

AGENDA
Stoneville Town Council Meeting
March 6, 2018
7:00 PM

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

New Business:

1. ¼ Cent Sales Tax Presentation – Mike Dougherty
2. Resolution Supporting ¼ Sales Tax Initiative – Ken Gamble
3. SES PTA Request to Use Stoneville Memorial Park for Spring Carnival – Raymond Bruins
4. Parks & Recreation Advisory Board Report – Jessica Smith
5. Appointment of Parks & Recreation Advisory Board Member – Ken Gamble
6. FY 2017-2018 Auditor Contract – Joanna Dalton
7. Request to Reduce Water Bill – Jerry Richardson

Public Comments:

Old Business:

1. 1.3 M CDBG Infrastructure Grant Awarded – Ken Gamble
2. Fire Department ISO Inspection Report – Chief Tim Brown

Town Manager Report:

1. Stoneville Fire Department Easter Egg Hunt – Saturday March 31st 2p-3p Stoneville Memorial Park
2. Rotary First Friday Concert – Friday April 6th 6p-10p
3. Bulky Item Pick-Up Week – April 9th – 13th
4. 2018 Stoneville Cruise In – Friday April 20th

Executive Session Into:

Executive Session Out Of:

Adjourn/Recess:

Stoneville Town Council
Meeting Minutes
February 6, 2018
7:00 PM

Present: Present were Mayor Ricky Craddock, Mayor Pro tem Lori Armstrong, Councilmen Henry Thornton, Jerry Smith and Johnny Farmer. Councilman Chuck Hundley was absent.

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

Welcome: Mayor Ricky Craddock welcomed the assembly. After the Pledge of Allegiance and Invocation, Mayor Craddock 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. Mayor Pro tem Armstrong seconded the motion. Motion carried.

Agenda: Mayor Ricky Craddock asked for a motion to approve the Agenda. Councilman Smith made the motion to approve the Agenda. Councilman Thornton seconded the motion. Motion carried.

New Business:

Proclamation Honoring McKinley H. Dalton, Sr.:

Mayor Craddock read the proclamation to everyone present. He then called for a motion of approval. Councilman Thornton made the motion. Mayor Pro tem Armstrong seconded. Motion carried. Copy incorporated into the minutes. The Mayor and Council presented the award and proclamation to family members in attendance.

Project SAFE:

Mr. David Lawson presented an update on the project SAFE program which is supported by the Town on a per capita basis through the Police Department's budget. Mr. Lawson stated that this project has an 82% success rate.

Major Subdivision-Pine Farms Section Two-TCP Construction:

Town Manager Gamble explained that the developer needs approval to begin construction on the final phase of Pine Farms. This will add 15 lots and approximately 1.8M in tax value. The green space required would be 2.65 acres; however, per Minutes of June 3, 2003; the Council opted to let the developer pay a green space fee. After much discussion, Mayor Craddock called for a motion to approve this preliminary plat. Mayor Pro tem Armstrong made the motion. Councilman Smith seconded. Motion carried. Copy incorporated into the minutes.

Budget Amendments 3A & 3B:

3A-Finance Officer Dalton explained amendment 3A was needed in order to move restricted cemetery funds over to the general funds in order to cover the costs of mowing and maintenance totaling \$14,310.50 for FY2017-2018. The FY2018-2019 budget will include an appropriation from cemetery funds to cover costs moving forward.

Councilman Thornton made the motion to approve the amendment. Mayor Pro tem Armstrong seconded the motion. Motion carried. Copy incorporated into the minutes.

3B-Finance Officer Dalton explained that this amendment covers revenues received from Stoneville Rotary, proceeds from surplus sales, appraised value of donated property and Powell Bill funds totaling \$33,580.00. The expenditures include the Rotary Park Project, Alley paving, One Time Staff Bonus and Police Miscellaneous.

Councilman Smith made the motion to approve the amendment. Mayor Pro tem Armstrong seconded. Motion carried. Copy incorporated into the minutes.

Resilient Communities Video Trailer:

Town Manager Gamble explained that Tracey Gould with NC Realtors shot video in our downtown as well as Eden, Reidsville and two communities outside Rockingham County to showcase how our communities have overcome hardship and are now thriving. Town Manager Gamble debuted the video trailer and stated that the entire video with interviews will be available sometime in February.

2018 Citizens Economic Development (CED) Board of Director Selection:

Town Manager Gamble stated that part of our membership dues to the CED includes 4 votes to fill vacant CED board seats and asked Council to select 4 candidates.

Water/Sewer Rate Increase:

Town Manager Gamble stated that this increase is due to the fact that Mayodan increased their water rate by 8% and sewer rate by 35% effective January 1, 2018; therefore, increasing our operating costs by \$32,000.00 annually. In order to keep our rates in line with our operating, replacement and debt service costs required by the acceptance of the 1.8M grant awarded by the USDA in March 2015, we must increase our rates accordingly; therefore, the volumetric rate would increase by \$1.50 each for water and sewer. Town Manager Gamble stated that this would not impact our customers who use 1500 gallons or less and would be effective with the March 1, 2018 billing. After much discussion, Mayor Craddock asked for a motion of approval. Mayor Pro tem Armstrong made the motion. Councilman Thornton seconded.

Motion carried with Councilman Farmer voting No. Copy incorporated into the minutes.

Public Comments: There were no public comments

Old Business: There was no Old Business

Town Manager's Report:

Town Manager Gamble gave an update on the Rebranding Project stating that the 300,000 gallon tank logo has been finished, Street signs should be completed by Mid-February, New Banners should be delivered in March and the Website is still a work in progress.

The utility installation has been delayed at the Pocket Park due to the snow and rain; however, once done, the contractor should complete Phase 1 by April. The Budget Retreat is scheduled for Saturday, February 10th, 9 AM at the Vera Holland Community Center.

The Fire Department ISO Inspection will be on Tuesday, February 20th.

Executive Session:

Mayor Craddock asked for motion to enter into executive session. Councilman Thornton made the motion. Mayor Pro tem Armstrong seconded. Motion carried.

Regular Session:

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

Mayor Craddock stated that during executive session a personnel and economic development matter was discussed with no action taken.

Adjourn:

Mayor Craddock asked for a motion of adjournment. Mayor Pro-tem Armstrong made the motion. Councilman Thornton seconded. Motion carried.

Mayor, Ricky Craddock

Town Clerk, Sherri Darnell,
CMC, NCCMC

**Stoneville Town Council
Budget Retreat Minutes
February 10, 2018
9:00 AM**

Present: Present were Mayor Ricky Craddock, Mayor Pro tem Lori Armstrong, Councilmen Chuck Hundley, Henry Thornton, Jerry Smith and Johnny Farmer. Also, present were Town Manager Ken Gamble, Human Resource/Finance Officer Joanna Dalton, Town Clerk Sherri Darnell, Police Chief Frank Moore, Police Captain Brandon Rivera, Police Officer Matt Michaels, Fire Chief Tim Brown and Public Works Director Mark Malloy.

Welcome: Mayor Ricky Craddock welcomed the assembly. After the Pledge of Allegiance and Invocation, Mayor Craddock called the meeting to order.

Agenda: Mayor Ricky Craddock asked for a motion to approve the Agenda. Mayor Pro tem Armstrong made the motion to approve the Agenda. Councilman Thornton seconded the motion. Motion carried.

New Business: Budget Retreat

Mid-Year Financial Position:

Finance Officer Dalton stated that General Fund revenues were consistent with projections. Expenditures for all departments are at or under budget. Enterprise Fund: 1.2% under projections. Expenditures due to Mayor's increase in rates would raise expenditures \$16,000.00 for January through June. Emergency repairs (Church Street access road) and equipment failures (water meters and parts) for Water = \$6554.00 and Sewer = \$8,000.00. Copy incorporated into the minutes.

Enterprise Fund – Sustainable Revenues:

Town Manager Gamble discussed the increase in revenues created by implementing several procedures that include, but not limited to, assessing water loss, low/medium use accounts, sudden drops in average usage and implementing multiple minimums for apartment complexes and trailer parks being served by 1 master meter. Revenue losses include, but not limited to, annexation of Church Street and Southern View Mobile Home parks, closure of Blackburn and Spencer's Mobile Home parks. Copy incorporated into the minutes.

Capital Projects:

Town Manager Gamble discussed Enterprise Fund projects; USDA Sanitary Sewer Replacement and Rehabilitation Project, Replacing meters with cellular technology meters, CIP for buildings and revenues associated with voluntary annexations. Copy incorporated into the minutes.

Department Head Presentations

Department Heads presented their want/needs for the upcoming budget year. Copy incorporated into the minutes.

Mayor Craddock left at 12:00 PM. Mayor Pro Tem Armstrong continued the meeting.

Public Comments: There were no public comments

Old Business: Consideration to Use Enterprise Fund Balance to Offset Rate Increase:

Town Manager Gamble discussed the disadvantages of using Enterprise Fund balance to offset rate increases and the danger of setting precedents in doing so. After some discussion, Councilman Farmer made a motion to rescind the motion made at the February 6th 2018 meeting approving the rate increases. Motion died for lack of a second.

March 20, 1998:

20th Anniversary of the Tornado. Discussed options. No action taken.

Executive Session: None

Adjourn: Mayor Pro-tem Armstrong made the motion to adjourn. Councilman Hundley seconded. Motion carried.

Mayor, Ricky Craddock

Town Clerk, Sherri Darnell,
MC, NCCMC



RESOLUTION IN SUPPORT OF A ¼ CENT SALES TAX FOR ROCKINGHAM COUNTY

WHEREAS, the North Carolina General Assembly has authorized County Boards of Commissioners across the State of North Carolina to levy a one-quarter of one cent (.25% of one penny) county sales and use tax, contingent on an advisory referendum in which the majority of those casting ballots in the County vote for the levy of the tax; and

WHEREAS, the Town of Stoneville supports a new economic development vision for its citizens and businesses by enabling Rockingham Community College to invest in a modern workforce development training facility and other future capital needs, new programs, state of the art training and equipment, and initiatives in recruitment and retention of a trained and skilled workforce; and

WHEREAS, an optional ¼ cent sales tax, if passed would be paid by residents and non-residents, lessening the burden on all county property tax owners: and

WHEREAS, in order to adequately address both immediate and future needs of Rockingham Community College, existing financial resources are inadequate and it is necessary that a new revenue stream be created; and

WHEREAS, the implementation of a ¼ cent local option sales tax (excluding gasoline, prescription medication and non-prepared foods (groceries) is anticipated to generate \$1.8 million in revenue per year in Rockingham County, which would be the equivalent of approximately 2.41 cents in county tax revenue; and

THEREFORE, BE IT RESOLVED, that the Stoneville Town Council hereby supports the ¼ cent sales tax that will be placed on the May 8, 2018 primary election ballot for its potential to help transform the current Rockingham Community College workforce training program to better serve Stoneville's citizens and provide its students a better future in the local workplace.

Adopted this 6th day of March, 2018

Ricky Craddock, Mayor

Attest

Sherri Darnell, Town Clerk

CONTRACT TO AUDIT ACCOUNTS

Of Town of Stoneville

Primary Government Unit

N/A

Discretely Presented Component Unit (DPCU) if applicable

On this 27th day of February, 2018,

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 accounting principles generally accepted in the United States of America (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, 2017, and ending June 30, 2018. 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 shall 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 auditing standards generally accepted in the United States of America. 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 State Board). **County and Multi-County Health Departments:** The Office of State Auditor will require Auditors of these Governmental Units to perform agreed upon procedures (AUPs) on eligibility determination on certain programs. Both Auditor and Governmental Unit agree that Auditor shall complete and report on these AUPs on Eligibility Determination as required by Office of the State Auditor (OSA) and in accordance with the instructions and timeline provided by OSA.
3. If an entity is determined to be a component of another government as defined by the group audit standards, the entity's Auditor shall 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 unmodified opinion being rendered. If during the process of conducting the audit the Auditor determines that it will not be possible to render an unmodified opinion on the financial statements of the unit, the Auditor shall contact the SLGFD staff to discuss the circumstances leading to that conclusion as soon as is practical and before the final report is issued. 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.

Primary Government Unit

N/A

Discretely Presented Component Unit (DPCU) if applicable

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 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. **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 SLGFD within four months of fiscal year end. Audit report is due on: 10/31/2018. If it becomes necessary to amend this due date or the audit fee, an amended contract along with a written explanation of the delay shall 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 shall 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 shall 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 shall be submitted in PDF format to the Secretary of the LGC for approval. The invoices shall be sent via upload through the current portal address: <https://nctreasurerslgfd.leapfile.net>. Subject line should read "Invoice – [Unit Name]. The PDF invoice marked 'approved' with approval date shall 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 Government 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 Fees page.**) This does not include fees for any Pre-Issuance reviews that may be required by the NC Association of CPAs (NCACPA) Peer Review Committee or NC State Board of CPA Examiners (see Item #12).
10. If the Governmental Unit has outstanding revenue bonds, the Auditor shall submit to the SLGFD either in the notes to the audited financial statements or as a separate report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor shall submit to the SLGFD simultaneously with the

Primary Government Unit

N/A

Discretely Presented Component Unit (DPCU) if applicable

Governmental Unit's audited financial statements any other bond compliance statements or additional reports required by the authorizing bond documents, unless otherwise specified in the bond documents.

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 Governmental Unit 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 fiscal year end.
12. If the audit firm is required by the NC State Board, the NCACPA Peer Review Committee, or the Secretary of the LGC to have a pre-issuance review of its audit work, there shall be a statement in the engagement letter indicating the pre-issuance review requirement. There also shall be a statement that the Governmental Unit shall not be billed for the pre-issuance review. The pre-issuance review shall be performed **prior** to the completed audit being submitted to the SLGFD. The pre-issuance review report shall accompany the audit report upon submission to the SLGFD.
13. The Auditor shall electronically submit the report of audit to the SLGFD 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 shall be sent to the Secretary of the LGC along with an Audit report Reissuance form.** 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 for other lawful purposes of the Governmental Unit without subsequent consent of the Auditor. If the SLGFD determines that corrections need to be made to the Governmental Unit's financial statements, those corrections shall be provided within three days of notification unless another deadline is agreed to by the SLGFD.

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 SLGFD.

The SLGFD's process for submitting contracts, audit reports and invoices is subject to change. Auditors shall use the submission process in effect at the time of submission. The most current instructions will be found on our website: <https://www.nctreasurer.com/slg/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, compensation, or both as may be agreed upon by the Governing Board and the Auditor.
15. If an approved contract needs to be amended for any reason, the change shall 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 shall be completed in full, including a written explanation of the change, signed and dated by all original parties to the contract. It shall then be submitted through the audit contract portal to the Secretary of the LGC for approval. The portal address to upload the amended contract is <https://nctreasurerslgfd.leapfile.net>. No change to the audit contract shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.

Contract to Audit Accounts (cont.) Town of Stoneville

Primary Government Unit

N/A

Discretely Presented Component Unit (DPCU) if applicable

16. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit shall 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 shall take precedence. 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 #23 of this contract. Engagement letters containing indemnification clauses shall not be accepted by the SLGFD.
17. Special provisions should be limited. Please list any special provisions in an attachment.
None other than attached audit 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 shall be named along with the parent government on this audit contract. DPCU Board approval date, signatures from the DPCU Board chairman and finance officer also shall be included on this contract.
19. The contract shall be executed, pre-audited, physically signed by all parties including Governmental Unit and the Auditor and then submitted in PDF format to the Secretary of the LGC. The current portal address to upload the contractual documents is <https://nctreasurerslgfd.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 2017. These instructions are subject to change. Please check the NC Treasurer's web site at <https://www.nctreasurer.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 Secretary of the LGC. 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. 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 FEES PAGE

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

FEES – PRIMARY GOVERNMENT

AUDIT: \$ 17,820 (includes \$3,000 for a Single Audit)
WRITING FINANCIAL STATEMENTS: \$ 3,000
ALL OTHER NON-ATTEST SERVICES: \$ -0-

For all non-attest services the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and *Governmental Auditing Standards* (as applicable). Bookkeeping and other non-attest services necessary to perform the audit shall be included under this contract. However, bookkeeping assistance shall be limited to the extent that the Auditor is not auditing his or her own work or making management decisions. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience necessary to oversee the services and accept responsibility for the results of the services. Financial statement preparation assistance shall be deemed a “significant threat” requiring the Auditor to apply safeguards sufficient to reduce the threat to an acceptable level. The Auditor shall maintain written documentation of his or her compliance with these standards in the audit work papers.

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 \$ 15,615
**** NA if there is to be no interim billing**

FEES – DPCU (IF APPLICABLE)

AUDIT: \$ N/A
WRITING FINANCIAL STATEMENTS: \$ N/A
ALL OTHER NON-ATTEST SERVICES: \$ N/A

For all non-attest services the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and *Governmental Auditing Standards* (as applicable). Bookkeeping and other non-attest services necessary to perform the audit shall be included under this contract. However, bookkeeping assistance shall be limited to the extent that the Auditor is not auditing his or her own work or making management decisions. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience necessary to oversee the services and accept responsibility for the results of the services. Financial statement preparation assistance shall be deemed a “significant threat” requiring the Auditor to apply safeguards sufficient to reduce the threat to an acceptable level. The Auditor shall maintain written documentation of his or her compliance with these standards in the audit work papers.

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 \$ N/A
**** NA if there is to be no interim billing**

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

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 2-27-18

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

N/A **
Signature of Audit Committee Chairperson

Date
N/A

** 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.

By Joanna Dalton, Finance Officer
Primary Government 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)

Please provide us the most current email addresses available as we use this information to update our contact database

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

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

N/A
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:
N/A
Name of Discretely Presented Component Unit

By N/A
DPCU Board Chairperson: Type or print name and title

N/A
Signature of Chairperson of DPCU governing board

Date N/A

By N/A
Chair of Audit Committee - Type or print name
N/A **
Signature of Audit Committee Chairperson

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

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.

By N/A
DPCU Finance Officer:
Type or print name

N/A
DPCU Finance Officer Signature
Date N/A
*(Pre-audit Certificate **must be dated.**)*

N/A
Email Address of Finance Officer

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

N/A

*****Please provide us the most current email addresses available as we use this information to update our contact database*****

Primary Government Unit

N/A

Discretely Presented Component Unit (DPCU) if applicable

Steps to Completing the Audit Contract

1. Complete the header information – If a DPCU is subject to the audit requirements found in the Local Government Budget and Fiscal Control Act and a separate report is being issued for that DPCU, a separate audit contract for the DPCU is required. If a separate report is not being issued for the DPCU – it is being included in the Primary Government’s audit – the DPCU shall be named with the Primary Government on the audit contract for the Primary Government. The Board Chairperson of the DPCU shall sign the audit contract in addition to the elected leader of the Primary Government.
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.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx>
5. Item No. 9 – Please note that the new fee section has been moved to page 5.
6. Item No. 16 – Has the engagement letter been attached to the contract that is being submitted to 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 shall take precedence.”*
 - b. Does the engagement letter contain an indemnification clause? **The audit contract shall 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 fees page; 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 shall 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.nctreasurer.com/slg/lfn/audit_acct/Pages/default.aspx select “audit fees”

Please call or email Lorna Hodge at 919-814-4299 lorna.hodge@nctreasurer.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?

Contract to Audit Accounts (cont.) Town of Stoneville

Primary Government Unit

N/A

Discretely Presented Component Unit (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. Please only send the page(s) that are applicable to your Unit of Government and do not include the instructions pages. Make sure all signatures have been obtained, and properly dated. **The contract shall be approved by Governing Boards pursuant to G.S. 159-34(a).** If this contract includes the audit for a DPCU that is a Public Authority that falls under the Local Government Budget and Fiscal Control Act, it shall be named in this contract and the Board Chairperson of the DPCU also shall sign the contract in the area indicated. If the DPCU is filing a separate audit, a separate audit contract is required for that DPCU.
9. Please place the date the Primary Government’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 fees page.
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 PDF. When submitting for approval send the documents as one PDF file to include the Audit contract, any applicable addendums, the engagement letter and Peer Review Report. Submit these documents using the most current submission process which can be obtained at the NC Treasurer’s web site
- <https://www.nctreasurer.com/slgaudit/Forms%20and%20Resources/Instructions%20for%20Contract%20Submission.pdf>
13. If an audit cannot be completed by the due date, the Auditor or Governmental Unit shall file an Amended Contract form (Amended LGC-205). This form shall be signed by the Governmental Unit representative and the Auditor. The explanation for the delay in completing the audit is part of this contract amendment form and shall be provided. The parties that signed the original audit contract shall sign the amended contract form as well. If the signing representatives are unable to sign the amended contract, please include an explanation for this in the submitted amended contract form.

SHEILA GAHAGAN, CPA

229 Penland Street

Clyde, NC 28721

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

Report on the Firm's System of Quality Control

July 7, 2017

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

I have reviewed the system of quality control for the accounting and auditing practice of Gibson & Company, P.A. (the firm) in effect for the year ended March 31, 2017. My 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 (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firms Responsibility

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. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

My responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on my review.

Required Selections and Considerations

Engagements selected for review included an engagement performed under *Governmental Auditing Standards*, including a compliance audit under the Single Audit Act and an audit of an employee benefit plan.

As part of my peer review, I considered reviews by regulatory entities communicated by the firm, if applicable, in determining the nature and extent of my procedures.

Opinion

In my 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, 2017, 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*.



Sheila Gahagan, CPA



GIBSON & COMPANY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

February 27, 2018

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 Town of Stoneville for the year ended June 30, 2018. 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, 2018. 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 Officers' Special Separation Allowance – Schedule of Funding Progress and Schedule of Employer Contributions.

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) Schedule of expenditures of federal and state awards.
- 2) Individual fund statements.
- 3) 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. The objective also includes reporting on—

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) 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 or on compliance, and (2) 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 Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single audit. Our reports will be addressed to the members of the Board of Commissioners of 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 or the Single audit compliance opinions 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 we may withdraw from this engagement.

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 or noncompliance 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 or major programs. 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. We will include such matters in the reports required for a Single audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any 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; schedule of expenditures of federal awards; federal award programs; 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*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

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, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Town of Stoneville's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures 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*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the OMB *Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of Town of Stoneville's major programs. The purpose of these procedures will be to express an opinion on Town of Stoneville's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Other Services

We will also assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes of Town of Stoneville in conformity with U.S. generally accepted accounting principles and the Uniform Guidance 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*.

Management Responsibilities

Management is responsible for (1) establishing and maintaining effective internal controls, including internal controls over federal awards, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) 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, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award 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) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management 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. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (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 schedule of expenditures of federal awards.

You are also responsible for the preparation of the other 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 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, schedule of expenditures of federal awards, 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, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, 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, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

We will provide copies of our reports to 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 North Carolina 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 North Carolina Local Government Commission. If we are aware that a federal awarding agency, pass-through entity, 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, 2018. 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 \$20,820 (\$17,820 for the audit plus \$3,000 for a Single Audit, if required). 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 _____

**Sanitary Sewer Improvements
Town of Stoneville, NC
2017 CDBG-I Project**



Project Area Boundary

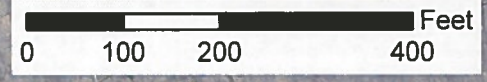
Will Need to be ~15' Deep

Proposed 8" Sanitary Sewer

Proposed Sewer Qty:
4,500 lf 8" Gravity
19 Manholes

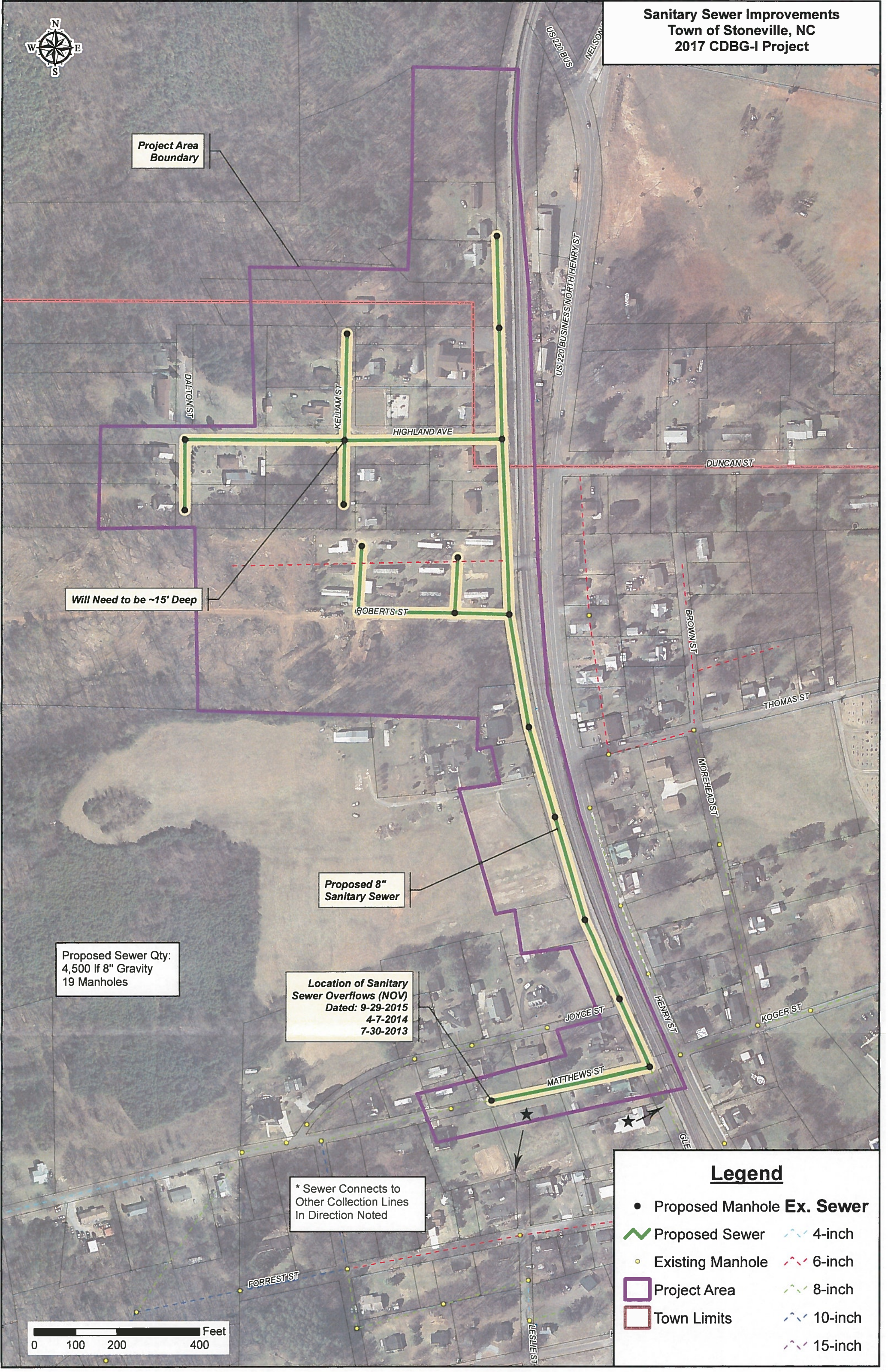
Location of Sanitary Sewer Overflows (NOV)
Dated: 9-29-2015
4-7-2014
7-30-2013

* Sewer Connects to Other Collection Lines
In Direction Noted



Legend

●	Proposed Manhole	Ex. Sewer
—	Proposed Sewer	4-inch
●	Existing Manhole	6-inch
□	Project Area	8-inch
□	Town Limits	10-inch
		15-inch





TOWN OF STONEVILLE

101 Smith Street • PO Box 71 • Stoneville NC 27048
Phone: 336-573-9393 • 336-573-9695 • Fax: 336-573-2020

March-April 2018 Newsletter

Water-Sewer Rate Increase Effective March 1, 2018 – The March 1, 2018 water-sewer billing will include a rate increase approved by the Town Council during the February 6, 2018 Council meeting. The Town purchases water and pays to have sewer processed by the Town of Mayodan. The Town of Mayodan increased our water rate by 8% and our sewer rate by 35% effective January 1, 2018. To cover the added expenses we increased the rates by \$1.50 for every 1,000 gallons of water and \$1.50 for every 1,000 gallons of sewer. Customers using less than 1500 gallons of water and 1500 gallons of sewer each month will see no change in their bill. Customers using more than the 1500 gallon allowance will see an increase. A rate chart is included to help you estimate your bill. You can also call Town Hall and talk to Sherri if you are unsure how many gallons you average each month.

Sign-Ups Open for Spring Soccer, Tee-Ball and Baseball – You can register your child for spring sports at any Stoneville home basketball game or at Town Hall. Registration forms are available on our website or at Town Hall.

Soccer (Ages 3-9) – February 6th – March 2nd Registration Fee - \$40 (Includes Shirt & Socks)

Tee-Ball (Ages 4-7) – February 12 – March 16th Registration Fee - \$50 (Includes Shirt, Socks & Hat)

Baseball (Ages 8-10) – February 12 – March 16th Registration Fee - \$50 (Includes Shirt, Socks & Hat)

Stoneville Fire Department Easter Egg Hunt – Bring your children to Stoneville Memorial Park on Saturday March 31st from 2p-3p for our annual Easter egg hunt. Our volunteer fire fighters organize this event and it is a cherished Stoneville tradition. Rain date will be Easter Sunday from 2p-3p.

Stoneville Rotary Club First Friday Concert – The Stoneville Rotary Club invites you to celebrate the beginning of spring with a free First Friday concert at Rotary Stage on Friday April 6 at 6:00 p.m. Bring your lawn chairs and be ready to have a great time. There will be live music, food vendors, beer garden and cornhole tournament. All proceeds benefit the charitable endeavors of the Stoneville Rotary Club.

2018 Downtown Stoneville Cruise In – Join us in historic downtown Stoneville on Friday April 20th from 5-8 p.m. for the kick off to the 2018 Cruise In season. Cars, friends and great food await! The Cruise In is scheduled every third Friday from 5p-8p from April – September. 2018 dates are April 20, May 18, June 15, July 20, August 17 and September 21.

March – April Newsletter – Page 2

2018-2019 Budget Meetings – The Stoneville Town Council will meet to discuss 2018-2019 budget needs at a public meeting on Tuesday April 3, 2018 at Stoneville Town Hall. The Council will have two additional budget meetings open to the public on May 1st and June 5th. All meetings will begin at 7:00 p.m. Please plan on attending so you can learn more about how your local government works for the community.

2018 Town Council Meeting Dates – The Stoneville Town Council meets the first Tuesday of each month at 7:00 p.m. The deadline for adding an item to the agenda is the Thursday prior to the scheduled Council meeting. Every meeting has a public comments section where people can speak to the Council about their concerns. 2018 Council meeting dates are January 2, February 6, March 6, April 3, May 1, June 5, July **No Meeting**, August 7, September 4, October 2, November 13 and December 4.

Clean-Up Week April 9th – 13th – Residents must place items to be picked up behind the curb of the road **no sooner** than 6:00 a.m. on April 2 and **no later** than 6:00 a.m. on April 9th for pick-up. If items are not placed behind the curb by 6:00 am on April 9th, the Town **WILL NOT** be held responsible for pick up or any disposal fees associated with these items. The Town will pick up furniture and regular residential waste only. Regular residential waste is the non-recyclable trash you normally put in your trash can. All residential waste items must be bagged. The Town **WILL NOT** pick up appliances, commercial waste (shingles, remodeling and construction materials, demolition materials or any other commercial waste) scrap metal, yard waste, televisions, batteries, asbestos, liquids (paints, solvents, chemicals) or hazardous materials. Residents are responsible for disposal of any items the Town does not pick up and all items must be removed from the curb by Friday April 20, 2018 or be subject to fine. See attached flyer for more information.

Town of Stoneville
Rate Chart 2017-2018

*Revised 2/6/2018

1500 Gallon Minimum			
Services	Inside Customers	Outside Customers	Gallons Used
Water	15.78	28.58	1500
Sewer	15.78	28.58	1500
Garbage	14.07		N/A
Recycling	1.50		N/A
Total Billed	47.13	\$57.16	1500 Water + 1500 Sewer
Totals for Usage Over 1500 Gallons Inside \$17.78 per 1000 W&S(8.89 ea) Outside \$30.58 per 1000 W&S(15.29 ea) (Inside .0178 per Gallon / Outside .0306 per Gallon)			
Estimated Bill	\$56.02	\$72.45	2000
Estimated Bill	\$73.80	\$103.03	3000
Estimated Bill	\$91.58	\$133.61	4000
Estimated Bill	\$109.36	\$164.19	5000
Estimated Bill	\$127.14	\$194.77	6000
Estimated Bill	\$144.92	\$225.35	7000
Estimated Bill	\$162.70	\$255.93	8000
Estimated Bill	\$180.48	\$286.51	9000
+\$17.78 per 1000 W&S		+\$30.58 per 1000 W&S	

Effective 03/1/2018 Billing

I, Sherri Darnell, Town Clerk certify that these are our 2017-2018 water rates as approved.

Free Bulky Item Pick-Up Week

April 9th – 13th

For Town Residents Only

The Town of Stoneville Public Works Department will provide roadside pick-up for approved items from Monday April 9th – Friday April 13th. Residents must place items to be picked up behind the curb of the road **no sooner than 6:00 a.m. on April 2nd** and **no later than 6:00 a.m. on April 9th** for pick-up. If items are not placed behind the curb by 6:00 am on April 9th, the Town **WILL NOT** be held responsible for pick-up or any disposal fees associated with these items. Residents are responsible for disposing of any items the Town does not pick up by Friday April 20, 2018.

ITEMS THE TOWN WILL PICK-UP

Due to changes made by the Rockingham County landfill the Town will only pick-up the following items:

Furniture and Regular Residential Waste

Regular residential waste is the non-recyclable trash you normally put in your trash can. All residential waste items must be bagged.

If you aren't sure if the Town will pick up an item call us at Town Hall **BEFORE** you put it out **336-573-9393**.

ITEMS THE TOWN **WILL NOT** PICK-UP

Appliances, Commercial Waste (Shingles, Remodeling and Construction Materials, Demolition Materials or Any Other Commercial Waste) Scrap Metal, Yard Waste, Televisions, Batteries, Asbestos, Liquids (Paints, Solvents, Chemicals) or Hazardous Materials

Citizens with appliances, scrap metal, televisions, batteries, used oil, used oil filters, wood pallets, scrap tires and other recyclable items may take them directly to the Rockingham County Landfill free of charge from Monday April 9th – Saturday April 14th. **NO COMMERCIAL WASTE WILL BE ACCEPTED**. Please call the Rockingham County landfill if you have any questions 336-427-4789.