



Regular Council Meeting & Public Hearing on: Proposed Annual Budget for FY 2020 - Minutes Monday, June 3, 2019

COUNCIL PRESENT:

Mayor Mulhollem
Mayor Pro Tem Castleberry
Council Member Bruton
Council Member Jackson
Council Member Locklear
Council Member Wilson

STAFF PRESENT:

Mike Gordon, Town Administrator
C.L. Gobble, Administrative Consultant
Chip Hewett, Town Attorney
Julie Maybee, Town Planner
Bob Clark, Planning/Zoning Administrator
Kim P. Batten, Finance Officer/Town Clerk

COUNCIL ABSENT:

MEDIA PRESENT:

None

1. WELCOME/CALL TO ORDER:

a) Invocation

Mayor Mulhollem called the meeting to order at 6:30 p.m. in the Jeffrey D. Barnes Council Chambers and declared a quorum present. Council Member Jackson offered the invocation.

b) Pledge of Allegiance

Mayor Mulhollem led in the Pledge of Allegiance to the US Flag.

2. OPEN FORUM/PUBLIC COMMENTS:

(Maximum of 30 minutes allowed, 3 minutes per person)

a) No Public Comments.

3. APPROVAL OF AGENDA:

a) No additions or changes noted.

Moved by: Council Member Wilson
Seconded by: Mayor Pro Tem Castleberry

Approved Agenda.

CARRIED UNANIMOUSLY

4. CONSENT AGENDA:

a) July's Regular Council Meeting will be Monday, July 1, 2019 instead of July 8, 2019

The Revised Town Council Meeting Schedule appears as follows:



TOWN OF ARCHER LODGE
2019 Town Council Meetings

REVISED 6/3/2019

January 7, 2019

January 22, 2019 TUESDAY (WS)

July 1, 2019 * Originally 7/8/19

July 15, 2019 (WS)

February 4, 2019

February 18, 2019 (WS) **CANCELLED**

February 23, 2019 (Budget Planning Retreat – Parkside Cafe, Pine Level 8:30 am)

August 5, 2019

August 19, 2019 (WS)

March 4, 2019

March 18, 2019 (WS)

September 3, 2019 TUESDAY

September 16, 2019 (WS)

April 1, 2019

April 15, 2019 (WS)

October 7, 2019

October 21, 2019 (WS)

May 6, 2019

May 20, 2019 (WS)

November 4, 2019

November 18, 2019 (WS)

June 3, 2019

*** June 17, 2019 **SPECIAL MEETING**

December 2, 2019

December 16, 2019 (WS)

Regular Council Meetings are held the first Monday of the month & Work Sessions (WS) are held the third Monday of the month at 6:30 p.m. in the Jeffrey D. Barnes Council Chambers located at 14094 Buffalo Road, Clayton, NC, unless otherwise noted.

In accordance with NC GS 143-318.10, this is an official meeting of the Town of Archer Lodge Council and it is open to the public.

www.archerlodgenc.gov

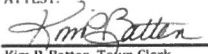
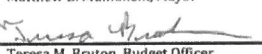
b) Budget Amendment (BA 2019 05)

The Approved Budget Amendment (BA 2019 05) appears as follows:

Budget Amendment		BA 2019 05		
Town of Archer Lodge				
Fiscal Year Ending	06/30/19			
Budget Amendment	BA 2019 05			
Date	03-Jun-19			
General Fund				
Account	Account Number	Budget	Amendment	Amended Budget
Revenues:				
2019 Property Taxes	10-3119-0000	-	1,000.00	1,000.00
ABC Profits Johnson County	10-3317-0000	25,000.00	2,000.00	28,000.00
Permits and Fees	10-3340-0000	7,000.00	1,000.00	8,000.00
PEG Channel Support	10-3461-0000	52,000.00	2,000.00	54,000.00
Total Increase (Decrease) in Revenues			7,000.00	
Expenditures:				
Gov Body: Election Expenses	10-4110-2500	4,000.00	(2,000.00)	2,000.00
Admin: Salaries (Part-Time)	10-4120-1220	13,200.00	2,800.00	16,000.00
Admin: FICA Taxes	10-4120-1810	9,560.00	940.00	10,500.00
Admin: Vehicle Maintenance	10-4120-3050	-	80.00	80.00
Admin: Contracted Services - Consultant	10-4120-3550	35,000.00	(7,000.00)	28,000.00
Admin: Dues & Subscriptions	10-4120-4000	915.00	300.00	1,215.00
Public Bldg: Electric	10-4190-3330	5,000.00	1,000.00	6,000.00
Public Bldg: Communications	10-4190-3340	6,000.00	500.00	6,500.00
Video Prog: PEG Media Partners - FWT	10-4200-3500	52,000.00	2,000.00	54,000.00
Public Safety: Contracted Services - ALVFD	10-4300-3500	265,000.00	9,000.00	274,000.00
Public Safety: Contracted Services - Animal Ctrl	10-4300-3550	3,000.00	1,250.00	4,250.00
Public Safety: Law Enforcement Designation	10-4300-3600	25,000.00	(25,000.00)	-
Public Works: Contracted Services	10-4510-3500	10,000.00	(7,000.00)	3,000.00
Plan/Zone: Salaries (Part-Time)	10-4910-1220	-	4,250.00	4,250.00
Plan/Zone: FICA Taxes	10-4910-1810	1,200.00	800.00	2,000.00
Plan/Zone: Vehicle Maintenance	10-4910-3050	-	80.00	80.00
Transfer to Public Safety Reserve Fund 32	10-9900-0032	-	25,000.00	25,000.00
Total Increase (Decrease) in Expenditures			\$ 7,000.00	
Justification for Budget Amendment:				
To appropriate or reappropriate unanticipated revenues and expenditures as recorded.				
Adopted this 3rd day of June 2019				
ATTEST:	Matthew B. Mulhollem, Mayor			
Kim P. Batten, Town Clerk	Teresa M. Bruton, Budget Officer			

c) **Capital Project Ordinance Amendment - Town Hall Expansion (CPOA 2019 01)**

The Approved Capital Project Ordinance Amendment for the Town Hall Expansion (CPOA 2019 01) appears as follows:

Capital Project Ordinance Amendment		CPOA 2019 01 (TH EXPANSION)		
Town of Archer Lodge				
Fiscal Year Ending	06/30/19			
Date	CPOA 2019 01 03-Jun-19			
CAPITAL PROJECT ORDINANCE - TOWN HALL EXPANSION				
Account	Account Number	Budget	Amendment	Amended Budget
Revenues:				
Total Increase (Decrease) in Revenues				
Expenditures:				
Contracted Services-Construction	40-4190-3500	420,000.00	(20,000.00)	400,000.00
Small Equipment & Furnishings	40-4190-5000	30,000.00	20,000.00	50,000.00
Total Increase (Decrease) in Expenditures		\$ -		
		\$ -		
Justification for Budget Amendment:				
To reappropriate expenditures as recorded.				
Adopted this 3rd day of June 2019				
ATTEST:		Matthew B. Mulhollem, Mayor		
				
Kim P. Batten, Town Clerk		Teresa M. Bruton, Budget Officer		
				

d) **Service Agreement between the Town of Archer Lodge and N-Focus for FY 2020**

The Approved N-Focus Service Agreement for Fiscal Year 2020 appears as follows:



STATE OF NORTH CAROLINA
COUNTY OF JOHNSTON

AGREEMENT WITH
LOCAL GOVERNMENT

THIS AGREEMENT made the 3rd day of June, 2019 by and between Town of Archer Lodge, a North Carolina unit of Local Government (hereinafter known as "Local Government"); and, N-Focus, Inc.; a North Carolina corporation (hereafter known as "Contractor"), by signatures below, enter into the following Agreement:

WITNESSETH:

WHEREAS, Contractor has expertise in local government functions and Local Government has a need for such functions; and

WHEREAS, Local Government and Contractor desire to enter into this Agreement;

NOW THEREFORE, Local Government and Contractor agree as follows:

Section A. SCOPE OF FUNCTIONS

Contractor will provide Contractor personnel to perform the following specialized Functions for Local Government:

1. Planning & Implementation Functions Include:
 - a) Conduct comprehensive field studies of land use and development patterns throughout Local Government jurisdiction;
 - b) Conduct comprehensive review of adopted policies applicable to land use and development throughout Local Government jurisdiction;
 - c) Conduct comprehensive review of Local Government programs and policies to serve existing and future development within Local Government jurisdiction;
 - d) Prepare plans and policy documents to achieve stated goals of Local Government through information gathering techniques to be determined and agreed upon with Local Government;
 - e) Preparation of governing and/or advisory board/council/commission reporting materials;
 - f) Presentations of governing and/or advisory board/council/commission reporting materials;
 - g) Conduct review of applications for land development permits and approvals in accordance with applicable policies and ordinances; and
 - h) Coordinate with Local Government staff for the proper filing of records within the official record of Local Government.

N-Focus

Initials: NF Date: 06.03.19

Archer Lodge - FY 20 Planning

Initials: AL Date: 06.03.19

Page 1 of 7



Section B. TERMS AND CONDITIONS

1. Contractor Personnel: To ensure performance of Functions defined in "Section A." herein above meet the expectations of Local Government, Contractor shall assign a primary professional, an employee of the Contractor, to Local Government. The primary professional shall be responsible for Contractor employees performing the agreed upon Functions. Contractor personnel performing the Functions shall be either certified or licensed in their respective fields or apprentice under direct supervision of the primary professional. Contractor personnel performing these Functions shall have considerable knowledge in the principles and practices of local government. The primary professional, supporting personnel and subordinate person(s), if applicable, assigned to perform these Functions shall be skilled in the use of work-related computer software packages and other technology used to perform position Functions.
2. E-Verify: Contractor represents and warrants that it is in compliance with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes. Further, Contractor warrants that any subcontractors used by Contractor will be in compliance with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes.
3. Certification: Contractor certifies that, as of the Effective Date of this Agreement, Contractor is not on the Final Divestment List as created by the State Treasurer pursuant to N.C.G.S. § 147-86.58. In compliance with the Iran Divestment Act and N.C.G.S. § 147-86.58, Contractor shall not utilize in the performance of the contract any subcontractor that is identified on the Final Divestment List.
4. Status of Contractor: Contractor and Local Government agree that in the performance of the Functions defined in "Section A." herein above, Contractor personnel shall not be deemed to be an employee(s) of Local Government for any purpose whatsoever, nor act under Color of State Law.
5. Work Products: All materials produced by Contractor personnel assigned to Local Government shall be the property of Local Government and shall be filed on-site in the offices of Local Government, unless otherwise authorized for purposes and intent of the performance of Functions. Contractor shall be entitled to retain copies, both electronic and paper, of any work products prepared for the benefit of Local Government. Contractor shall not copyright any work products on behalf of Local Government; however, Contractor shall retain the right to utilize work products, such as improved administrative forms, plans, etc., or any portion thereof, for the purpose of performing similar Functions to other jurisdictions.
6. Progress Reporting: Contractor shall communicate progress of work performed to Local Government's administrative officer and/or department head periodically or as determined by Local Government.

N-Focus

Initials: NF Date: 06.03.19

Archer Lodge - FY 20 Planning

Initials: AL Date: 06.03.19

Page 2 of 7



7. **Period of Service (POS):** Functions defined in "Section A." herein above shall be performed routinely based upon a mutually agreeable schedule during the period July 1, 2019 and ending June 30, 2020. POS as defined herein may be amended through either Termination, as set forth in "Section B.13." herein, or, Extension, as set forth in "Section B.15." herein.
8. **Level of Service (LOS):** Functions defined in "Section A." herein above shall be performed at a LOS of approximately 624 hours during the POS as defined in "Section B.7." herein or 30% Full Time Equivalency (FTE) and shall be delivered at approximately 12 hours per calendar week on average. LOS will be monitored monthly, with quarterly invoicing for overages. LOS may be amended by either separate agreement, subsequent addendum hereto, or written/e-mail authorization with Compensation as defined in "Section B.9." herein, and Payments as defined in "Section B.10." herein, adjusted accordingly.
9. **Compensation:** The fee for Functions to be performed as defined in "Section A." herein above shall be Forty-Seven Thousand Four Hundred Eighty-Six and 40/100's (\$47,486.40) dollars for the POS as noted in "Section B.7." herein. The fee is inclusive of all personnel costs including but not limited to:
- Base Salary plus:
 - Social Security & Medicare (FICA)
 - State Unemployment Insurance (SUTA)
 - Federal Unemployment Insurance (FUTA)
 - Worker's Compensation Insurance
 - Benefits:
 - Health, Life Disability Insurance
 - Paid Vacation & Personal Time
 - Paid Holidays
 - Paid Travel Time
 - Professional Development & Certifications;
 - Cellular Communications;
 - Company Vehicle with
 - Vehicle Insurance
 - Vehicle Operations & Maintenance
 - Meals & Lodging; and
 - Management cost

Printing and reproduction shall be provided by Local Government. Any direct expenses (i.e. printing, postage, etc.) provided by Contractor on behalf of Local Government, shall be reimbursed at actual cost plus seven (7%) percent. Travel cost to and from Local Government by Contractor personnel is included in the fee above. Travel by Contractor personnel on behalf of Local Government to perform inspections within Local Government, or attend meetings outside Local Government, shall be reimbursed at the current IRS Standard Mileage Rate.

N-Focus

Initials: F-ff Date: 06.13.19

Archer Lodge – FY 20 Planning

Initials: uob Date: 06.03.19

Page 3 of 7



10. **Payments:** Local Government shall provide twenty-six (26) equal bi-weekly payments per "Exhibit A" attached herewith in the amount of One Thousand Eight Hundred Twenty-Six and 40/100's (\$1,826.40) dollars without invoice. Bi-weekly payments shall be made during the bi-weekly POS with the first payment due and payable within ten (10) days of the beginning of the POS defined in "Section B.7." herein. Monthly invoicing for travel & direct expenses as noted in "Section B.9." herein and quarterly invoicing for LOS overages as noted in "Section B.8." herein shall be due and payable within ten (10) days of invoice. A late payment penalty equal to 1.5% of the unpaid balance of either bi-weekly payments or monthly invoicing may be assessed.
11. **Access:** Local Government shall provide Contractor personnel with legal access to the primary work area during normal operating hours.
12. **Liability:** Contractor personnel assigned to Local Government are acting as contracted agents of Local Government in accordance with NCGS 160A-20.1 and no liability is implied or assumed for actions on behalf of Local Government, its administration, appointed officials and/or elected officials. General liability insurance shall be maintained by Contractor throughout the POS as defined in "Section B.7." herein for the Functions to be performed under this Agreement. Contractor shall provide Local Government with a Certificate of Insurance prior to beginning Functions defined in "Section A." herein above. This certificate will become a part of this Agreement upon execution of this Agreement. Contractor shall further indemnify and hold Local Government harmless from any/all worker compensation claims by Contractor personnel and any other claims arising out of Contractor personnel's conduct.
13. **Termination:** Contractor or Local Government may terminate this Agreement for any reason with sixty (60) days written notification. In the event of early termination by Contractor or Local Government, compensation for all Functions actually provided by Contractor through the date of termination will be due and payable at the unit costs in effect at the time of termination. Compensation for any part of a billing cycle based upon the days within said cycle shall be prorated through the date of termination. In the event Contractor personnel currently employed, recently separated/terminated or retired from Contractor become employed directly by Local Government either during the POS as defined in "Section B.7." herein or within one-hundred-eighty (180) days of the effective date of Agreement termination and/or expiration, Contractor shall be entitled to supplemental compensation by Local Government equal to three (3) months of said employee's full time gross salary equivalent in effect at the time of Agreement Termination and/or Expiration; furthermore, the supplemental compensation shall be due and payable within ten (10) calendar days of the date Contractor personnel begins employment with Local Government.
14. **Expiration:** This Agreement shall expire at 11:59 pm on June 30, 2020, unless extended, as defined in "Section B.15." herein.

N-Focus

Initials: F-ff Date: 06.13.19

Archer Lodge – FY 20 Planning

Initials: uob Date: 06.03.19

Page 4 of 7



15. **Extension:** This Agreement may be extended by either separate agreement, subsequent addendum hereto, or written/e-mail authorization. Upon extension of this Agreement, POS as defined in "Section B.7." herein, LOS as defined in "Section B.8." herein, Compensation as defined in "Section B.9." herein, and Payments as defined in "Section B.10." herein, are subject to change. All other Terms & Conditions defined herein shall remain the same.
16. **Certifications:** Contractor personnel shall not be required to sign any documents, no matter by whom requested, that would result in Contractor personnel having to certify, guarantee or warrant the existence of conditions whose existence Contractor personnel cannot ascertain. Local Government agrees not to make resolution of any dispute with Contractor or payment of any amount due to Contractor in any way contingent upon Contractor's personnel signing any such certification or document.
17. **Force Majeure:** Contractor shall not be responsible for any delays, damages, costs, expenses, liabilities or other problems that may arise as a result of a force majeure. A "force majeure" is defined as any event arising from causes beyond the reasonable control of Contractor, including but not limited to fire, flood, unusual inclement weather, acts of God, civil strikes or labor disputes, riots, acts or failures of Local Government or others.
18. **Conflicting Terms and Provisions:** In the event of conflict among this Agreement and any hereto attached exhibits, this Agreement shall govern.
19. **Dispute Resolution:** It is acknowledged this Agreement shall be governed by the laws of the State of North Carolina in the event of dispute. Any dispute, controversy or claim arising out of or relating to this Agreement, in particular its conclusion, interpretation, performance, breach, termination or invalidity, shall be finally settled by the courts having exclusive jurisdiction within the county of Local Government.
20. **Counterparts:** This Agreement may be executed in two or more counterparts, each of which together shall be deemed an original, but all of which together shall constitute one and the same instrument. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.
21. **Entire Agreement:** Local Government and Contractor acknowledge this Agreement and any Attachments hereto constitute the entire agreement between Local Government and Contractor concerning the subject matter hereof. All prior agreements, discussions, representations, warranties and covenants are merged herein. There are no warranties, representations, covenants or agreements, expressed or implied, between Local Government and Contractor except those expressly set forth in this Agreement. Any amendments or modifications of this Agreement shall be in writing and executed by Local Government and Contractor. Unless stated otherwise in this Agreement, this Agreement may not be modified.

N-Focus

Initials: FRF Date: 06.03.19

Archer Lodge – FY 20 Planning

Initials: LRB Date: 06.03.19

Page 5 of 7



22. **Representatives:** On behalf of Contractor, only the following individuals have authority to modify or alter the terms and conditions of this Agreement:
- F. Richard Flowe, President & CEO
Patricia A. Rader, Secretary/Treasurer & COO
23. **Notification:** All correspondence shall be directed to:
- Patti Rader, Manager
N-Focus, Inc.
315 South Main Street, Suite 200
Kannapolis, NC 28081
704.933.0772
PRader@NFocusPlanning.org

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N-Focus

Initials: FRF Date: 06.03.19

Archer Lodge – FY 20 Planning

Initials: LRB Date: 06.03.19

Page 6 of 7

Section C. ACCEPTANCE:

Patricia A. Rader

May 15, 2019

Patricia A. Rader, Manager

Date

N-Focus Planning & Design, Inc.

ACCEPTED on behalf of Local Government by:

Shikha Bamba

June 3, 2019

SignatureDate

Mike Gordon, Town Administrator

Printed name of authorized person signed above

Seal of Local Government

TOWN OF ARCHER LODGE

NORTH CAROLINA

ATTEST:

Kim P. Batten

June 3, 2019

Clerk to the governing board/council of

Date

Local Government

PRE-AUDIT:

This document has been pre-audited in accordance with applicable North Carolina General Statute.

Kim P. Batten

June 3, 2019

Finance OfficerDate

N-Focus

Initials: *PRR* Date: *06.13.19*

Archer Lodge – FY 20 Planning

Initials: *bab* Date: *06.30.19*

Page 7 of 7

N-Focus, Inc.

Town of Archer Lodge

FY 20 Planning Agreement

"Exhibit A"

Payment Schedule

Contract Payment Due Dates	Payment Dates	Check Number	(26) Bi-Weekly Payments of	Contract Balance	Notes
			\$ 1,826.40	\$ 47,486.40	
2019					
1 July 10th		1	\$ 1,826.40	\$ 45,660.00	
2 July 24th		2	\$ 1,826.40	\$ 43,833.60	
3 August 7th		3	\$ 1,826.40	\$ 42,007.20	
4 August 21st		4	\$ 1,826.40	\$ 40,180.80	
5 Sept. 4th		5	\$ 1,826.40	\$ 38,354.40	
6 Sept. 18th		6	\$ 1,826.40	\$ 36,528.00	
7 Oct. 2nd		7	\$ 1,826.40	\$ 34,701.60	
8 Oct. 16th		8	\$ 1,826.40	\$ 32,875.20	
9 Oct. 30th		9	\$ 1,826.40	\$ 31,048.80	
10 Nov. 13th		10	\$ 1,826.40	\$ 29,222.40	
11 Nov. 27th		11	\$ 1,826.40	\$ 27,396.00	
12 Dec. 11th		12	\$ 1,826.40	\$ 25,569.60	
13 Dec. 25th		13	\$ 1,826.40	\$ 23,743.20	
2020					
14 Jan. 8th		14	\$ 1,826.40	\$ 21,916.80	
15 Jan. 22nd		15	\$ 1,826.40	\$ 20,090.40	
16 Feb. 5th		16	\$ 1,826.40	\$ 18,264.00	
17 Feb. 19th		17	\$ 1,826.40	\$ 16,437.60	
18 March 5th		18	\$ 1,826.40	\$ 14,611.20	
19 March 19th		19	\$ 1,826.40	\$ 12,784.80	
20 April 2nd		20	\$ 1,826.40	\$ 10,958.40	
21 April 16th		21	\$ 1,826.40	\$ 9,132.00	
22 April 30th		22	\$ 1,826.40	\$ 7,305.60	
23 May 14th		23	\$ 1,826.40	\$ 5,479.20	
24 May 28th		24	\$ 1,826.40	\$ 3,652.80	
25 June 11th		25	\$ 1,826.40	\$ 1,826.40	
26 June 25th		26	\$ 1,826.40	\$ (0.00)	

N-Focus

Initials: *PRR* Date: *06.13.19*

Archer Lodge – FY 20 Planning Agreement

Initials: *bab* Date: *06.30.19*

Page 1 of 1

Moved by: Council Member Wilson
Seconded by: Council Member Locklear
Approved Consent Agenda.

CARRIED UNANIMOUSLY

5. PUBLIC HEARING:

(Maximum of 30 minutes allowed, 3 minutes per person)

a) Proposed Annual Budget Ordinance for Fiscal Year 2020

Mayor Mulhollem asked for motion to Open the Public Hearing.

- There were no public comments.

Mayor Mulhollem asked for motion to Close the Public Hearing.

Moved by: Council Member Jackson

Seconded by: Council Member Locklear

Approved to Open Public Hearing at 6:33 p.m.

CARRIED UNANIMOUSLY

Moved by: Council Member Wilson

Seconded by: Mayor Pro Tem Castleberry

Approved to Close Public Hearing at 6:34 p.m.

CARRIED UNANIMOUSLY

6. DISCUSSION AND POSSIBLE ACTION ITEMS:

a) Discussion and Consideration of Appointing an Archer Lodge Representative to Attend the Clayton Economic Development Board Meetings

After giving recap of the discussion at the May 20, 2019 Work Session, Mayor Mulhollem opened the floor for any further discussion. Mayor Mulhollem recommended Mayor Pro Tem Castleberry to attend the Clayton Economic Development Board Meetings on behalf of the Town of Archer Lodge. Mr. Castleberry acknowledged that he was willing to attend. No discussion followed.

Moved by: Council Member Wilson

Seconded by: Council Member Jackson

Appointed Mayor Pro Tem Castleberry to attend the Clayton Economic Development Board Meetings as the Town of Archer Lodge Representative.

CARRIED UNANIMOUSLY

b) Discussion and Consideration of Adopting an Ordinance Establishing a Public Safety Reserve Fund for the Town of Archer Lodge (Ordinance# AL2019-06-1)

Mayor Mulhollem opened the floor for discussion. Council Member Bruton stated that she was satisfied with the change in Item 3 by adding an actual dollar amount appropriated in previously adopted budget ordinances. There was no other discussion.

The Adopted Ordinance Establishing a Public Safety Reserve Fund for the Town of Archer Lodge (Ordinance# AL2019-06-1) appears as follows:

AN ORDINANCE ESTABLISHING A PUBLIC SAFETY RESERVE FUND FOR
THE TOWN OF ARCHER LODGE

WHEREAS, the Town of Archer Lodge is a municipality duly organized under the laws of the State of North Carolina; and,

WHEREAS, the Town Council finds a need to establish a separate Public Safety Reserve Fund in which funds shall be accumulated for Public Safety; and,

WHEREAS, the Town Council has determined there is a need to fund the Public Safety Reserve Fund for future Public Safety demands,

BE IT THEREFORE ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF
ARCHER LODGE AS FOLLOWS:

- 1) The Town of Archer Lodge hereby establishes a Public Safety Reserve Fund. The monies in the Public Safety Reserve Fund shall be used solely for Public Safety expenditures. For purposes of this Ordinance, Public Safety Expenditures are intended to last more than one year. Expenditures may include real property purchases, personal property purchases, new hires and other public safety demands intended to last more than one year.
- 2) The Public Safety Reserve Fund shall be funded by transferring funds from the General Fund to the Public Safety Reserve Fund as adopted in the Annual Budget Ordinance each fiscal year.
- 3) Accordingly, the Public Safety Reserve Fund shall also include the \$275,000 appropriated in previously adopted budget ordinances from fiscal year ending June 30, 2013 through fiscal year ending June 30, 2018 which was designated for law enforcement.
- 4) This Ordinance shall be effective upon its adoption.

Duly adopted, this the 3rd day of June 2019.

TOWN OF ARCHER LODGE


Matthew B. Mulhollem, Mayor



ATTEST:

Kim P. Batten, Town Clerk

Moved by: Council Member Jackson
Seconded by: Council Member Locklear

Adopted Ordinance Establishing a Public Safety Reserve Fund for the Town of Archer Lodge (Ordinance# AL2019-06-1).

CARRIED UNANIMOUSLY

c) Discussion and Consideration of Engaging May & Place, PA to Audit Financial Records and Approving the Audit Contract for Fiscal Year ending June 30, 2019

Mayor Mulhollem opened the floor for discussion. Council Member Bruton questioned if the contract would be just for one year. Ms. Batten explained that this Audit Contract is for Fiscal Year 2019 only and due to the possibility of future required Audit changes, Council will vote each year on Auditing Services.

The Approved Letter of Engagement for May & Place, PA to Audit Financial Records for Fiscal Year ending June 30, 2019 appears as follows:

May & Place, PA
CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 900
LOUISBURG, NC 27549
Bus: 919-496-3041
Fax: 919-496-6342

SCOTT H. MAY, CPA
DALE R. PLACE, CPA, CFE

May 20, 2019

To the Honorable Mayor and Town Council Members
14094 Buffalo Road
Clayton, NC 27527

We are pleased to confirm our understanding of the services we are to provide the Town of Archer Lodge for the year ended June 30, 2019. We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of the Town of Archer Lodge as of and for the year ended June 30, 2019. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Town of Archer Lodge'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 the Town of Archer Lodge's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.

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

- 1) Combining and individual fund statements
- 2) Budgetary schedules and 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 the Town of Archer Lodge 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 the Town of Archer Lodge's financial statements. Our report will be addressed to the Honorable Mayor and Town Council of the Town of Archer Lodge. 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 may withdraw from this engagement.

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

Audit Procedures—General

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

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

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal

acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

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

Audit Procedures—Compliance

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

Other Services

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

Management Responsibilities

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

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

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

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

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on

the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

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

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

Engagement Administration, Fees, and Other

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

We will provide copies of our reports to Town Council; 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 May & Place, PA 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. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of May & Place, PA 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. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the parties contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately July 1, 2019 and to issue our reports no later than October 31, 2019. Dale Place is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be \$4,425.00 for the audit and \$4,125.00 for the financial statement preparation. Our invoices for these fees will be rendered in accordance with the North Carolina Local Government Commission instructions as detailed in the contract. 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 appreciate the opportunity to be of service to the Town of Archer Lodge 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,

May & Place, PA

May & Place, PA

RESPONSE:

This letter correctly sets forth the understanding of the Town of Archer Lodge.

Management signature: *Mike Gordon*

Title: Mike Gordon, Town Administrator

Date: 3 JUNE 19

Governance signature: *Matthew B. Mulhollem*

Title: Matthew B. Mulhollem, Mayor

Date: 6-3-19

The Approved Audit Contract for Fiscal Year ending June 30, 2019 appears as follows:

LGC-205		CONTRACT TO AUDIT ACCOUNTS		Rev. 10/2018	
The	Governing Board Town Council				
of	Primary Government Unit Town of Archer Lodge				
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 May & Place, PA				
	Auditor Address PO Box 900 Louisburg, NC 27549				
Hereinafter referred to as Auditor					
for	Fiscal Year Ending 6/30/19	Audit Report Due Date 10/31/19	Must be within four months of F.Y.E.		
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 <i>Government Auditing Standards</i> if required by the State Single Audit Implementation Act, as codified in G.S. 159-34. If required by OMB <i>Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> (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). County and Multi-County Health Departments: The Office of State Auditor will require Auditors of these Governmental Units to perform agreed upon procedures (AUPs) on eligibility determination on certain programs. Both Auditor and Governmental Unit agree that Auditor shall complete and report on these AUPs on					
Page 1 of 8					

eligibility determination as required by OSA and in accordance with the instructions and timeline provided by OSA.

3. If an entity is determined to be a component of another government as defined by the group audit standards, the entity's auditor shall make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.

4. This contract contemplates an unmodified opinion being rendered. If during the process of conducting the audit, the Auditor determines that it will not be possible to render an unmodified opinion on the financial statements of the unit, the Auditor shall contact the 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*, 2011 revisions, 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. 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

Page 2 of 8

the Auditor to present to the Governmental Unit(s) for payment. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.

9. In consideration of the satisfactory performance of the provisions of this contract, the Governmental Unit(s) shall pay to the Auditor, upon approval by the Secretary of the LGC, 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 12).

10. 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.

11. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, but not be limited to, the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit(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.

12. If the audit firm is required by the NC State Board, the NCACPA Peer Review Committee, or the Secretary of the LGC to have a pre-issuance review of its audit work, there shall be a statement in the engagement letter indicating the pre-issuance review requirement. There also shall be a statement that the Governmental Unit(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.

13. The Auditor shall submit the report of audit in PDF format to LGC Staff 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.

If the OSA designates certain programs to be audited as major programs, as discussed in Item 2, a turnaround document and a representation letter addressed to the OSA shall be submitted to LGC Staff.

14. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the

Page 3 of 8

- 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.
15. If an approved contract needs to be modified or amended for any reason, the change shall be made in writing, on the Amended LGC-205 contract form and pre-audited if the change includes a change in audit fee (pre-audit requirement does not apply to charter schools). 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.
16. 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 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 26 of this contract. Engagement letters containing indemnification clauses shall not be accepted by LGC Staff.
17. Special provisions should be limited. Please list any special provisions in an attachment.
18. A separate contract should not be made for each division to be audited or report to be submitted. If a DPCU is subject to the audit requirements detailed in the Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not to be issued and the DPCU is included in the primary government audit, the DPCU shall be named along with the parent government on this audit contract. DPCU Board approval date, signatures from the DPCU Board chairman and finance officer also shall be included on this contract.
19. The contract shall be executed, pre-audited (pre-audit requirement does not apply to charter schools), and physically signed by all parties including Governmental Unit(s) and the Auditor, then submitted in PDF format to the Secretary of the LGC.
20. The contract is not valid until it is approved by the Secretary of the LGC. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. The audit should not be started before the contract is approved.
21. 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.
22. 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.
23. 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.
24. 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.

25. 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.
26. 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):
27. 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/slg/Pages/Audit-Forms-and-Resources.aspx>
28. 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.

FEES FOR AUDIT SERVICES

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

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, 9, and 12 for details on other allowable and excluded fees.

Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees below. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year audit fee. Should the 75% cap provided below conflict with the cap calculated by LGC staff based on the prior year audit fee on file with the LGC, the LGC calculation prevails.

20 NCAC 03 .0505: All invoices for services rendered in an audit engagement as defined in 20 NCAC 3 .0503 shall be submitted to the Commission for approval before any payment is made. Payment before approval is a violation of law.

PRIMARY GOVERNMENT FEES

Primary Government Unit	Town of Archer Lodge
Audit	\$ 4,425.00
Writing Financial Statements	\$ 4,125.00
All Other Non-Attest Services	\$
75% Cap for Interim Invoice Approval	\$6,412.50

DPCU FEES (if applicable)

Discretely Presented Component Unit	N/A
Audit	\$
Writing Financial Statements	\$
All Other Non-Attest Services	\$
75% Cap for Interim Invoice Approval	\$

Page 6 of 8

SIGNATURE PAGE

AUDIT FIRM

Audit Firm	
May & Place, PA	
Authorized Firm Representative (typed or printed)	Signature
Date R. Place	
Date	Email Address
5/20/19	dpmayandplace@ao.com

GOVERNMENTAL UNIT

Governmental Unit	
Town of Archer Lodge	
Date Primary Government Unit Governing Board Approved Audit Contract (Ref. G.S. 159-34(a) or G.S. 115C-447(a))	
06/03/19	
Mayor/Chairperson (typed or printed)	Signature
Matthew B. Mulhollem	
Date	Email Address
06/03/19	matt.mulhollem@archerlodgenc.gov
Chair of Audit Committee (typed or printed, or "NA")	Signature
N/A	
Date	Email Address
N/A	N/A

GOVERNMENTAL UNIT – PRE-AUDIT CERTIFICATE

(Pre-audit certificate not required for charter schools)

Required by G.S. 159-28(a1) or G.S. 115C-441(a1)

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
Kim P. Batten	
Date of Pre-Audit Certificate	Email Address
06/04/19	kim.batten@archerlodgenc.gov

Page 7 of 8

LGC-205	CONTRACT TO AUDIT ACCOUNTS	Rev. 10/2018
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 (Pre-audit certificate not required for charter schools) Required by G.S. 159-28(a1) or G.S. 115C-441(a1)		
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		
Page 8 of 8		

Moved by: Mayor Pro Tem Castleberry
Seconded by: Council Member Jackson
Approved to Engage May & Place, PA to Audit Financial Records and Approved the Audit Contract with May & Place, PA for Fiscal Year ending June 30, 2019.
CARRIED UNANIMOUSLY

- d) Discussion and Consideration of either1) **Adding** a Special Meeting to follow the June 17, 2019 Work Session for the Purpose of Adopting the Annual Budget Ordinance for Fiscal Year Ending June 30, 2020 or 2) **Changing** the June 17, 2019 Work Session to a Special Meeting for the Purpose of Adopting the Annual Budget Ordinance for Fiscal Year Ending June 30, 2020.

Mayor Mulhollem read the two options for holding a Special Meeting and opened the floor for discussion. Discussion followed.

Ms. Batten ask that Council notify her of any additional items to be added by Wednesday, June 12, 2019.

Moved by: Council Member Wilson
Seconded by: Council Member Jackson
Approved to change the June 17, 2019 Work Session to a Special Meeting for the Purpose of Adopting the Annual Budget Ordinance for Fiscal Year Ending June 30, 2020 and any other matter that Council chooses to consider after giving proper notice to Town Clerk.
CARRIED UNANIMOUSLY

7. **TOWN ATTORNEY'S REPORT:**

- a) Attorney Hewett noted that he was following discussions in the General Assembly requiring Municipalities to remove criminal penalties from their ordinances. Nothing further noted.

8. TOWN ADMIN & ADMIN CONSULTANT'S REPORT:

a) Mr. Gordon reported that he plans to have the following **DRAFT Ordinances available at the Monday, July 1, 2019 Regular Town Council Meeting for discussion:**

- Discharge of firearms within the Town of Archer Lodge
- Requiring Developers to add a covenant prohibiting the discharge of firearms in new residential subdivisions in the Town of Archer Lodge
- Domestic Fowl restrictions within the Town of Archer Lodge

b) Mr. Gordon made remarks regarding the Town's Long-Time Administrative Consultant, Mr. C.L. Gobble

- Beginning July 1, 2019, Mr. Gobble's hours will be reduced.
- Plans are to recognize him for all his time, support and contributions he provided the Archer Lodge Community since 2007.
- If future projects or endeavors appear, then the Town may seek his consultation services again.

9. FINANCIAL/TOWN CLERK'S REPORT:

a) Ms. Batten shared the following:

- Ms. Batten stated that the May 31, 2019 Financial Reports are not available.
- She and Budget Officer Bruton mentioned that neither had received questions, suggestions or comments regarding the Proposed FY2019-2020 Budget. Ms. Batten advised if anyone had any, please contact her or Ms. Bruton by June 17, 2019.

10. PLANNING/ZONING REPORT:

a) Mr. Clark shared the following:

- A Preliminary Plat for Woodfin Subdivision will be discussed at the June 19, 2019 Planning Board meeting.
- Meeting with Ms. Maybee, Mr. Gordon and Mr. Gobble today, Monday, June 3, 2019, to prepare for Fiscal Year 2019-2020 and was looking forward to working with Ms. Maybee.

11. VETERAN'S COMMITTEE REPORT:

a) Mr. Mike Mulhollem reported the following:

- Phase 3, the final phase, of the Veterans Memorial Site will soon start.
- Target Date for the Veterans Memorial Site Dedication is scheduled for November 10, 2019 (Sunday before Veterans Day).
- Quotes to finalize project are being received.
- Funds are low but determined to complete project.

Mr. Gobble reminded everyone of the 75th Anniversary of D-Day, Wednesday, June 6, 2019.

12. MAYOR'S REPORT:

a) Mayor Mulhollem reminded Council of the upcoming Municipal Elections and filing period begins Friday, July 5, 2019 at noon and ends Friday, July 19, 2019 at noon. In addition, he encouraged all to attend ALCC's Family Fun Day set for Saturday, June 29, 2019.

13. COUNCIL MEMBERS' REMARKS:

(non-agenda items, regarding Town)

- a) Council Member Wilson mentioned in addition to representing the Town on the Board of Directors for Triangle J. Council of Governments (TJCOG) he was elected to Secretary/Treasurer for the Board and will sit on the Executive Committee as well.
-
- b) Council Member Jackson announced the Family Fun Day Road Race set for Saturday, June 29, 2019 has changed its route to Wall Road due to the amount of traffic on South Murphy and the race will start at the Archer Lodge Middle School. The parade will begin at 3:30 p.m.
-
- c) Council Member Locklear congratulated the Pirates Baseball Team at Corinth Holders High School for making the State Championship and is the first time for the high school.
-
- d) Mayor Pro Tem Castleberry commented that the Board of Directors for NC Petroleum & Convenience Marketers honored a Corinth Holder High School Senior, Conner Rhoades, with a Scholarship Award.
- He shared that he would like to see the Archer Lodge Veterans Committee members and volunteers recognized for their hard work at the Veterans Memorial Site Dedication in November 2019.
-
- e) Council Member Bruton inquired about forming a committee for the 10th Year Town Anniversary Celebration.
-

14. ADJOURNMENT:

- a) **No further business.**

Moved by: Council Member Jackson

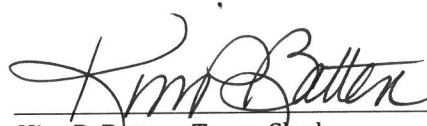
Seconded by: Council Member Locklear

Adjourned meeting at 7:08 p.m.

CARRIED UNANIMOUSLY



Matthew B. Mulhollem, Mayor



Kim P. Batten, Town Clerk

