

## **AGENDA**

### **Regular Meeting of the Sawmills Town Council Sawmills Town Hall**

**Tuesday, December 15, 2020  
6:00 pm**

- |     |  |                               |
|-----|--|-------------------------------|
| 1.  | Call To Order                                | Mayor Johnnie Greene          |
| 2.  | Invocation                                   |                               |
| 3.  | Pledge of Allegiance                         | Mayor Johnnie Greene          |
| 4.  | Adopt Agenda                                 | Mayor Johnnie Greene          |
| 5.  | Approve Meeting Minutes                      |                               |
|     | A. November 17, 2020 Regular Meeting Minutes | Mayor Johnnie Greene          |
| 6.  | Public Comment                               | Mayor Johnnie Greene          |
| 7.  | Recognitions:                                |                               |
|     | A. Recycle Rewards                           | Mayor Johnnie Greene          |
| 8.  | Financial Matters:                           |                               |
|     | A. FY 2020-2021 Audit Contract               | Mayor Johnnie Greene          |
|     | B. Adopt Budget Workshop Schedule            | Mayor Johnnie Greene          |
| 9.  | Planning Matters:                            |                               |
|     | A. Re-appointment Planning Board/BOA Members | Mayor Johnnie Greene          |
| 10. | Public Comment                               | Mayor Johnnie Greene          |
| 11. | Updates:                                     |                               |
|     | A. Code Enforcement Report                   | Mayor Johnnie Greene          |
|     | B. Town Manager Updates                      | Town Manager Chase Winebarger |
|     | C. Council Comment                           | Mayor Johnnie Greene          |
| 12. | Closed Session: N.C.G.S. §143-318.11(a)(3)   | Mayor Johnnie Greene          |
| 13. | Adjourn                                      | Mayor Johnnie Greene          |

**TUESDAY, NOVEMBER 17, 2020  
TOWN OF SAWMILLS REGULAR COUNCIL MEETING  
6:00 PM**

**COUNCIL PRESENT**

Mayor Johnnie Greene  
Clay Wilson  
Joe Wesson  
Rebecca Johnson  
Keith Warren via Zoom

**STAFF PRESENT**

Chase Winebarger  
Julie A Good

**COUNCIL ABSENT**

Melissa Curtis

**CALL TO ORDER:** Mayor Johnnie Greene called the meeting to order at approximately 6:00pm.

Mayor Johnnie Greene stated that Councilman Keith Warren was out of town due to work and wanted to participate in the meeting remotely via Zoom.

Rebecca Johnson made a motion, and Joe Wesson seconded, to allow Councilman Keith Warren to participate in the November 17, 2020 meeting remotely via Zoom. All were in favor. Keith Warren joined the meeting at approximately 6:16pm.

**INVOCATION:** Jeff Lambert gave the invocation.

**PLEDGE OF ALLEGIANCE:** Mayor Johnnie Greene led the Pledge of Allegiance.

**ADOPT AGENDA:** Mayor Johnnie Greene asked for a motion to adopt the November 17, 2020 Agenda.

Joe Wesson made a motion, and Rebecca Johnson seconded, to adopt the amended November 17, 2020 Agenda. All were in favor.

**APPROVE OCTOBER 20, 2020 REGULAR MEETING MINUTES:** Mayor Johnnie Greene asked for a motion to approve the October 20, 2020 regular meeting minutes.

Clay Wilson made a motion, and Rebecca Johnson seconded, to approve the October 20, 2020 regular meeting minutes. All were in favor.

**PUBLIC COMMENT:** Mayor Johnnie Greene asked if anyone had any questions or comments at this time.

Jo Ann Miller thanked Council for the donation to the American Legion Post 392.

**RECOGNITIONS:**

**RECYCLE REWARDS WINNER:** Mayor Johnnie Greene announced Greg Massagee, as the November Recycle Rewards winner. A credit of thirty-two dollars (\$32.00) will be added to the current sanitation bill.

No Council action was required.

**FINANCIAL MATTERS:**

**CALDWELL COUNCIL ON ADOLESCENT HEALTH DONATION REQUEST:** Mayor Johnnie Greene stated that the Caldwell Council on Adolescent Health had requested a donation in the amount of one hundred dollars (\$100.00).

Rebecca Johnson made a motion, and Clay Wilson seconded, to give a donation in the amount of two hundred dollars (\$200.00) to the Caldwell Council on Adolescent Health. All were in favor.

**CALDWELL COUNTY SCHOOLS DONATION REQUEST:** Mayor Johnnie Greene stated that the Caldwell County Schools had requested a donation in the amount of fourteen thousand dollars (\$14,000.00).

Joe Wesson made a motion, and Keith Warren seconded, to give a donation in the amount of fourteen thousand dollars (\$14,000.00) to the Caldwell County Schools. All were in favor.

**FY 2019-2020 AUDIT PRESENTATION:** James Lowdermilk and Rick Hammer, with Lowdermilk, Church & Co., L.L.P., presented the Towns FY 2019-2020 audit to Council.

Mr. Lowdermilk and Mr. Hammer stated that the Town received an unqualified audit and commended staff and Council on their efforts to maintain a strong fund balance.

No Council action was required.

**AMI PROJECT CLOSEOUT:** Mayor Johnnie Greene stated that during the October 15, 2019 regularly scheduled council meeting, the Council approved a Capital Project Budget Ordinance Water Meter Replacement Project. On October 8, 2020, an Endpoint Acceptance



Plan was signed showing all AMI meters had been installed and all work done on the Water Meter Replacement Project. As of November 1, 2020, all invoices had been received and final payment had been sent.

Clay Wilson made a motion, and Joe Wesson seconded, to close out the Capital Project Budget Ordinance Water Meter Replacement Project. All were in favor.

**BUDGET AMENDMENT:** Mayor Johnnie Greene stated that the Capital Project Budget Ordinance Water Meter Replacement Project has been completed and closed. All invoices, for expenses have been paid. As a result, the cash on hand of one hundred ninety-seven thousand fifty-eight dollars and two cent dollars (\$197,058.02) for the CIP-AMI Project Fund needs to be transferred back to the Utility Fund.

Joe Wesson made a motion, and Clay Wilson seconded, to approve a budget amendment (as set forth in the attached Amendment Ordinance) transferring the amount of one hundred ninety-seven thousand fifty-eight dollars and two cent dollars (\$197,058.02) from the CIP-AMI Project Fund to the Utility Fund. All were in favor.

**PUBLIC COMMENT:** Mayor Johnnie Greene asked if anyone had any questions or comments at this time.

No one wished to speak.

#### **UPDATES:**

**OCTOBER CODE ENFORCEMENT REPORT:** Town Planner Dustin Millsaps stated that there are eight (8) code enforcement cases open:

- Carolyn Bray/Robyn Brittan, owner 2570 Baker Circle. Abandoned Mobile Home/Garbage and Rubbish. Town Planner Dustin Millsaps stated that he is working with Town Attorney Terry Taylor to abate the property. Town Planner Dustin Millsaps also stated that he will treat this as a Junk and Debris and not minimum housing. If so, the Town can proceed to abate after thirty (30) days of notice. Town Planner Dustin Millsaps stated that he got a quote that will demo entire trailer and haul off all debris including our equipment, labor and fees. Town Planner Dustin Millsaps stated that the quote is four thousand one hundred dollars (\$4,100.00). Town Planner Dustin Millsaps stated that he rode by the property and it is still in the same condition and would like to discuss demolition;
- Teresa Annas Compton, 4486 Sawmills School Road. Abandoned Mobile Home/Garbage and Rubbish. Town Planner Dustin Millsaps stated he received a complaint on January 13, 2020. Town Planner Dustin Millsaps stated that a NOV letter was sent out on January 23, 2020 with a deadline of February 10, 2020. Town Planner Dustin Millsaps stated that the trailer is not finished and located on the same property as the Compton house that the Town abated in 2018. Town Planner Dustin



Millsaps stated that staff will investigate and work with attorney for possible courses of abatement. Town Planner Dustin Millsaps stated that one (1) of Ms. Compton's sons is scheduled to meet with staff in late February to work towards getting the property in his name and get the property cleaned up. Town Planner Dustin Millsaps stated that staff has is waiting for Ms. Compton's son to schedule a time to come in and speak with staff regarding this property. Town Planner Dustin Millsaps stated that he went by the property on September 10, 2020 and the property is still in same condition with extremely high grass and would recommend demolition;

- Dale E and Debra Miller, 4434 Jess Dr. Garbage and Rubbish/Property Maintenance. Town Planner Dustin Millsaps stated that a complaint was received on January 28, 2020. Town Planner Dustin Millsaps stated that the complaint addressed two (2) separate properties and possible violations. A NOV letter was sent on February 13, 2020, with a deadline of March 4, 2020 for the Miller property. Town Planner Dustin Millsaps stated that the Miller property is in violation for having high grass/vegetation and junk and garbage located around the property. Town Planner Dustin Millsaps stated another complaint was received on May 7, 2020 and a final letter was sent on May 13, 2020, with a deadline of May 31, 2020. Town Planner Dustin Millsaps stated that on June 1, 2020, staff spoke with Mrs. Miller, who has a medical condition, and she asked for an extension and stated that she is working on getting the property cleaned up. Town Planner Dustin Millsaps stated that on September 10, 2020, a new tenant is cleaning up the property and is  $\frac{3}{4}$  of the way done. Town Planner Dustin Millsaps stated that a final citation was issued on November 2, 2020;
- Denise Dotson/William S Annas, II, 4095 Gatewood Dr. Abandoned Mobile Home/Minimum Housing. Town Planner Dustin Millsaps stated that a complaint was received on March 5, 2020, and a regular NOV letter and a certified NOV letter was sent on March 5, 2020, with a deadline of March 23, 2020. Town Planner Dustin Millsaps stated that the mobile home has been sprayed painted and has an apparent tenant, however, the water meter has been pulled from the property. Property was cleaned up. However, Mr. Annas informed Town Planner Dustin Millsaps that a new tenant has moved in the mobile home. Town Planner Dustin Millsaps stated that a second NOV letter was sent on May 15, 2020 with a deadline of June 15, 2020 for additional garbage on property. Town Planner Dustin Millsaps stated that staff will investigate and work with Town Attorney for possible courses of abatement. Town Planner Dustin Millsaps stated that he went by the property on September 10, 2020 and all garbage has been picked up, however, the house has multiple windows smashed out which is now a minimum housing violation. Town Planner Dustin Millsaps stated that he spoke with property owner and he plans on removing the trailer on November 5, 2020;
- Steve and Mary Hand, 2511 Baker Cir. Garbage and Rubbish/Property Maintenance. Town Planner Dustin Millsaps stated that a complaint was received on April 20, 2020. Town Planner Dustin Millsaps stated that the complaint states that the property is overgrown and consist of junk vehicles. Town Planner Dustin Millsaps stated that a regular letter was sent on April 23, 2020, with a deadline of May 15, 2020. Town Planner Dustin Millsaps stated that staff will investigate further. Town Planner Dustin



Millsaps stated that he had contacted the property owner and the junk has been removed, but the junk vehicle still remains. Town Planner Dustin Millsaps stated he will keep a check on this;

- Shirley Maxine Bentley, 2265 O J Ln. Junk Vehicle. Town Planner Dustin Millsaps stated that the property does have a junk vehicle on it and a NOV letter was sent on October 8, 2020. Town Planner Dustin Millsaps stated that the property owner has cleaned up the property and removed the junked vehicle. Town Planner Dustin Millsaps stated that property owner has until November 25, 2020 to put underpinning on the property;
- Loreane White and Charles White, 4698 Rockview Pl. Garbage and Rubbish/Property Maintenance. Town Planner Dustin Millsaps stated that a NOV letter was sent on October 8, 2020. Town Planner Dustin Millsaps stated that the grass looked like it hadn't been cut in years;
- Jessie Kristen Smith, 4215 Trojan Ln. Rubbish grass. Town Planner Dustin Millsaps stated that a NOV letter was sent out on September 29, 2020, and grass was mowed by October 8, 2020. Town Planner Dustin Millsaps stated that there is still junk in the yard that still needs to be cleaned.

No Council action was required.

#### **TOWN MANAGER UPDATES:**

- Town Manager Chase Winebarger stated that the utility bills should now be leveled out after the 2.5% increase in July, billing cycle consolidation during the past two months, and the change in bills because of accuracy of the new meters.
- Town Manager Chase Winebarger stated that the remodel of the front counter at Town Hall is complete and the doors to Town Hall are now open.
- Town Manager Chase Winebarger stated that the installation of the equipment at the Parks and Farmer's Market should start soon. Town Manager Chase Winebarger stated that the date of installation has been pushed back because of weather.
- Town Manager Chase Winebarger stated that there have been a lot more interest in our Parks from rentals to usage. Town Manager Chase Winebarger stated that there have been someone in the parks almost daily.
- Town Manager Chase Winebarger stated that he is working on the job description for the Parks and Rec Director job since Benny Townsend is retiring in December. Town Manager Chase Winebarger stated that he intends to hire someone with a degree/background in Rec management. Town Manager Chase Winebarger also stated that he intends to increase the programs offered in the Town to more than baseball. Town Manager Chase Winebarger stated that he wants to have the position filled by January.
- Town Manager Chase Winebarger stated that the Bicycle/Pedestrian Steering Committee has met and there will be a survey going out this month for citizens to



complete so they can have input in the process. The survey will be on the Town's Facebook page, the Town's Website and available at Town Hall. Town Manager Chase Winebarger stated that he will do a CodeRed to make citizens aware of the survey. Town Manager Chase Winebarger stated that the steering committee intends to meet in December to continue to plan and discuss the results of the survey.

- Town Manager Chase Winebarger stated that all Town events have been canceled for the remaining of the year. Town Manager Chase Winebarger stated that Public Works has been busy decorating the Town for the Christmas holiday and will be turning on the Christmas lights on Thanksgiving Eve this year to compensate for not having an actual tree lighting event. Town Manager Chase Winebarger stated that the power install is going to occur in the coming week depending upon weather and that project now includes replacing the existing underground electrical wiring. If this occurs before the lights are turned on, then the lights at the Farmer's Market field, which includes the Town Christmas tree, will not be on at the same time as the lights on the poles and at Town Hall.
- Town Manager Chase Winebarger stated that he was able to renegotiate the stormwater mapping contract and the amount has now been decreased.
- Town Manager Chase Winebarger stated that the Town will be participating in Sister City for approximately five hundred dollars (\$500.00) yearly we will have a sister city and our sister city will be in Germany.

#### **COUNCIL COMMENTS:**

Rebecca Johnson wanted to thank everyone for coming to the meeting.

Joe Wesson wanted to thank everyone for coming to the meeting and wanted to commend Town Manager Chase Winebarger for keeping the Town going during the COVID-19 pandemic.

Mayor Johnnie Greene wanted to thank everyone for coming to the meeting.

**COUNCIL ADJOURN:** Mayor Johnnie Greene asked for a motion to adjourn.

Clay Wilson made a motion, and Rebecca Johnson seconded, to adjourn the meeting. All were in favor.

The meeting was adjourned at approximately 6:41pm.

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Johnnie Greene, Mayor

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Julie A. Good, Town Clerk

**AGENDA ITEM 7A**

**MEMO**

**DATE:**

December 15, 2020

**SUBJECT:**

Recognition:  
Recycle Rewards  
Program

**Discussion:**

The Town of Sawmills would like to congratulate Kimala Smith on winning the Recycle Rewards Program for the month of December. Mayor Johnnie Greene will present her with a Certificate of Appreciation. A thirty-two dollar (\$32.00) credit will be added to the current sanitation bill.

**Recommendation:**

No Council action is required.



**AGENDA ITEM 8A**

**MEMO**

**DATE:**

December 15, 2020

**SUBJECT:**

Financial Matters:  
Approve Auditors  
Contract for  
FY 2020-2021

**Discussion:**

Enclosed with this memo is a contract from our current auditing firm Lowdermilk, Church & Co., L.L.P. The contract, in the amount of \$11,400.00 (eleven thousand four hundred dollars), will cover the period of July 1, 2020 to June 30, 2021.

This amount of \$11,600.00 (eleven thousand six hundred dollars) includes the following:

Audit:	\$7,540.00
Preparation of annual financial statements:	\$4,060.00

This amount includes continual guidance, advice and directives throughout the year from the auditors concerning any issues that may arise throughout the fiscal year.

**Recommendation:**

Staff recommends Council approve a contract with Lowdermilk, Church & Co., L.L.P. in the amount of \$11,600.00 (eleven thousand six hundred dollars) and covering the period of July 1, 2020 to June 30, 2021.

## CONTRACT TO AUDIT ACCOUNTS

Rev. 11/2020

The	Governing Board
	Town Council
of	Primary Government Unit (or charter holder)
	Town of Sawmills
and	Discretely Presented Component Unit (DPCU) (if applicable)
	N/A

*Primary Government Unit, together with DPCU (if applicable), hereinafter referred to as Governmental Unit(s)*

and	Auditor Name
	Lowdermilk Church & Co., LLP
	Auditor Address
	121 North Sterling Street, Morganton, NC 28655

*Hereinafter referred to as Auditor*

for	Fiscal Year Ending	Audit Report Due Date
	06/30/21	10/31/21

*Must be within four months of FYE*

hereby agree as follows:

1. The Auditor shall audit all statements and disclosures required by U.S. generally accepted auditing standards (GAAS) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit(s). 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 GAAS. 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 requires a federal single audit performed under the requirements found in Subpart F of the Uniform Guidance (§200.501), it is recommended that the Auditor and Governmental Unit(s) jointly agree, in advance of the execution of this contract, which party is responsible for submission of the audit and the accompanying data collection form to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512).

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).



## CONTRACT TO AUDIT ACCOUNTS

Rev. 11/2020

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 LGC 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.
5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, 2018 revision, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he/she 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 the most recent peer review report to the Governmental Unit(s) and the Secretary of the LGC prior to the execution of an audit contract. Subsequent submissions of the report are required only upon report expiration or upon auditor's receipt of an updated peer review report. If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit(s) 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 U.S. generally accepted accounting principles (GAAP) and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment to this contract or in an amendment.
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 LGC Staff within four months of fiscal year end. 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 GAAS include a review of the Governmental Unit's (Units') 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/her 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 (Units') records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.
9. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit(s) 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 invoice marked 'approved' with approval date shall be returned to



the Auditor to present to the Governmental Unit(s) for payment. This paragraph is not applicable to contracts for audits of hospitals.

10. In consideration of the satisfactory performance of the provisions of this contract, the Governmental Unit(s) shall pay to the Auditor, upon approval by the Secretary of the LGC if required, the fee, which includes any costs 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. 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 13).
11. If the Governmental Unit(s) has/have outstanding revenue bonds, the Auditor shall submit to LGC Staff, 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 LGC Staff simultaneously with the Governmental Unit's (Units') audited financial statements any other bond compliance statements or additional reports required by the authorizing bond documents, unless otherwise specified in the bond documents.
12. 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(s) and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the Governmental Unit(s) 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 upon completion.
13. 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(s) shall not be billed for the pre-issuance review. The pre-issuance review shall be performed prior to the completed audit being submitted to LGC Staff. The pre-issuance review report shall accompany the audit report upon submission to LGC Staff.
14. The Auditor shall submit the report of audit in PDF format to LGC Staff. For audits of units other than hospitals, the audit report should be submitted when (or prior to) submitting the final 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 LGC by any interested parties. Any subsequent revisions to these reports shall be sent to the Secretary of the LGC along with an Audit Report Reissued Form (available on the Department of State Treasurer website). 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(s) without requiring consent of the Auditor. If the LGC Staff determines that corrections need to be made to the Governmental Unit's (Units') financial statements, those corrections shall be provided within three business days of notification unless another deadline is agreed to by LGC Staff.
15. 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 modified or amended to include the increased time, compensation, or both as may be agreed upon by the Governing Board and the Auditor.

16. If an approved contract needs to be modified or amended for any reason, the change shall be made in writing and pre-audited if the change includes a change in audit fee (pre-audit requirement does not apply to charter schools or hospitals). 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 to the Secretary of the LGC for approval. No change to the audit contract shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.
17. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit(s), shall be attached to this contract, and except for fees, work, and terms not related to audit services, shall be incorporated by reference as if fully set forth herein as part of this 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 28 of this contract. Engagement letters containing indemnification clauses shall not be accepted by LGC Staff.
18. Special provisions should be limited. Please list any special provisions in an attachment.
19. 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 primary 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.
20. The contract shall be executed, pre-audited (pre-audit requirement does not apply to charter schools or hospitals), and physically signed by all parties including Governmental Unit(s) and the Auditor, then submitted in PDF format to the Secretary of the LGC.
21. 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.
22. Retention of Client Records: Auditors are subject to the NC State Board of CPA Examiners' Retention of Client Records Rule 21 NCAC 08N .0305 as it relates to the provision of audit and other attest services, as well as non-attest services. Clients and former clients should be familiar with the requirements of this rule prior to requesting the return of records.
23. This contract may be terminated at any time by mutual consent and agreement of the Governmental Unit(s) and the Auditor, provided that (a) the consent to terminate is in writing and signed by both parties, (b) the parties have agreed on the fee amount which shall be paid to the Auditor (if applicable), and (c) no termination shall be effective until approved in writing by the Secretary of the LGC.
24. The Governmental Unit's (Units') failure or forbearance to enforce, or waiver of, any right or an event of breach or default on one occasion or instance shall not constitute the waiver of such right, breach or default on any subsequent occasion or instance.
25. 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.



26. 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.
27. **Applicable to audits with fiscal year ends of June 30, 2020 and later.** For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and Governmental Auditing Standards, 2018 Revision (as applicable). 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. If the Auditor cannot reduce the threats to an acceptable level, the Auditor cannot complete the audit. If the Auditor is able to reduce the threats to an acceptable level, the documentation of this determination, including the safeguards applied, must be included in the audit workpapers.
- All non-attest service(s) being performed by the Auditor that are necessary to perform the audit must be identified and included in this contract. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the services and accept responsibility for the results of the services performed. If the Auditor is able to identify an individual with the appropriate SKE, s/he must document and include in the audit workpapers how he/she reached that conclusion. If the Auditor determines that an individual with the appropriate SKE cannot be identified, the Auditor cannot perform both the non-attest service(s) and the audit. See "Fees for Audit Services" page of this contract to disclose the person identified as having the appropriate SKE for the Governmental Unit.
28. **Applicable to audits with fiscal year ends of June 30, 2021 and later.** The auditor shall present the audited financial statements including any compliance reports to the government unit's governing body or audit committee in an official meeting in open session as soon as the audited financial statements are available but not later than 45 days after the submission of the audit report to the Secretary. The auditor's presentation to the government unit's governing body or audit committee shall include:
- a) the description of each finding, including all material weaknesses and significant deficiencies, as found by the auditor, and any other issues related to the internal controls or fiscal health of the government unit as disclosed in the management letter, the Single Audit or Yellow Book reports, or any other communications from the auditor regarding internal controls as required by current auditing standards set by the Accounting Standards Board or its successor;
  - b) the status of the prior year audit findings;
  - c) the values of Financial Performance Indicators based on information presented in the audited financial statements; and
  - d) notification to the governing body that the governing body shall develop a "Response to the Auditor's Findings, Recommendations, and Fiscal Matters," if required under 20 NCAC 03 .0508.
29. Information based on the audited financial statements shall be submitted to the Secretary for the purpose of identifying Financial Performance Indicators and Financial Performance Indicators of Concern.



30. Applicable to charter school contracts only: No indebtedness of any kind incurred or created by the charter school shall constitute an indebtedness of the State or its political subdivisions, and no indebtedness of the charter school shall involve or be secured by the faith, credit, or taxing power of the State or its political subdivisions.

31. 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).

32. The process for submitting contracts, audit reports and invoices is subject to change. Auditors and units should use the submission process and instructions in effect at the time of submission. Refer to the N.C. Department of State Treasurer website at <https://www.nctreasurer.com/state-and-local-government-finance-division/local-government-commission/submitting-your-audit>

33. All communications regarding audit contract requests for modification or official approvals will be sent to the email addresses provided on the signature pages that follow.

34. Modifications to the language and terms contained in this contract form (LGC-205) are not allowed.

## CONTRACT TO AUDIT ACCOUNTS

Rev. 11/2020

## FEES FOR AUDIT SERVICES

1. For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct (as applicable) and *Governmental Auditing Standards, 2018 Revision*. Refer to Item 27 of this contract for specific requirements. The following information must be provided by the Auditor; contracts presented to the LGC without this information will be not be approved.

Financial statements were prepared by: ☒ Auditor ☐ Governmental Unit ☐ Third Party

If applicable: Individual at Governmental Unit designated to have the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the non-attest services and accept responsibility for the results of these services:

Name:

Title and Unit / Company:

Email Address:

Karen Clontz

Finance Officer

kclontz@townofsawmills.com

OR Not Applicable ☐ (Identification of SKE Individual not applicable for GAAS-only audit or audits with FYEs prior to June 30, 2020.)

2. Fees may not be included in this contract for work performed on Annual Financial Information Reports (AFIRs), Form 990s, or other services not associated with audit fees and costs. Such fees may be included in the engagement letter but may not be included in this contract or in any invoices requiring approval of the LGC. See Items 8 and 13 for details on other allowable and excluded fees.

3. 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 billings for the last annual audit of the unit submitted to the Secretary of the LGC. Should the 75% cap provided below conflict with the cap calculated by LGC Staff based on the billings on file with the LGC, the LGC calculation prevails. All invoices for services rendered in an audit engagement as defined in 20 NCAC .0503 shall be submitted to the Commission for approval before any payment is made. Payment before approval is a violation of law. (This paragraph not applicable to contracts and invoices associated with audits of hospitals).

## PRIMARY GOVERNMENT FEES

Primary Government Unit	Town of Sawmills
Audit Fee	\$ 7,540
<b>Additional Fees Not Included in Audit Fee:</b>	
Fee per Major Program	\$
Writing Financial Statements	\$ 4,060
All Other Non-Attest Services	\$
75% Cap for Interim Invoice Approval (not applicable to hospital contracts)	\$ 8,700.00


## DPCU FEES (If applicable)

Discretely Presented Component Unit	N/A
Audit Fee	\$
<b>Additional Fees Not Included in Audit Fee:</b>	
Fee per Major Program	\$
Writing Financial Statements	\$
All Other Non-Attest Services	\$
75% Cap for Interim Invoice Approval (not applicable to hospital contracts)	\$



## SIGNATURE PAGE

## AUDIT FIRM

Audit Firm*	
Lowdermilk Church & Co., LLP	
Authorized Firm Representative (typed or printed)*	Signature*
James E Lowdermilk	
Date*	Email Address*
11-16-20	jlm.lowdermilk@lowdermilkchurchcpa.com

## GOVERNMENTAL UNIT

Governmental Unit*	
Town of Sawmills	
Date Primary Government Unit Governing Board Approved Audit Contract* (G.S.159-34(a) or G.S.115C-447(a))	
Mayor/Chairperson (typed or printed)*	Signature*
Johnnie Greene	
Date	Email Address
	jgreene@townofsawmills.com

Chair of Audit Committee (typed or printed, or "NA")	Signature
N/A	
Date	Email Address

## GOVERNMENTAL UNIT – PRE-AUDIT CERTIFICATE

Required by G.S. 159-28(a1) or G.S. 115C-441(a1).  
Not applicable to hospital contracts.

*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.*

Primary Governmental Unit Finance Officer* (typed or printed)	Signature*
Karen Clontz	
Date of Pre-Audit Certificate*	Email Address*
	kclontz@townofsawmills.com

## CONTRACT TO AUDIT ACCOUNTS

Rev. 11/2020

SIGNATURE PAGE – DPCU  
(complete only if applicable)

## DISCRETELY PRESENTED COMPONENT UNIT

DPCU*	
N/A	
Date DPCU Governing Board Approved Audit Contract* (Ref: G.S. 159-34(a) or G.S. 115C-447(a))	
DPCU Chairperson (typed or printed)*	Signature*
Date*	Email Address*

Chair of Audit Committee (typed or printed, or "NA")	Signature
Date	Email Address

## DPCU – PRE-AUDIT CERTIFICATE

Required by G.S. 159-28(a1) or G.S. 115C-441(a1).  
Not applicable to hospital contracts.

*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.*

DPCU Finance Officer (typed or printed)*	Signature*
Date of Pre-Audit Certificate*	Email Address*

Remember to print this form, and obtain all  
required signatures prior to submission.



**Lowdermilk Church & Co., L.L.P.**  
***Certified Public Accountants***

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121 N. Sterling Street  
Morganton, North Carolina 28655  
Phone: (828) 433-1226  
Fax: (828) 433-1230

To the Honorable Mayor and the Members of the Town Council  
Town of Sawmills  
Sawmills, North Carolina

November 12, 2020

We are pleased to confirm our understanding of the services we are to provide Town of Sawmills for the year ended June 30, 2021. 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 Town of Sawmills as of and for the year ended June 30, 2021. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as the Management's Discussion and Analysis (MD&A), to supplement Town of Sawmills' 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 Sawmills' 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 U.S. generally accepted accounting principles, and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Budgetary Comparison Information
- 3) Local Government Employees' Retirement System Schedule of the Proportionate Share of Net Pension Liability (Asset) and Schedule of Contributions

We have also been engaged to report on supplementary information other than RSI that accompanies Town of Sawmills' 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 in a report combined with our auditor's report on the financial statements:

- 1) Individual Fund Financial Statements
- 2) Budgetary Schedules
- 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. 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 Sawmills 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 Sawmills' financial statements. Our report will be addressed to the Town Council of Town of Sawmills. 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 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.

If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which, in our professional judgement, prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the 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 Town of Sawmills is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and to 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 the 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 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 waste and abuse is subjective, Government Auditing Standards do not expect auditors to provide reasonable assurance of detecting waste and 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 any 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. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and to 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 Town of Sawmills' 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 Town of Sawmills in conformity with U.S. generally accepted accounting principles based on information provided by you. We will also prepare the following based on information provided by you: AFIR, and Unit Data Input Worksheet. 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 judgement, reserve the right to refuse to perform any procedures or take any action that could be construed as assuming management responsibilities.



## Management Responsibilities

Management is responsible for designing, implementing, establishing, and maintaining effective internal controls, relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, including evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management is reliable, and the 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 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. 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.



With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

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; to evaluate the adequacy and results of those services; and to accept responsibility for them.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed, and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for the interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

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

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

We will provide copies of our reports to the Town; 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 Lowdermilk Church & Co., L.L.P. 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 Lowdermilk Church & Co., L.L.P. 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.

James E. Lowdermilk is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. To ensure that Lowdermilk Church & Co., L.L.P.'s independence is not impaired under the AICPA Code of Professional Conduct, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.



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 \$11,600. 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 30 days or more 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. We are required to inform you that we charge interest at a rate of 18% per annum on all invoices over 30 days old.

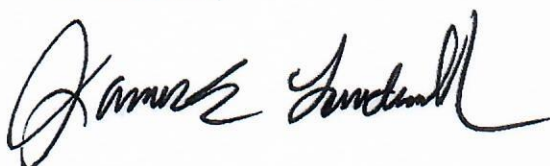
You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

We are providing you with a copy of our 2018 external peer review report which accompanies this letter.

We appreciate the opportunity to be of service to Town of Sawmills 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,



James E. Lowdermilk  
Partner

RESPONSE:

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

Management signature: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Governance signature: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_





Bernard Robinson & Company, L.L.P.

## **Report on the Firm's System of Quality Control**

October 30, 2018

To the Partners of Lowdermilk Church & Co., L.L.P.  
and the Peer Review Committee of the North Carolina  
Association of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Lowdermilk Church & Co., L.L.P. (the firm) in effect for the year ended May 31, 2018. 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 (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](http://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.

### **Firm's 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**

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.

### **Required Selections and Considerations**

Engagements selected for review included an engagement performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

1501 Highwoods Blvd., Ste. 300 (27410)  
P.O. Box 19608 | Greensboro, NC 27419  
P: 336-294-4494 • F: 336-294-4495

[brccpa.com](http://brccpa.com)

Lowdermilk Church & Co., L.L.P.

October 30, 2018

Page 2

### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Lowdermilk Church & Co., L.L.P. in effect for the year ended May 31, 2018, 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*. Lowdermilk Church & Co., L.L.P. has received a peer review rating of *pass*.

*Bernard Robinson & Company, L.L.P.*

BERNARD ROBINSON & COMPANY, L.L.P.



**AGENDA ITEM 8B**

**MEMO**

**DATE:**

December 15, 2020

**SUBJECT:**

Financial Matters:  
Adopt Budget  
Workshops Schedule

**Discussion:**

Enclosed with this memo is a copy of the proposed FY 2021-2022 budget workshop schedule.

The annual Council budget retreat is scheduled for February 9th, 2019, from 9:00 am to 4:00 pm, at Sawmills Town Hall Council Chambers.

As presented, the budget schedule includes four (4) budget workshops.

**Recommendation:**

Staff recommends Council adopt the FY 2020-2021 budget workshops schedule.





## **FY 2021-2022 Budget Retreat and Workshop Schedules**

**December 15th at 6:00 pm**  
Regular Council Meeting

**Adopt FY 2021-2022 Budget Retreat and Workshop Schedules**  
(Sawmills Town Hall Council Chambers)

**February 9th from 9:00-4:00**  
Special Council Meeting

**Annual Council Budget Retreat**  
(Sawmills Town Hall Council Chambers)

**March 4th from 5:00-7:00**  
Special Council Meeting

**Budget Workshop Number 1**  
(Sawmills Town Hall Council Chambers)

**April 1st from 5:00-7:00**  
Special Council Meeting

**Budget Workshop Number 2**  
(Sawmills Town Hall Council Chambers)

**April 22nd from 5:00-7:00**  
Special Council Meeting

**Budget Workshop Number 3**  
(Sawmills Town Hall Council Chambers)

**May 6th from 5:00-7:00**  
Special Council Meeting

**Budget Workshop Number 4 (If needed)**  
(Sawmills Town Hall Council Chambers)

**May 18th at 6:00 pm**  
Regular Council Meeting

**Presentation of FY 2021-2022 Budget and Call a Public Hearing**  
(Sawmills Town Hall Council Chambers)

**June 15th at 6:00 pm**  
Regular Council Meeting

**Public Hearing and Adoption of FY 2021-2022 Budget**  
(Sawmills Town Hall Council Chambers)

**\*As required by law all meetings are open to the public.**



## **AGENDA ITEM 9A**

### **MEMO**

#### **DATE:**

December 15, 2020

#### **SUBJECT:**

Planning Matters:  
Re-Appoint  
Planning Board/BOA  
Members

#### **Discussion:**

The term of appointment for the following Planning Board/BOA Members expired on October 1, 2020:

- Steve Duncan
- David Powell

Town Planner Dustin Millsaps has contacted the members and both are willing to serve another term.

#### **Recommendation:**

Staff recommends Council re-appoint the two (2) members to the Planning Board for a term of three (3) years.



**AGENDA ITEM 11A**

**MEMO**

**DATE:**

December 15, 2020

**SUBJECT:**

Updates:  
Code Enforcement  
Monthly Report

**Discussion:**

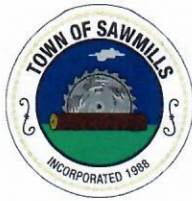
The attached report shows the progress that Planner Dustin Millsaps continues to make throughout the town.

**Recommendation:**

No Council action required.

Code Enforcement Report			
Property Address	Property Owner	Issue	Notes
2570 Baker Circle, Granite Falls	Carolyn Bray/ Robyn Brittan	Abandoned Mobile Home/Garbage and Rubbish	Working with attorney to abate. Will treat as Junk and Debris and not minimum housing. If so the town can proceed to abate after 30 days of notice. Got a Quote that will demo Empire trailer and how off all debris including our equipment labor and fees. Total:\$4,100.00) Dustin-9/10 House is still in same condition, need to discuss abatement. 11/30/20 Have been in contact with Terry Taylor to get all evidence for this property done with the previous planner.
4486 SAWMILLS SCHOOL RD	TERESA ANNAS COMPTON	Abandoned Mobile Home/ Garbage and Rubbish	Complaint Received 1/13. Letter was sent on 1/16, Deadline of 1/28. Trailer is not finished and located on the same property of the Compton house that was abated in 2018. Staff will investigate and work with attorney for possible courses of abatement. One of the sons of Ms. Compton is scheduled to meet with staff in February to work towards getting the property in his name and get the property cleaned up. Staff has yet to speak with any representative of this property. Dustin-9/10 Went by the house, still in same condition with extremely tall grass. Abatement is still recommended. 11/30/20 Have been in contact with Terry Taylor to get all evidence for this property done with the previous planner.
4095 GATEWOOD DR	DENISE DOTSON/WILLIAM S ANNAS II	Abandoned Mobile Home/ Minimum Housing	Complaint Received 3/5. A regular letter and a certified Letter was sent on 3/5. Deadline of 3/23/2020. Trailer has been spray painted and has an apparent tenant. However, Water meter was pulled from property. Property was cleaned up. However, Mr. Anna's informed me that a new tenant has moved into the mobile home. Second letter was sent 5/15/2020 for additional garbage on property. Deadline is 6/15/2020. Staff will investigate and work with attorney for possible courses of abatement. Dustin-9/10 All garbage is picked up, however the house has multiple windows smashed out. This is a minimum housing issue. 11/5/20 Have spoken with property owner, he plans on removing the trailer. 11/19/20-Tried getting in contact with owner 4 times before he answered again, told him he would have to pursue moving the trailer or fines will occur for him. 12/8/20 Property owner has been in contact with lawyers about getting the trailer removed from the property.
4434 JESS DR	DALE E and DEBRA MILLER	Garbage and Rubbish/ Property Maintenance	Complaint Received 1/28. Staff investigated the complaint that addressed two properties and possible violations. A letter was sent on 2/13. Deadline of 3/4 for the Miller property. The Miller property is in violation for having high grass/vegetation and junk and garbage located around the property. Another complaint was received on 5/7 and final letter was sent on 5/13 with a deadline of 5/31. Staff spoke to Mrs. Miller on 6/1/2020 who has a medical condition and she asked for an extension and said she is working to get property cleaned up. Dustin- 9/10 Property new tenant is cleaning up the property 3/4 the way done. Will issue a final citation. A new citation was issued 11/2/20.
2265 O J LN	BENTLEY SHIRLEY MAXINE	Junk Vehicle	Property has a junk vehicle on it and a letter was sent on 10/8/2020. The property owner has cleaned up the property and removed junk vehicle, gave till the 23rd of November to put under pinning on the property 11/5/20. 11/19 went out there and under pinning wasnt done yet.12/1/20 Property owner asked if she could have another 10 days to try and get her sons out there for underpinning.





# SAWMILLS

*North Carolina*

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## Town Manager's Monthly Report

December 2020

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### General Information:

The following is information regarding on-going projects within the Town. If you would like further information about any of the projects or information covered, I would be more than happy to address them at the next council meeting or at your leisure. Please do not hesitate to contact me if I can be of any assistance.

### Paving & Patching:

Project started last week and at the time I typed this, Longbay Dr should be completed by Friday (12/11). Grading started at Marblestone/Stillwater intersection and weather depending will be completed this week. It appears that in the coming year we could potentially see 4 houses being built at this intersection. I will commend you, paving the intersection now was a good decision.

### Corona Virus Relief Funds (CRF):

Installation of equipment has commenced at Baird Park, Veterans Park, and the Farmers Market Lot. Our Public Works staff have ran and burried several lines to keep our cost to a minimum and allow monies to be spent on other things. You should notice new poles at each location and the electrical panel has been set at the Farmers Market lot and it is better than I could have imagined. Lastly, once these installations are complete with will have a WiFi network at all three locations along with security cameras to monitor activity and help ensure safety. These locations should provide an opportunity for those that do not have internet access at home to safely sit somewhere with access to do school work, fill out job applications, etc. Lastly, we will place restrictions on what can be accesed at these locations.



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## **Parks & Rec / Admin Assistant**

Both jobs are posted on the website and Facebook page. I will probably post it on a few other sites next week. I prefer to post locally for a week or two then post on outside sources. I've listed first review of applications as January 4, 2020. Both positions should be filled by mid to end of January.

## **Town Events:**

If you recall, we budgeted for additional Christmas lights for the large tree at the Farmers Market. I decided to hold off on getting them and putting them on the tree because I was unsure how long the lot may be without power because of the electrical installation/upgrade on the lot. I didn't want to spend time, money, and manpower on lights we were not going to get to enjoy.