Day.....	\$100.00
Lights Per Hour.....	\$15.00
Large Shelter (6 Hours).....	\$25.00
Small Shelter (6 Hours).....	\$25.00
Stage.....	\$50.00



Entire Park.....	\$300.00
Youth Sports Registration.....	\$40.00
Adult Volleyball Team Registration.....	\$65.00
Adult Volleyball Registration Per Player.....	\$20.00
Adult Basketball Player Registration.....	\$60.00

**Police**

Copy of Report.....	\$5.00
Copy of In Car Camera or Other Video.....	\$10.00
Off Duty Officer Fee.....	\$25.00 Hr
Golf Cart Registration.....	\$50.00
Golf Cart Renewal.....	\$10.00 Yr

**Property Tax Rate**

Tax Rate.....	\$0.69 / \$100 Valuation
Car Tax.....	\$5.00 Yr

**Public Works**

Mowing Nuisance Lot.....	\$100.00
Clearing Nuisance Lot - Labor.....	\$75.00 Hr
Clearing Nuisance Lot – Dump Truck.....	\$50.00 Hr
Clearing Nuisance Lot – Back Hoe.....	\$50.00 Hr
Clearing Nuisance Lot – Tractor.....	\$30.00 Hr

**Water – Sewer**

**Water-Sewer Rates are Revised on January 1<sup>st</sup> by the Mayodan Water System**

Water – Stoneville Residents.....	\$15.78 Minimum plus \$7.39 per 1,000 Gallons Used
Sewer – Stoneville Residents.....	\$15.78 Minimum plus \$7.39 per 1,000 Gallons Used
Water – Non-Residents.....	\$28.58 Minimum plus \$13.79 per 1,000 Gallons Used
Sewer – Non-Residents.....	\$28.58 Minimum plus \$13.79 per 1,000 Gallons Used
Water Service Deposit.....	<b>\$200.00</b>

Late Payment Fee – Applied Monthly after 5 p.m. on 20<sup>th</sup>, unless the 20<sup>th</sup> Falls on Day Town Hall Closed – Then Applied after 5 p.m. on the First Business Day that

Follows.....	10% of Outstanding Balance
Water Meter Tampering Fine.....	<b>\$75.00</b>
Meter Installation Fee.....	<b>\$25.00</b>
Delinquency Fee.....	<b>\$50.00</b>





Residential Water / Sewer Tap – Inside Stoneville.....	\$625.00
Commercial Water / Sewer Tap – Inside Stoneville.....	\$1250.00
Residential Water / Sewer Tap – Outside Stoneville.....	\$1250.00
Commercial Water / Sewer Tap – Outside Stoneville.....	\$1875.00
Replace Sewer Clean-Out Cap.....	\$25.00
Tap Cut.....	\$35.00 plus \$14.00 per Foot

**Zoning**

Zoning Permit.....	\$25.00
Applications for Rezoning / Special Use / Variances.....	\$250.00

AICPA Peer Review Program  
NCACPA Peer Review Program  
NCACPA Peer Review Program for Non-Members  
Administered by the North Carolina Association of CPAs



October 28, 2014

R. Harold Gibson, CPA  
Gibson & Company, P.A.  
1411 Old Mill Cir  
Winston Salem, NC 27103

Dear Mr. Gibson:

It is my pleasure to notify you that on October 23, 2014, the North Carolina Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next peer review is September 30, 2017. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,  
Mary C. Kelly  
Peer Review Coordinator  
mckelly@ncacpa.org

cc: Sheila G. Gahagan

Firm Number: 10080464  
Review Number: 362117

Letter ID: 934099



North Carolina Association of CPAs

PO Box 80188, Raleigh, NC 27623-0188 • 3100 Gateway Centre Boulevard, Morrisville, NC 27560-9241  
Phone (919) 469-1040 • (800) 722-2836 • Fax (919) 378-2000 • [www.ncacpa.org](http://www.ncacpa.org)

# GAHAGAN, BLACK & ASSOCIATES, PLLC

*Certified Public Accountants*

143 Main St. Clyde, NC 28721

828-627-1040 Fax: 828-627-2329

## System Review Report

June 17, 2014

To the Partners of Gibson & Company, P.A.  
and the Peer Review Committee of the North Carolina Association of CPA's

We have reviewed the system of quality control for the accounting and auditing practice of Gibson & Company, P.A. (the firm) in effect for the years ended March 31, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review include engagements performed under *Governmental Auditing Standards*, and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Gibson & Company, P.A. in effect for the year ended March 31, 2014, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Gibson & Company, P.A. has received a peer review rating of pass.

*Gahagan, Black, & Associates, PLLC*

Gahagan, Black & Associates, PLLC



GIBSON & COMPANY, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS

March 22, 2017

Ms. Joanna Dalton,  
Finance and Human Resources Officer  
Town of Stoneville  
PO Box 71  
Stoneville, NC 27048

Dear Ms. Dalton:

We are very pleased to have worked with the Town of Stoneville over the past year and look forward to working with the Town on the June 30, 2017 audit. Also, we appreciate the Town's interest in pursuing a continuing audit relationship with Gibson & Company, P.A.

Accordingly, in respect to our long-standing relationship with the Town of Stoneville and our desire to continue this relationship, we respectfully propose the following fees for the years ending June 30, 2018, 2019 and 2020.

Year ending June 30, 2018	\$ 17,820	(3% cost of living increase)
Year ending June 30, 2019	\$ 18,350	(3% cost of living increase)
Year ending June 30, 2020	\$ 18,900	(3% cost of living increase)

Also, there will be a flat additional charge of \$3,000 for each year (if any) that a "Single Audit" is required.

Please note that we understand that this three-year relationship must be approved annually by the appropriate Board.

Again, thank you for allowing us to serve as your auditors in the past and we hope that the above arrangement meets the needs of you and the Board. Please advise at your convenience.

Sincerely,  
Gibson & Company, P.A.

R. Harold Gibson  
Managing Partner/Principal  
Ricky Craddock, Maor



GIBSON & COMPANY, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS

March 22, 2017

To the Town Council  
Town of Stoneville  
PO Box 71  
Stoneville, NC 27048

We are pleased to confirm our understanding of the services we are to provide The Town of Stoneville for the year ended June 30, 2017. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of the Town of Stoneville as of and for the year ended June 30, 2017. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Town of Stoneville's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Town of Stoneville's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) Local Governmental Employees' Retirement System – Schedule of Proportionate Share of Net Pension Liability (Asset) and Schedule of Contributions.
- 3) Law Enforcement Officer's Special Separation Allowance.

We have also been engaged to report on supplementary information other than RSI that accompanies Town of Stoneville's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole.

- 1) Individual Fund Statements.
- 2) Other Schedules.

## Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of Town of Stoneville and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of Town of Stoneville's financial statements. Our report will be addressed to the Board of Commissioners of the Town of Stoneville. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Town of Stoneville is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

## Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial

institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

### **Audit Procedures—Internal Control**

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Town of Stoneville's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

### **Other Services**

We will also assist in preparing the financial statements and related notes of the Town of Stoneville in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

### **Management Responsibilities**

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

#### **Engagement Administration, Fees, and Other**

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the Town of Stoneville; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Gibson & Company, P.A. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the Local Government Commission or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Gibson & Company, P.A. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.



The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Local Government Commission. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit at your earliest convenience and to issue our reports no later than October 31, 2017. R. Harold Gibson is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses will not exceed \$17,300. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes significantly overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

This service engagement arrangement may be terminated by you or Gibson & Company, P.A. upon written notification.

We appreciate the opportunity to be of service to Town of Stoneville and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Gibson & Company, P.A.



R. Harold Gibson  
Managing Partner/Principal

RESPONSE:

This letter correctly sets forth the understanding of Town of Stoneville.

Signature \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

CONTRACT TO AUDIT ACCOUNTS

Of Town of Stoneville  
Primary Governmental Unit  
N/A

Discretely Presented Component Unit (DPCU) if applicable

On this 22nd day of March, 2017,

Auditor: Gibson & Company, P.A. Auditor Mailing Address: 1411 Old Mill Circle  
Winston-Salem, NC 27103

Hereinafter referred to as The Auditor

and the Council Members (Governing Board(s)) of Town of Stoneville  
(Primary Government)

and N/A: hereinafter referred to as the Governmental Unit(s), agree as follows:  
(Discretely Presented Component Unit)

1. The Auditor shall audit all statements and disclosures required by generally accepted accounting principles (GAAP) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit (s) for the period beginning July 1, 2016, and ending June 30, 2017. The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion will be rendered in relation to (as applicable) the governmental activities, the business-type activities, the aggregate DPCUs, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types).
2. At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with generally accepted auditing standards. The Auditor shall perform the audit in accordance with *Government Auditing Standards* if required by the State Single Audit Implementation Act, as codified in G.S. 159-34. If required by OMB *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance) and the State Single Audit Implementation Act, the Auditor shall perform a Single Audit. This audit and all associated audit documentation may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit and auditor communication are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners (NC CPA Board).

County and Multi-County Health Departments: The Office of State Auditor will designate certain programs that have eligibility requirements to be considered major programs in accordance with OMB Uniform Guidance for the State of North Carolina. The LGC will notify the auditor and the County and Multi-Health Department of these programs. A County or a Multi-County Health Department may be selected to audit any of these programs as major.

3. If an entity is determined to be a component of another government as defined by the group audit standards - the entity's auditor will make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.
4. This contract contemplates an unqualified opinion being rendered. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.
5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, 2011 revisions, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he has met the requirements for a peer review and continuing education as specified in *Government*

Primary Governmental Unit

N/A

Discretely Presented Component Units (DPCU) if applicable

*Auditing Standards.* The Auditor agrees to provide a copy of their most recent peer review report regardless of the date of the prior peer review report to the Governmental Unit and the Secretary of the LGC prior to the execution of the audit contract (See Item 22). **If the audit firm received a peer review rating other than pass**, the Auditor shall not contract with the Governmental Unit without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.

If the audit engagement is not subject to Government Accounting Standards or if financial statements are not prepared in accordance with GAAP and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment..

6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to the State and Local Government Finance Division (SLGFD) within four months of fiscal year end. Audit report is due on: October 31, 2017. If it becomes necessary to amend this due date or the audit fee, an amended contract along with a written explanation of the delay must be submitted to the secretary of the LGC for approval.
7. It is agreed that generally accepted auditing standards include a review of the Governmental Unit's systems of internal control and accounting as same relate to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor will make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his findings, together with his recommendations for improvement. That written report must include all matters defined as "significant deficiencies and material weaknesses" in AU-C 265 of the *AICPA Professional Standards (Clarified)*. The Auditor shall file a copy of that report with the Secretary of the LGC.
8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. **Invoices for services rendered under these contracts shall not be paid by the Governmental Unit until the invoice has been approved by the Secretary of the LGC.** (This also includes any progress billings.) [G.S. 159-34 and 115C-447] All invoices for Audit work must be submitted by email in PDF format to the Secretary of the LGC for approval. The invoices must be sent via upload through the current portal address: <http://netreasurer.slgfd.leapfile.net> Subject line should read "Invoice - [Unit Name]. The PDF invoice marked "approved" with approval date will be returned by email to the Auditor to present to the Governmental Unit for payment. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.
9. In consideration of the satisfactory performance of the provisions of this contract, the Primary Governmental Unit shall pay to the Auditor, upon approval by the Secretary of the LGC, the fee, which includes any cost the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (Federal and State grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts. (Note: **Fees listed on signature pages.**)
10. If the Governmental Unit has outstanding revenue bonds, the Auditor shall include documentation either in the notes to the audited financial statements or as a separate report submitted to the SLGFD along with the audit report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor should be aware that any other bond compliance statements or additional reports required in the authorizing bond documents need to be submitted to the SLGFD simultaneously with the Governmental Unit's audited financial statements unless otherwise specified in the bond documents.

Primary Governmental Unit

N/A

Discretely Presented Component Units (DPCU) if applicable

11. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, but not be limited to, the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the client or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board as soon as practical after the close of the accounting period.
12. If the audit firm is required by the NC CPA Board or the Secretary of the LGC to have a pre-issuance review of their audit work, there must be a statement added to the engagement letter specifying the pre-issuance review including a statement that the Governmental Unit will not be billed for the pre-issuance review. The pre-issuance review must be performed **prior** to the completed audit being submitted to the LGC. The pre-issuance report must accompany the audit report upon submission to the LGC.
13. The Auditor shall electronically submit the report of audit to the LGC as a text-based PDF file when (or prior to) submitting the invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the SLGFD by any interested parties. Any subsequent revisions to these reports must be sent to the Secretary of the LGC. These audited financial statements, excluding the Auditors' opinion, may be used in the preparation of official statements for debt offerings, by municipal bond rating services to fulfill secondary market disclosure requirements of the Securities and Exchange Commission and other lawful purposes of the Governmental Unit without subsequent consent of the Auditor. If it is determined by the LGC that corrections need to be made to the Governmental Unit's financial statements, they should be provided within three days of notification unless another time frame is agreed to by the LGC.  
  
If the OSA designates certain programs to be audited as major programs, as discussed in item #2, a turnaround document and a representation letter addressed to the OSA shall be submitted to the LGC.  
  
The LGC's process for submitting contracts, audit reports and invoices is subject to change. Auditors should use the submission process in effect at the time of submission. The most current instructions will be found on our website: <https://www.nettreasurer.com/slgl/Pages/Audit-Forms-and-Resources.aspx>
14. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Secretary of the LGC, this contract may be varied or changed to include the increased time and/or compensation as may be agreed upon by the Governing Board and the Auditor.
15. If an approved contract needs to be varied or changed for any reason, the change must be made in writing, on the Amended LGC-205 contract form and pre-audited if the change includes a change in audit fee. This amended contract needs to be completed in full, including a written explanation of the change, signed and dated by all original parties to the contract, and then must be submitted through the audit contract portal to the Secretary of the LGC for approval. The portal address to upload your amended contract is <http://nettreasurer.slglfd.leapfile.net>. No change shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.
16. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit should be attached to the contract, and by reference here becomes part of the contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract will control. Engagement letter terms that conflict with the contract are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item #25 of this contract. Engagement letters containing indemnification clauses will not be approved by the LGC.

Primary Governmental Unit

N/A

Discretely presented component units if applicable

17. Special provisions should be limited. Please list any special provisions in an attachment.  
None other than attached engagement letter.
18. A separate contract should not be made for each division to be audited or report to be submitted. If a DPCU is subject to the audit requirements detailed in the Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not to be issued and the DPCU is included in the primary government audit, the DPCU must be named along with the parent government on this audit contract. Signatures from the DPCU Board chairman and finance officer also must be included on this contract.
19. The contract must be executed, pre-audited, physically signed by all parties including Governmental Unit and Auditor signatures and submitted in PDF format to the Secretary of the LGC. The current portal address to upload your contractual documents is <http://netreasurer.slgfd.leapfile.net>. Electronic signatures are not accepted at this time. Included with this contract are instructions to submit contracts and invoices for approval as of November 2016. These instructions are subject to change. Please check the NC Treasurer's web site at <https://www.netreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx> for the most recent instructions.
20. The contract is not valid until it is approved by the LGC Secretary. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. **The audit should not be started before the contract is approved.**
21. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the LGC.
22. **E-Verify.** Auditor **shall comply** with the requirements of NCGS Chapter 64 Article 2. Further, if Auditor utilizes any subcontractor(s), Auditor **shall require** such subcontractor(s) to comply with the requirements of NCGS Chapter 64, Article 2.
23. Contractor hereby certifies that Contractor, and all subcontractors, are not on the Iran Final Divestment List ("List") created by the North Carolina State Treasurer pursuant to N.C.G.S. 147-86.58. Contractor shall not utilize any subcontractor that is identified on the List.
25. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted: (See Item 16 for clarification).

*SIGNATURE PAGES FOLLOW*

Contract to Audit Accounts (cont.) Town of Stoneville  
Primary Governmental Unit  
N/A  
Discretely Presented Component Units (DPCU) if applicable

Town of Stoneville - FEES

Year-end bookkeeping assistance – [For audits subject to Government Auditing Standards, this is limited to bookkeeping services permitted by revised Independence Standards] \$-0-

Audit \$14,300

Preparation of the annual financial Statements \$3,000

Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees above. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year audit fee.

The 75% cap for interim invoice approval for this audit contract is \$ 12,975

\*\* NA if there is to be no interim billing

Communication regarding audit contract requests for modification or official approvals will be sent to the email addresses provided in the spaces below.

Audit Firm Signature:  
Gibson & Company, P.A.

Name of Audit Firm

By R. Harold Gibson, Managing Partner/Principal

Authorized audit firm representative name: Type or print

  
Signature of authorized audit firm representative

Date 3-22-17

harold@gibcocpa.com

Email Address of Audit Firm

Governmental Unit Signatures:  
Town of Stoneville

Name of Primary Government

By Ricky Craddock, Mayor

Mayor / Chairperson: Type or print name and title

Signature of Mayor/Chairperson of governing board

Date \_\_\_\_\_

By N/A

Chair of Audit Committee - Type or print name

\*\*

Signature of Audit Committee Chairperson

Date \_\_\_\_\_

\*\* If Governmental Unit has no audit committee, mark this section "N/A"

Town of Stoneville

**PRE-AUDIT CERTIFICATE: Required by G.S. 159-28 (a)**

This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act. Additionally, the following date is the date this audit contract was approved by the governing body.

By Joanna Dalton, Finance/HR Officer

**Primary Governmental Unit Finance Officer:**

Type or print name

Primary Government Finance Officer Signature

Date \_\_\_\_\_

*(Pre-audit Certificate must be dated.)*

jdalton@town.stoneville.nc.us

Email Address of Finance Officer

Date Primary Government Governing Body Approved Audit Contract - G.S. 159-34(a ) \_\_\_\_\_

Contract to Audit Accounts (cont.) Town of Stoneville  
 Primary Governmental Unit  
N/A  
 Discretely Presented Component Units (DPCU) if applicable

**\*\* This page to only be completed by Discretely Presented Component Units \*\***

N/A **FEEES**  
 Year-end bookkeeping assistance – [For audits subject to Government Auditing Standards, this is limited to bookkeeping services permitted by revised Independence Standards] \_\_\_\_\_

Audit \_\_\_\_\_

**Preparation of the annual financial Statements** \_\_\_\_\_

Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees above. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year audit fee.

The 75% cap for interim invoice approval for this audit contract is \$ \_\_\_\_\_

**\*\* NA if there is to be no interim billing**

*Communication regarding audit contract requests for modification or official approvals will be sent to the email addresses provided in the spaces below.*

**DPCU Governmental Unit Signatures:**

\_\_\_\_\_  
 Name of Discretely Presented Component Unit

By \_\_\_\_\_  
 DPCU Board Chairperson: Type or print name and title

\_\_\_\_\_  
 Signature of Chairperson of DPCU governing board

Date \_\_\_\_\_

By \_\_\_\_\_  
 Chair of Audit Committee - Type or print name

\_\_\_\_\_  
 Signature of Audit Committee Chairperson

Date \_\_\_\_\_

**\*\* If Governmental Unit has no audit committee, mark this section "N.A"**

**PRE-AUDIT CERTIFICATE: Required by G.S. 159-28 (a)**

This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act. Additionally, the following date is the date this audit contract was approved by the governing body.

By \_\_\_\_\_  
**DPCU Finance Officer:**  
 Type or print name

\_\_\_\_\_  
 DPCU Finance Officer Signature

Date \_\_\_\_\_  
*(Pre-audit Certificate must be dated.)*

\_\_\_\_\_  
 Email Address of Finance Officer

Date DPCU Governing Body Approved Audit Contract - G.S. 159-34(a ) \_\_\_\_\_

Primary Governmental Unit

N/A

Discretely Presented Component Units (DPCU) if applicable

**Steps to Completing the Audit Contract**

1. Complete the Header Information – NEW: If a DPCU is subject to the audit requirements as detailed in the Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not issued for the DPCU and is to be included in the Primary Government's audit, the DPCU must be named with the parent government on this Audit contract. The Board chairman of the DPCU also must sign the Audit contract.
2. Item No. 1 – Complete the period covered by the audit
3. Item No. 6 – Fill in the audit due date. For Governmental Unit (s), the contract due date can be no later than 4 months after the end of the fiscal year, even though amended contracts may not be required until a later date.
4. Item No. 8 – If the process for invoice approval instructions changed, the Auditor should make sure he and his administrative staff are familiar with the current process. Instructions for each process can be found at the following link. <https://www.netreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx>
5. Item No. 9 – NEW: Please note that the fee section has been moved to the signature pages, Pages 5 & 6.
6. Item No. 16 – NEW: It is now expected that an engagement letter will be attached to the contract. Has the engagement letter been attached to the contract submitted to the SLGFD?
  - a. Do the terms and fees specified in the engagement letter agree with the Audit contract? *"In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract will control."*
  - b. Does the engagement letter contain an indemnification clause? **The audit contract will not be approved if there is an indemnification clause – refer to LGC Memo # 986.**
7. Complete the fee section for BOTH the Primary Government and the DPCU (if applicable) on the signature pages, please note:
  - The cap on interim payments is 75% of the current audit fee for services rendered if the contracted fee amount is a fixed amount. If any part of the fee is variable, interim payments are limited to 75% of the prior year's total audit fee. If the contract fee is partially variable, we will compare the authorized interim payment on the contract to 75% of last year's actual approved total audit fee amount according to our records. There is a report of audit fees paid by each governmental unit on our web site: <https://www.netreasurer.com/slg/Pages/Non-Audit-Services-and-Audit-Fees.aspx> - Auditors and Audit Fees.  
Please call or email Darrus Cofield at 919-814-4299 [darrus.cofield@netreasurer.com](mailto:darrus.cofield@netreasurer.com) if you have any questions about the fees on this list.
  - For variable fees for services, are the hourly rates or other rates clearly stated in detail? If issued separately in an addendum, has the separate page been acknowledged in writing by the Governmental Unit?



Primary Governmental Unit

N/A

Discretely Presented Component Units (DPCU) if applicable

- For fees for services that are a combination of fixed and variable fees, are the services to be provided for the fixed portion of the fee clearly stated? Are the hourly rates or other rates clearly stated for the variable portion of the fee? (Note: See previous bullet point regarding variable fees.)
  - If there is to be no interim billing, please indicate N/A instead of leaving the line blank.
8. Signature Area – There are now 2 Signature Pages: one for the Primary Government and one for the DPCU. Send the page(s) that are applicable to your Unit of Government. Make sure all signatures have been obtained, and properly dated. **The contract must be approved by Governing Boards pursuant to G.S. 159-34(a).** NEW - If this contract includes auditing a DPCU that is a Public Authority under the Local Government Budget and Fiscal Control Act it must be named in this Audit contract and the Board chairperson of the DPCU **must also sign** the Audit contract in the area indicated. If the DPCU has a separate Audit, a separate Audit contract is required for the DPCU.
  9. Please place the date the Unit's Governing Board and the DPCU's governing Board (if applicable) approved the audit contract in the space provided.
    - a. Please make sure that you provide email addresses for the audit firm and finance officer as these will be used to communicate official approval of the contract.
    - b. Has the pre-audit certificate for the Primary Government (and the DPCU if applicable) been signed and dated by the appropriate party?
    - c. Has the name and title of the Mayor or Chairperson of the Unit's Governing Board and the DPCU's Chairperson (if applicable) been typed or printed on the contract and has he/she signed in the correct area directly under the Auditor's signature?
  10. If the Auditor is performing an audit under the yellow book or single audit rules, has year-end bookkeeping assistance been limited to those areas permitted under the revised GAO Independence Standards? Although not required, we encourage Governmental Units and Auditors to disclose the nature of these services in the contract or an engagement letter. Fees for these services should be shown in the space indicated on the applicable signature page(s) of the contract.
  11. Has the most recently issued peer review report for the audit firm been included with the contract? This is required if the audit firm has received a new peer review report that has not yet been forwarded to us. The audit firm is only required to send the most current Peer Review report to us once – not multiple times.
  12. After all the signatures have been obtained and the contract is complete, please convert the contract and all other supporting documentation to be submitted for approval into a PDF file. Peer Review Reports should be submitted in a separate PDF file. These documents should be submitted using the most current submission process which can be obtained at the NC Treasurer's web site – <https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx>.
  13. NEW: If an audit is unable to be completed by the due date, an Amended Contract should be completed and signed by the unit and auditor, using the new "Amended LGC-205" form (Rev. 2015). The written explanation for the delay is now included on the contract itself to complete, and must be signed by the original parties to the contract.