

AGENDA

Regular Meeting of the Sawmills Town Council Sawmills Town Hall

**Tuesday, February 8, 2022
9:00 am**

- | | | |
|-----|---|-------------------------------|
| 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. December 21, 2020 Regular Meeting Minutes | Mayor Johnnie Greene |
| | B. January 25, 2022 Regular Meeting Minutes | Mayor Johnnie Greene |
| 6. | Public Comment | Mayor Johnnie Greene |
| 7. | Recognitions: | |
| | A. Recycle Rewards | Mayor Johnnie Greene |
| 8. | Financial: | |
| | A. Budget Amendment: Deputy Finance Officer Appointment | Mayor Johnnie Greene |
| | B. Approve Auditor Contract for FY 2021-2022 | Mayor Johnnie Greene |
| 9. | Public Comment | Mayor Johnnie Greene |
| 10. | Updates: | |
| | A. Code Enforcement Report | Mayor Johnnie Greene |
| | B. Town Manager Updates | Town Manager Chase Winebarger |
| | C. Council Comment | Mayor Johnnie Greene |
| 11. | Closed Session: N.C.G.S. §143-318.11(a)(3) | Mayor Johnnie Greene |
| 12. | Adjourn | Mayor Johnnie Greene |

**TUESDAY, DECEMBER 21, 2021
TOWN OF SAWMILLS REGULAR COUNCIL MEETING
6:00 PM**

COUNCIL PRESENT

Mayor Johnnie Greene
Keith Warren
Joe Wesson
Melissa Curtis
Rebecca Johnson

STAFF PRESENT

Chase Winebarger
Julie A Good
Terry Taylor

COUNCIL ABSENT

Clay Wilson

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

INVOCATION: Mayor Johnnie Greene 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 December 21, 2021 Agenda.

Keith Warren made a motion, and Rebecca Johnson seconded, to adopt the December 21, 2021 Agenda. All were in favor.

MOVE FY 2020-2021 AUDIT PRESENTATION: Mayor Johnnie Greene asked for a motion to move the FY 2020-2021 Audit Presentation from Agenda Item 15B to Agenda Item 7.

Rebecca Johnson made a motion, and Joe Wesson seconded, to move the FY 2020-2021 Audit Presentation from Agenda Item 15B to Agenda Item 7. All were in favor.

APPROVE NOVEMBER 16, 2021 REGULAR MEETING MINUTES: Mayor Johnnie Greene asked for a motion to approve the November 16, 2021 regular meeting minutes.

Rebecca Johnson made a motion, and Keith Warren seconded, to approve the November 16, 2021 regular meeting minutes. All were in favor.

APPROVE NOVEMBER 16, 2021 CLOSED SESSION MINUTES: Mayor Johnnie Greene asked for a motion to approve the November 16, 2021 Closed Session Minutes.

Melissa Curtis made a motion, and Joe Wesson seconded, to approve the November 16, 2021 closed session minutes. 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

FINANCIAL MATTERS:

FY 2020-2021 AUDIT PRESENTATION: James Lowdermilk and Rick Hammer, with Lowdermilk, Church & Co., L.L.P., presented the Towns FY 2020-2021 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.

Joe Wesson made a motion, and Rebecca Johnson seconded, to accept the FY 2020-2021 Audit Report. All were in favor.

PUBLIC HEARING: VOLUNTARY ANNEXATION

OPEN PUBLIC HEARING: Mayor Johnnie Greene asked for a motion to open the public hearing.

Keith Warren made a motion, and Joe Wesson seconded, to open the public hearing. All were in favor.

STAFF COMMENTS/RECOMMENDATIONS: Interim Town Planner Alison Adams stated that the town had received a petition for Voluntary Annexation from Ebenezer Christian Children's Home for one (1) parcel (NCPIN 2756 51 4168).

PUBLIC COMMENT: No one wished to speak.

CLOSE PUBLIC HEARING: Mayor Johnnie Greene asked for a motion to close the public hearing.

Rebecca Johnson made a motion, and Joe Wesson seconded, to close the public hearing. All

were in favor.

COUNCIL ACTION: Joe Wesson made a motion, and Melissa Curtis seconded, to adopt the Annexation Ordinance for Ebenezer Christian Children's Home for one (1) parcel (NCPIN 2756 51 4168) to be effective December 21, 2021. All were in favor.

RECOGNITIONS:

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

No Council action was required.

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

Joe Wesson made a motion, and Keith Warren seconded, to adjourn the meeting. All were in favor.

OATH OF OFFICE FOR NEW COUNCIL MEMBERS: Town Clerk Julie A. Good administered the Oath of Office to incoming Mayor, Johnnie Green and incoming Council Members, Clay Wilson and Rebecca Johnson.

COUNCIL PRESENT

Mayor Johnnie Greene
Clay Wilson
Keith Warren
Rebecca Johnson
Joe Wesson
Melissa Curtis

STAFF PRESENT

Chase Winebarger
Julie Good
Terry Taylor

CALL TO ORDER: Mayor Johnnie Greene called the meeting to order.

ADOPT AGENDA: Mayor Johnnie Greene asked for a motion to adopt the December 21, 2021 Agenda.

Joe Wesson made a motion, and Rebecca Johnson seconded, to adopt the December 21, 2021 agenda. 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.

ORGANIZATIONAL MATTERS:

SEATING ARRANGEMENTS: Mayor Johnnie Greene asked Council to be seated as follows:

- Melissa Curtis
- Keith Warren
- Rebecca Johnson
- Town Attorney
- Mayor
- Town Manager
- Joe Wesson
- Clay Wilson
- Town Clerk

ELECTION OF MAYOR PRO TEM: Mayor Johnnie Greene stated that as a result of the November 2021 election, Council would need to elect a new Mayor Pro Tem.

Rebecca Johnson made a motion, and Joe Wesson seconded, to appoint Clay Wilson as Mayor Pro Tem. All were in favor.

COUNCIL ETHICS AND CODE OF CONDUCT: Mayor Johnnie Greene stated that every Council member should have a copy of the Code of Ethics prepared by Town Attorney Terry Taylor and adopted by Town Council on August 17, 2010.

Mayor Johnnie Greene also stated that every Council member should also have the Standard of Conduct prepared by Town Attorney Terry Taylor. Mayor Johnnie Greene asked that each Council member read the form. Each Council member should be prepared to sign the Standard of Conduct form and return it to the Clerk.

No Council action was required.

STANDING COUNCIL COMMITTEE ASSIGNMENTS: Mayor Johnnie Greene announced the attached new Standing Council Committees.

No Council action was required.

FINANCIAL:

ADOPT BUDGET WORKSHOP SCHEDULE: Mayor Johnnie Greene asked for a motion to adopt the proposed FY 2022-2023 budget workshop schedule.

Joe Wesson made a motion, and Rebecca Johnson seconded, to adopt the proposed FY 2022-2023 budget workshop schedule. All were in favor.

APPOINT DEPUTY FINANCE OFFICERS: Mayor Johnnie Greene stated that in the event that the Finance Officer, Karen Clontz, is not available the Town will need alternate Deputy Finance Officers to fulfill her duties pursuant to NCGS § 159-25(b).

Rebecca Johnson made a motion, and Keith Warren seconded to appoint Town Manager Chase Winebarger and Assistant Public Works Director Steve Coonse as Deputy Finance Officers. All were in favor.

BENDED KNEE OUTDOORS DONATION REQUEST: Mayor Johnnie Greene stated that Bended Knee Outdoors, requested a donation in the amount of two hundred dollars (\$200.00).

Joe Wesson made a motion, and Keith Warren seconded, to give a donation in the amount of two hundred dollars (\$200.00) to Bended Knee Outdoors. All were in favor.

UPDATES:

DECEMBER CODE ENFORCEMENT REPORT: Interim Town Planner Alison Adams stated that there are seventeen (17) code enforcement cases open:

- Edith Shatley, 2512 Crest Ln, Rubbish and Zoning Violation. Town Planner Dustin Millsaps stated that on November 23, 2021, a NOV letter was sent for rubbish and unpermitted accessory buildings, also of people living in a tent in the front yard. Town Planner Dustin Millsaps stated that as of December 3, 2021, there had been no progress on the issues;
- Wiley Fletcher, 2502 Crest Ln, Rubbish and Zoning Violation. Town Planner Dustin Millsaps stated that on November 23, 2021, a NOV letter was sent for rubbish being located sporadically on the property, as well as a zoning violation for the accessory buildings located on the property. Town Planner Dustin Millsaps stated that as of December 3, 2021, there had been no progress;

- Greene Properties, LLC, 4811 Helton Rd, Rubbish. Town Planner Dustin Millsaps stated that on November 23, 2021, a NOV letter, along with a copy of the Town's trash pick up policy, was sent for rubbish sitting at the road. Town Planner Dustin Millsaps stated that as of December 3, 2021, the issue has been resolved;
- Steven Killian, 4801 Helton Rd, Rubbish. Town Planner Dustin Millsaps stated that a NOV letter, along with a copy of the Town's trash pick up policy, was sent for rubbish sitting at the road. Town Planner Dustin Millsaps stated that as of December 3, 2021, rubbish had not been picked up but it seems that the rubbish has been covered with a tarp;
- David and Ashley Hoyle, 2465 Granville Dr, Rubbish. Town Planner Dustin Millsaps stated that on November 23, 2021, a NOV letter was sent. Town Planner Dustin Millsaps stated that as of December 3, 2021, it looks like there has been more rubbish added;
- Parker Cox, 2527 Sigmon Dr, Rubbish. Town Planner Dustin Millsaps stated that on November 23, 2021, a NOV letter was sent. Town Planner Dustin Millsaps stated that as of December 3, 2021, the it has started to be cleaned, but there is still a substantial amount of rubbish remaining;
- Gary Hicks, 2520 Sigmon Dr, Rubbish. Town Planner Dustin Millsaps stated that on November 23, 2021, a NOV letter was sent for dilapidated and structures on the property. Town Planner Dustin Millsaps stated that the NOV letter was returned to the Town on November 27, 2021;
- Charles J. and Candis S. Hagaman, 1910 Leah Dr. #13, Rubbish. Town Planner Dustin Millsaps stated that on October 29, 2021, he received a complaint from Public Works regarding various different properties on Leah Drive, some of which encroach on Town property. Town Planner Dustin Millsaps stated that there was a NOV letter sent out. Town Planner Dustin Millsaps stated that he went by the property on November 9, 2021 and there has been no progress on the issue. Interim Town Planner Alison Adams stated that she spoke to someone on December 15, 2021 and was informed that they were hauling a trailer load off on December 16, 2021 and the remaining debris will be taken care of shortly;
- Charles J. and Candis S. Hagaman, 1910 Leah Dr. #12, Rubbish. Town Planner Dustin Millsaps stated that on October 29, 2021, he received a complaint from Public Works regarding various different properties on Leah Drive, some of which encroach on Town property. Town Planner Dustin Millsaps stated that there was a NOV letter sent out. Town Planner Dustin Millsaps stated that he went by the property on November 9, 2021 and there has been some progress on the issue;
- Linda G. Wartko, 5299 Lakewood Dr., Rubbish. Town Planner Dustin Millsaps stated that on October 29, 2021, he received a complaint for stacks of newspapers and junk piled up around the yard. Town Planner Dustin Millsaps stated that he went by the home and observed numerous debris from the road in front, on the sides and all around the home and sent a NOV letter out. Town Planner Dustin Millsaps stated that he went to the address on November 9, 2021 and there has been no progress on the issues;
- Jose A Montes and Ana C Robles, 4321 Cherokee Ct. Rubbish. Town Planner Dustin Millsaps stated that he received a complaint and a NOV letter was sent out on October

- 5, 2021 for overgrown grass as well as rubbish all around the yard. Town Planner Dustin Millsaps stated that he went by the property on October 12, 2021, and November 9, 2021 and the problem still exists. Town Planner Dustin Millsaps stated that he recently learned that the property is in foreclosure;
- Ronald B and Cynthia H Herman, 4126 Shoun Dr. Rubbish. Town Planner Dustin Millsaps stated that he received a complaint and a NOV letter was sent out on September 28, 2021 for many different rubbish items in the yard (lawn mowers, appliances, etc.). Town Planner Dustin Millsaps stated that he went by the property on October 12, 2021 and the problem has started to be addressed, however, not completely. Town Planner Dustin Millsaps stated that he went by the property on November 9, 2021, and it looks that the property is almost completely clean. Town Planner Dustin Millsaps stated that he went by the property on December 3, 2021, and the tenants seem to have accumulated more rubbish in the yard again;
 - 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. Town Planner Dustin Millsaps stated that he has been in contact with Town Attorney Terry Taylor and former Town Planner to get all the evidence for this property. Town Planner Dustin Millsaps stated that on February 19, 2021, the title search process had been started with Town Attorney Terry Taylor. Town Planner Dustin Millsaps stated that on March 11, 2021, there were three (3) heirs found from the title search process and letters had been sent out to all three (3) heirs. Town Planner Dustin Millsaps stated that as of May 11, 2021, fines have started to occur on this property. Town Planner Dustin Millsaps stated that as of June 10, 2021, all information on this case has been handed over to Town Attorney Terry Taylor to explore all options that are left to close this case. Town Planner Dustin Millsaps stated that as of October 12, 2021 Town Attorney Terry Taylor is still engaged in the legal process of trying to find heirs to the property;
 - Thomas Charles Mann, 2228 Horseshoe Acres Dr., Rubbish. Town Planner Dustin Millsaps stated that he received a complaint and a NOV letter was sent out on August 31, 2021 regarding observation that the property has very large tree clippings and two (2) different trailers located within the right of way. Town Planner Dustin Millsaps stated that he went by the property on October 12, 2021, and that the trailers have been

moved, but the tree trimmings still remain. Town Planner Dustin Millsaps stated that he went by the property on November 5, 2021, and all issues are resolved. Interim Town Planner Alison Adams stated that another complaint was received on December 15, 2021, regarding a trailer with a 4-wheeler on it parked in the right of way;

- Charles J. and Candis S. Hagaman, 1910 Leah Dr. #19, Rubbish. Town Planner Dustin Millsaps stated that on October 29, 2021, he received a complaint from Public Works regarding various different properties on Leah Drive, some of which encroach on Town property. Town Planner Dustin Millsaps stated that there was a NOV letter sent out. Town Planner Dustin Millsaps stated that he went by the property on November 9, 2021 and the issue has been resolved.
- Gloria Brown, 4333 Coble Ln, Brush and Carpet. Interim Town Planner Alison Adams stated that a complaint was received on December 15, 2021 and will send a NOV letter, along with a copy of the Town's trash pick up policy, to owner.

No Council action was required.

TOWN MANAGER UPDATES: Town Manager Chase Winebarger had the following updates:

- Town Manager Chase Winebarger stated that the scoreboard at Baird Park is now working and he will have pictures up on Facebook soon.
- Town Manager Chase Winebarger stated that he has spoken to ALE regarding the Ardmore property and they are moving forward with the lawsuit as the Town moves forward with the tax lien.
- Town Manager Chase Winebarger stated that he is working to get the new site plans for Council to look at and should have something at the Budget Retreat. Town Manager Chase Winebarger stated that Parks and Recreation Director Tanner Greene was working with the WPCOG for grants for the first phase of the plan.
- Town Manager Chase Winebarger stated that WPCOG was working with the Town for a grant from FMEA for the South Caldwell Pump Station.
- Town Manager Chase Winebarger stated that all the policies have been sent to David Hill and Mr. Hill will be coming to Town Hall in February or March.
- Town Manager Chase Winebarger stated that the head shots of Council and Staff are back and he will be sending them out soon.
- Town Manager Chase Winebarger stated that the Christmas lunch for Staff would be Wednesday, December 22, 2021 at 11:30am at Tumbleweeds in Lenoir if any Council member would like to attend.

COUNCIL COMMENTS:

Rebecca Johnson wanted to thank everyone for coming to the meeting and wanted to wish everyone a Merry Christmas.

Keith Warren wanted to wish everyone a Merry Christmas.

Joe Wesson wanted to wish everyone a Merry Christmas and a Happy and Prosperous New Year.

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

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

The meeting was adjourned at approximately 6:45pm.

Johnnie Greene, Mayor

Julie A. Good, Town Clerk

**TUESDAY, JANUARY 25, 2022
TOWN OF SAWMILLS REGULAR COUNCIL MEETING
6:00 PM**

COUNCIL PRESENT

Mayor Pro Tem Clay Wilson
Rebecca Johnson

STAFF PRESENT

Julie A Good

COUNCIL ABSENT

Mayor Johnny Greene
Keith Warren
Joe Wesson
Melissa Curtis

CALL TO ORDER: Mayor Pro Tem Clay Wilson called the meeting to order at approximately 6:00pm.

Mayor Pro Tem Clay Wilson stated that there was not enough Council members to make a quorum, therefore, the meeting would be adjourned and all Town business would be conducted at the next scheduled Budget Retreat meeting on Tuesday, February 8, 2022, beginning at 9:00am.

COUNCIL ADJOURN: Mayor Pro Tem Clay Wilson made a motion, and Rebecca Johnson seconded, to adjourn the meeting. All were in favor.

The meeting was adjourned at approximately 6:00pm.

Johnnie Greene, Mayor

Julie A. Good, Town Clerk

AGENDA ITEM 7A

MEMO

DATE:

February 8, 2022

SUBJECT:

Recognition:
Recycle Rewards
Program

Discussion:

The Town of Sawmills would like to congratulate Cathy Knepp on winning the Recycle Rewards Program for the month of January. 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:

February 8, 2022

SUBJECT:

Financial Matters:
Budget Amendment
For Deputy Finance Director

Discussion:

With the retiring of Town of Sawmills Finance Director Karen Clontz in December of 2022, the Town will need to hire and train a replacement. Council will need to approve a budget amendment in the amount of one hundred twenty thousand dollars (\$120,000.00), from the General Fund to the Finance Fund, to cover the expenses for the new position of Deputy Finance Director, in the Finance Department.

Recommendation:

Staff recommends Council approve the budget amendment in the amount of one hundred twenty thousand dollars (\$120,000.00), from the General Fund to the Finance Fund, to cover the expenses for the new position of Deputy Finance Director, in the Finance Department.

BUDGET AMENDMENT ORDINANCE
TOWN OF SAWMILLS
General Fund

BE IT ORDAINED, by the Town Council of the Town of Sawmills, Caldwell County, North Carolina, that the following amendment to the Budget Ordinance for the fiscal year 2021 - 2022 be hereby adopted.

NOW, THEREFORE, BE IT RESOLVED, that the following amendment for the fiscal year be made to the budget for the fiscal year ended June 30, 2022.

<u>Department/Budget</u>	<u>Account Number</u>	<u>Account</u>	<u>Increase</u>	<u>Increase</u>
General Fund-Revenue	1-00-3990	Appropriated Fund Balance		\$120,000
Finance - Expenditure	1-20-4100	Wages	\$85,000	
	1-20-4103	Employee Benefits	\$24,000	
	1-20-4106	Fica/Med/Fed	\$11,000	

Explanation: To cover expenditures for a new position, Deputy Finance Director, in the Finance Department.

This Amendment now adopted this the ____ day of _____, 2022.

Mayor, Town of Sawmills

APPROVED BY:

Finance Officer, Town of Sawmills

ATTEST:

Town Clerk

APPROVED TO FORM:

Town Attorney

AGENDA ITEM 8B

MEMO

DATE:

February 8, 2022

SUBJECT:

Financial Matters:
Approve Auditor
Contract for
FY 2021-2022

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 \$21,315.00 (twenty-one thousand three hundred fifteen dollars), will cover the period of July 1, 2021 to June 30, 2022.

This amount of \$21,315.00 (twenty-one thousand three hundred fifteen dollars) includes the following:

Audit:	\$7,900.00
Preparation of annual financial statements:	\$4,280.00

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 \$21,315.00 (twenty-one thousand three hundred fifteen dollars) and covering the period of July 1, 2021 to June 30, 2022.

The	Governing Board
of	Town Council
	Primary Government Unit
	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
	06/30/22	10/31/22

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). The basic financial statements shall include budgetary comparison information in a budgetary comparison statement, rather than as RSI, for the General Fund and any annually budgeted Special Revenue funds.

2. At a minimum, the Auditor shall conduct the audit and render the report in accordance with GAAS. The Auditor shall perform the audit in accordance with *Government Auditing Standards* if the Governmental Unit expended \$100,000 or more in combined Federal and State financial assistance during the reporting period. The auditor shall perform a Single Audit if required by Title 2 US Code of Federal Regulations Part 200 *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) or the State Single Audit Implementation Act. 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 in accordance with 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).

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 the audit fee or the date that the audit report will be submitted to the LGC, an amended contract along with a written explanation of the change 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. 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 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 30 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 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. See 20 NCAC 03 .0502(c)(6).

30. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted (See Item 17 for clarification).

31. 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>

32. 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.

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

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 the submission of the completed audited financial report and applicable compliance reports subject to this contract, or to an amendment to this contract (if required) the Auditor may submit interim invoices for approval for services rendered under this contract to the Secretary of the LGC, not to exceed 75% of the billings for the unit's last annual audit that was 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

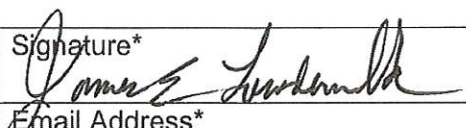
Primary Government Unit	Town of Sawmills
Audit Fee	\$ 7,900
Additional Fees Not Included in Audit Fee:	
Fee per Major Program	\$
Writing Financial Statements	\$ 4,280
All Other Non-Attest Services	\$
75% Cap for Interim Invoice Approval (not applicable to hospital contracts)	\$ 9,135.00

DPCU FEES (if applicable)

Discretely Presented Component Unit	N/A
Audit Fee	\$
Additional Fees Not Included in Audit Fee:	
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*
1.12.22	jim.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

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.

PRINT

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

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

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

January 11, 2022

We are pleased to confirm our understanding of the services we are to provide for Town of Sawmills for the year ended June 30, 2022.

Audit Scope and Objectives

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 disclosures, which collectively comprise the basic financial statements, of Town of Sawmills as of and for the year ended June 30, 2022. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as the Management's Discussion and Analysis (MD&A), to supplement Town of Sawmills'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 Sawmills's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 GAAP 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'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 GAAS, 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) Schedule of Expenditures of Federal and State Awards.
- 2) Combining and Individual Fund Financial Statements.
- 3) Budgetary Schedules.
- 4) Other Schedules.

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinions about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP, and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individual or in the aggregate, they would influence the judgement of a reasonable user based on the financial statements. The objective also includes reporting on:

- Internal control over financial reporting and compliance with the 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 a 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).

Auditor's Responsibilities for the Audit of the Financial Statements and Single Audit

We will conduct our audit in accordance with GAAS; 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. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgement and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transaction and events in a manner that achieves fair presentation. 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 perform specific procedures to detect waste or abuse in the financial audit nor do they expect auditors to provide reasonable assurance of detecting waste or 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 an unavoidable risk that some material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with GAAS 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 on 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.

In connection with the 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 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.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for reasonable period of time.

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 also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry.

We have identified the following significant risk(s) of material misstatement as part of our audit planning.

Improper revenue recognition.
Management override of controls.

The significant risks above were identified in the prior-period audit and we believe they are still relevant. However, planning has not been concluded and modifications may be made.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. 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. 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, *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 Sawmills'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 Sawmills's major programs. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on Town of Sawmills'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, the Schedule of Expenditures of Federal and State Awards, and the related notes of Town of Sawmills in conformity with accounting principles generally accepted in the United States of America and the Uniform Guidance based on information provided by you. We will also prepare the following based on information provided by you: Depreciation schedules, AFIR, Data Collection Form 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 statements, the Schedule of Expenditures of Federal and State Awards, and the related notes services previously defined. We, in our sole judgement, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Responsibilities of Management for the Financial Statements and Single Audit

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, establishing and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal and State 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, the Schedule of Expenditures of Federal and State Awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). 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.

You are also responsible for making drafts of financial statements, the Schedule of Federal and State Awards, all financial records and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledger). 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, such as records, documentation, identification of all related parties and all related-party relationships and transactions and other matters; (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. At the conclusion of our audit, we will require certain written representations from you about the financial statements; the Schedule of Expenditures of Federal and State Awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and related matters.

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. You are also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts and grant agreements 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 and State awards received and understanding and complying with the compliance requirements and for the preparation of the Schedule of Expenditures of Federal and State Awards (including notes and noncash assistance received, and COVID-19 related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance. You agree to include our report on the Schedule of Expenditures of Federal and State Awards in any document that contains, and indicates that we have reported on, the Schedule of Expenditures of Federal and State Awards. You also agree to include the audited financial statements with any presentation of the Schedule of Expenditures of Federal and State Awards that includes our report thereon OR make the audited financial statements readily available to intended users of the Schedule of Expenditures of Federal and State Awards no later than the date the Schedule of Expenditures of Federal and State Awards 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 Schedule of Expenditures of Federal and State Awards in accordance with the Uniform Guidance; (2) you believe the Schedule of Expenditures of Federal and State 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 and State 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. 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 Scope and 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.

With regard to publishing the financial statements on your website, you understand that websites are a means of distributing information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information on the website with the original document.

You agree to assume all management responsibilities for the financial statements, the Schedule of Expenditures of Federal and State Awards, and the 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, the Schedule of Expenditures of Federal and State Awards and the related notes, and that you have

reviewed and approved the financial statements, the Schedule of Expenditures of Federal and State Awards, and the 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.

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.

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 the financial statements, the Schedule of Expenditures of Federal and State Awards, the Summary Schedule of Prior Audit Findings, the 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. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

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, 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.

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 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.

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 \$12,180. 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(s). 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 engagement. If significant additional time is necessary, we will keep you informed of any problems we encounter and our fees will be adjusted accordingly. We are required to inform you that we charge interest at a rate of 18% per annum on all invoices over 30 days old.

We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Town Council of Town of Sawmills. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add emphasis-of-matter or other-matter paragraph to our report, or if necessary, withdraw from this engagement. 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 reports, or withdrawing from the engagement.

The Government Auditing Standards report on internal control over financial reporting and on compliance and other matters, will state 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 state 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.

You have requested that we provide you a copy of our most recent external peer review report and any subsequent reports received during the contract period. Accordingly, our 2021 peer review report 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,

A handwritten signature in black ink, appearing to read "James E. Lowdermilk". The signature is fluid and cursive, with the first name "James" being more prominent than the last name "Lowdermilk".

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

November 2, 2021

To the Partners of Lowdermilk, Church & Co., L.L.P.
and the Peer Review Committee of the Coastal Peer Review, Inc.

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, 2021. 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. 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.

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, 2021, 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.

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P.O. Box 19608 | Greensboro, NC 27419
P: 336-294-4494 • F: 336-294-4495

brccpa.com

AGENDA ITEM 10A

MEMO

DATE:

February 8, 2022

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
2512 CREST LN	EDITH SHATLEY	RUBBISH AND ZONING VIOLATION	11/23/2021 Letter was sent for rubbish and unpermitted accessory buildings, also hearing of people living in a tent in the front yard (currently a tent and front yard). 12/3/2021 Nothing has changed.
2502 CREST LN	WILEY FLETCHER	RUBBISH AND ZONING VIOLATION	11/23/2021 Letter was sent on the account of trash being located spuratically on thr property, as well as a zoning violation for the accessory buildings located on the property. 12/3/2021 Nothing has changed.
4811 HELTON RD	GREENE PROPERTIES, LLC	RUBBISH	11/23/2021 Letter was sent for a mattress sitting at the road. A trash pickup policy was attached.
4801 HELTON RD	STEPHEN KILLIAN	RUBBISH	11/23/2021 Letter was sent for a pile of trash sitting at the street. A trash pickup policy was also attached. 12/3/2021 Trash still not picked up, seems they have covered it with a tarp (still at the road).
2465 GRANVILLE DR	DAVID H. & ASHLEY G. HOYLE	RUBBISH	11/23/2021 Letter sent for various amounts of rubbish throughout the yard. Looks to be selling the stuff. 12/3/2021 Seems that they have received more stuff (rugs, boxes, etc.)
2527 SIGMON DR	PARKER L. COX (4658 IKE STARNES RD)	RUBBISH	11/23/2021 Letter sent to tenant and owner for and absurd amount of rubbish around the property. All major kitchen appliances are sitting in the front yard. 12/3/2021 Seems they have started, yet a substantial amount of rubbish still remains.
2520 SIGMON DR	GARY HICKS	RUBBISH	11/23/2021 Letters sent for the dilapidated and buildings and structures on the property. 11/27/2021 Letter undeliverable.
1910-13 LEAH DR	CHARLES J. & CANDIS S. HAGMAN	RUBBISH	10/29/2021 Complaint received from Public Works about various different properties on Leah Drive that even encroaches on town property. 11/9/2021 Doesn't look as if they have started to resolve this issue. 12/3/2021 Looks as if they have made a substantial impact in cleaning up the property, however the issue still remains. Spoke to the gentleman 12.15.21 and he is hauling a trailer load off on the 16th and will have the remaining debris taken care of shortly.
1910-12 LEAH DR	CHARLES J. & CANDIS S. HAGMAN	RUBBISH	10/29/2021 Complaint received from Public Works about various different properties on Leah Drive that even encroaches on town property. 11/9/2021 Property has started to be delt with. 12/3/2021 All of the debris has been cleaned, only issue remaining is an old car that is neither the tenant's car nor the property owner. Following the same path as Gatewood Drive did by obtaining a lawyer and getting the car removed.
5299 LAKEWOOD DR	LINDA G WARTKO	RUBBISH	10/29/2021 Complaint received for stacks of newspapers and junk piled up around the home. Numerous debris observed from the road in front, on the sides and all around the home. 11/9/2021 Problem still persist. 12/3/2021 The problem still persist, if not worse. Seems that they have covered the newspapers with leaves.
4321 CHEROKEE CT	JOSE A. MONTES AND ANA C. ROBLES	RUBBISH	10/29/2021 A letter was issued for overgrown grass as well rubbish all around the yard. 10/12/2021 Problem still exist. 11/9/2021 Property is still in violation. Have recently learned this property is in foreclosure and will resolve itself whenever the house is sold.
4126 SHOUN DR	RONALD B. & CYNTHIA H. HERMAN	RUBBISH	9/28/2021 Letter issued for many different rubbish items in the yard (lawn mowers, appliances, etc.) 10/12/2021 Problem has started to be addressed, however, not completely. 11/9/2021 Looks like they're almost finished cleaning up the property. 12/3/2021 The tenants seem to have accumulated more rubbish in the yard again.

4486 SAWMILLS SCHOOL RD	TERESA ANNAS COMPTON	Abandoned Mobile Home/Garbage and Rubbish	Complaint Received 1/13/20. 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-9/10/2020 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. 2/19/21 Have started the title search process with Terry Taylor. 3/11/2021 From the title search we were able to find the location on the three heirs. 5/11/2021 Fines have started to occur. 6/10/2021 All information has been handed over to Terry Taylor to explore next steps. 10/12/2021 Terry Taylor is still engaged in the legal process of notifying the heirs.
2228 HORSESHOE ACRES DR	THOMAS CHARLES MANN	RUBBISH	8/31/2021 Letter was sent because from observation the property has very large tree clippings and two different trailers located within the right of way. 10/12/2021 Trailers have been moved, tree clippings still remain. 11/5/2021 Issue resolved
2228 HORSESHOE ACRES DR	THOMAS CHARLES MANN	Traier and 4-wheeler in right of way, large log	received complaint 12.15.21. Visited site 12.15.21, trailer and 4-wheeler were parked in the right of way (ditch), large log located in the front yard, looks to have been there for a very long time. Per Council compliance is not needed.
1910-19 LEAH DR	CHARLES J. & CANDIS S. HAGMAN	RUBBISH	10/29/2021 Complaint received from Public Works about various different properties on Leah Drive that even encroaches on town property. 11/9 Problem resolved
4333 Coble Lane	GLORIA BROWN	BRUSH AND CARPET	Received complaint 12.15.21. Visited the site 12.15.21. Owner needs to call in a special pick up to town. Phone number Gloria Brown - 828-455-8090 (water bills). Materials have been picked up.
4426 Sawmills School Road	Jacob Deal	RUBBISH AND JUNK VEHICLES	Received a complaint 1/6/22. Dogs have been removed (original complaint), rubbish and junk vehicles will be addressed. A letter went out 1/12/2022 and a phone call made to the property owner.
	Open Violation		
	Open Violation (in Limbo)		
	Successfully Closed Violation		