



Ratification of Council budget amendment #3 for year-end adjustments (FY15-16)

Attachment(s): yes

MEETING DATE: JULY 12, 2016

STAFF COMMENTS / RECOMMENDATION:

The attached year-end budget adjustments were needed prior to the regular Council meeting. Council members were individually polled, provided with the info, and supported the changes. The ratification is requested and presented with full transparency of the amendments.

NOTES:

TOWN COUNCIL COMMENTS / ACTION:



June 28, 2016

Re: **Council budget amendment #3 (FY15-16)**

Summerfield Town Council:

As provided in the approved 2015-2016 Budget Ordinance, the "The Finance Officer may not transfer any amounts between line items...except as approved by the Town Council." The following action is requested:

Adjust amounts between line items as follows:

3010206: Administration/ Administration Operating Expenses/Information Technology Expenses increase \$900.00 from \$10,000.00 to \$10,900.00

3010207: Administration/ Administration Operating Expenses/Internet Expense increase \$110.00 from \$3,200.00 to \$3,310.00

3010302: Administration/ Administration Services/Per Diem & Travel increase \$400.00 from \$4,000.00 to \$4,400.00

4011101: Finance/Finance - Personnel/Salaries and Wages increase \$5,500.00 from \$57,000.00 to \$62,500.00

4011101: Finance/Finance - Personnel/FICA increase \$500.00 from \$4,500.00 to \$5,000.00

6011208: Parks and Rec Department/P&R Operating Expenses/Trail Maintenance increase \$36,476.00 from \$0.00 to \$36,476.00

6011414: Parks and Rec Department/P&R Capital Outlay/SAP Grounds Improvement decrease \$43,886.00 from \$193,900.00 to \$150,014.00

Due to increased information technology and internet expenses, we anticipate that an additional \$1,010 will be needed over the FY2015-16 budgeted amounts. The outgoing finance officer had accrued vacation that had to be paid out upon her departure, and an increased contract rate for the duration of her tenure, leaving a need for the salary and FICA budgeted amounts to be increased by \$6,000. Per Diem and Travel for Administration expenses increased \$400 over projections. Council voted to approve payment of the \$36,476 Vineyards Trail expense from SAP Grounds Improvement in the April 12, 2016 meeting. This amendment places the agreed-upon amount in the Trail Maintenance line item. We recommend all the line item adjustments above with no net increase in funds.

Respectfully,

Dee Hall
Finance Officer



Ratification of Piedmont Greenway support letter

Attachment(s): yes

MEETING DATE: JULY 12, 2016

STAFF COMMENTS / RECOMMENDATION:

A letter of support related to the Piedmont Greenway was requested by the Piedmont Land Conservancy (PLC) June 15, the day following the June Council meeting. The town and PLC have been working together on trail efforts for many years and the PLC desired to apply to NCDOT for the grant. They requested \$75,000 for an alignment study of the county portion that would link the Piedmont Greenway to our planned A&Y Greenway within the watershed. The Piedmont would connect the A&Y to Triad Park in Kernersville and would be an important connection for Summerfield users. Our MPO considered a similar letter of support in June.

The grant application deadline was July 1. Council members were provided with the draft letter and the ratification is requested and presented with full transparency.

NOTES:

TOWN COUNCIL COMMENTS / ACTION:



June 24, 2016

Ed Johnson, RLA, ASLA
Acting Director
Division of Bicycle and Pedestrian Transportation
North Carolina Department of Transportation
1552 Mail Service Center
Raleigh, NC 27601-1552

**Re: letter of support for 2016 Planning Study –
Guilford County: Piedmont Greenway Feasibility Study Grant Request**

Mr. Johnson:

Hello from Summerfield. I'm writing to express the Town of Summerfield's support of the Piedmont Greenway Feasibility Study Grant Request submitted by Guilford County in partnership with the Piedmont Land Conservancy (PLC).

Summerfield recognizes the Piedmont Greenway as an important regional trail connection linking our community to other Triad communities. It would connect to Summerfield and Summerfield Community Park via the Atlantic & Yadkin (A&Y) Greenway segment under development, which in turn links to the existing A&Y and ultimately to downtown Greensboro. The Piedmont Greenway would also provide a local connection to the Mountains-to-Sea Trail (MST) and other trail systems, including the Bicentennial Greenway linking Greensboro to High Point, more than 40 miles of trails around Greensboro's drinking water reservoirs, and Winston-Salem's greenway system.

The PLC has been voluntarily assisting the Town of Summerfield as it addresses citizens' desire for improved connectivity, and the town and PLC shares the view that these quality-of-life amenities are important to both individual jurisdictions and to the region as a whole. In order to move forward with implementation, some clear alignment decisions need to be determined for the Piedmont Greenway.

In supporting this planning study application, the town recognizes the long-term strategic value of this leg of greenway as it aims to target a geographic area in need of a bi-ped connection. Thank you for NCDOT's consideration of the application for the requested planning funds.

Respectfully,

K. Scott Whitaker
Town Manager



Committee re-appointments (Historical)

Attachment(s): yes

MEETING DATE: JULY 12, 2016

STAFF COMMENTS / RECOMMENDATION:

Mary Jane Gordon has been an ex-officio Historical Committee member since 3/08 and her term has expired. Relevant sections of the Consolidated Committee Ordinance include:

Ex-officio definition: either a resident or non-resident appointed to a serve and offer input to the committee who doesn't have the full rights and privileges to vote on committee matters.

Appointment and terms for all committees: A non-resident of the town may only be appointed in limited instances as an ex-officio member when the Council presumes the service to be especially beneficial for the committee or town. At the Council's pleasure, the ex-officio member could have either limited-term membership or the same terms available to resident members (up to three, two-year terms).

HC membership: ...shall include seven to nine residents. Ex-officio membership may be granted to a designated representative of any stakeholder group approved by Council, but does not count toward the nine-voting-member maximum.

HC qualifications: Knowledge of and interest in history, heritage, culture, architecture, or historic preservation; professional experience in one or more of these subject areas.

Mrs. Gordon has notified town hall of her intent to continue serving and has requested to be reappointed.

NOTES:

TOWN COUNCIL COMMENTS / ACTION:



HISTORICAL COMMITTEE ROSTER UPDATED JUNE 2016

“Membership shall include seven to nine residents. Ex-officio membership may be granted to a designated representative of any stakeholder group approved by Council, but does not count toward the nine-voting-member maximum.”

Resident/voting members:

Linda Southard
4109 Oak Ridge Rd, SFD
(H) 643-4823 (C) 399-5525
lindasouthard@outlook.com
Member since 10/01 (7th term)
Reappt. 6/16, Term exp. 7/17

Bill Heroy
7713 Summerfield Rd, SFD
(H) 643-3934, 430-7120/7304
Heroywa@gmail.com
Member since 5/11 (3rd term)
Reappt. 6/15, Term exp. 7/17

Anna Heroy
7713 Summerfield Rd, SFD
(H) 643-3934, 430-7120/7304
Heroywa@gmail.com
Member since 5/11 (3rd term)
Reappt. 6/15, Term exp. 7/17

Elizabeth Ingram
3301 Tanner Ct, SFD
(H) 644-6120
eingram@triad.rr.com
Member since 5/11 (3rd term)
Reappt. 6/15, Term exp. 7/17

Patricia Juszczak
7401 Summer Wind Ct, SFD
(H) 298-4181 (C) 207-6578
Member since 8/08 (5th term)
Reappt. 6/16, Term exp. 7/17

John Plybon
7708 Betsy Bruce Ln, SFD
(H) 643-5683
Member since 6/14 (2nd term)
Reppt. 6/16, Term exp. 7/18

Andrew (Andy) Schlosser
7557 Dubach Rd, SFD
(H) 643-0550 (C) 456-2199
sgtandy@att.net
Member since 3/16 (1st term)
Appt. 3/16, Term exp. 7/18

Sam Schlosser
7206 Haw Ridge Rd, SFD
(H) 643-3411 (C) 339-5998
Sgtsam_2000@yahoo.com
Member since 3/16 (1st term)
Appt. 3/16, Term exp. 7/18

Non-voting ex-officio member

Mary Jane Gordon
305 Grassy Meadow Ct, GSO 27410
(H) 299-6107
Member since 3/31/08 (4th term)
Reappt. 6/14
Term exp. 7/16

Chair: Linda Southard
Vice-chair: Elizabeth Ingram
Secretary: Patricia Juszczak
Treasurer: Patricia Juszczak
Web Liaison: Linda Southard

MST thru-hiker and WXII coverage

Attachment(s): no

MEETING DATE: JULY 12, 2016

STAFF COMMENTS / RECOMMENDATION:

A thru-hiker (one who hikes a long-distance trail) of the Mountains-to-Sea Trail (MST) will be passing through Summerfield July 22. The hiker will be walking a significant portion of the MST to raise awareness for hunger. His journey has been an annual effort and WXII would like to use Summerfield Town Hall's parking lot to briefly broadcast as he passes through town. He will be joined on the walk by a local talent (TBD) from the station.

WXII picked Summerfield because of its location on the MST map and the hiker's projected walk path. It would be an opportunity for positive media coverage of the town's greenway and trails efforts. The mayor requested that the item be on the agenda for a discussion of how the town could best welcome the hiker and news station and support the cause.

NOTES:

TOWN COUNCIL COMMENTS / ACTION:

Consideration of audit contract

Attachment(s): yes

MEETING DATE: JULY 12, 2016

STAFF COMMENTS / RECOMMENDATION:

North Carolina law requires that a governing board approve an annual audit contract, which also must be approved by the Local Government Commission (LGC). The audit report is due October 31, 2016, four months after the fiscal year end. The town attorney is reviewing the contract (attached).

The audit proposal from Rouse, Rouse, Penn & Rouse, LLP is \$9,350 for the actual audit and \$2,750 for the preparation of financial statements, totaling \$12,100. This pricing reflects an increase of \$575 and 5% over last year's audit. If the town prepares the financial statements, footnotes, and supplemental schedules, the fee would be discounted \$1,000, which would total \$11,100. (The full \$2,750 would not be discounted as the auditor still must review that portion of work.)

The Finance Committee has recently discussed contracting with a new audit firm and will likely request proposals for next year's audit. The recommendation is to approve this contract, contingent upon the attorney's approval.

NOTES:

TOWN COUNCIL COMMENTS / ACTION:

CONTRACT TO AUDIT ACCOUNTS

Of Town of Summerfield
Primary Governmental Unit

Discretely Presented Component Unit (DPCU) if applicable

On this 6th day of May, 2016,

Auditor: Rouse, Rouse, Penn & Rouse, LLP Auditor Mailing Address: PO Box 2152

Eden, NC 27289-2152 Hereinafter referred to as The Auditor

and Town Council (Governing Board(s)) of Town of Summerfield
(Primary Government)

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

1. The Auditor shall audit all statements and disclosures required by generally accepted accounting principles (GAAP) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit (s) for the period beginning July 1, 2015, and ending June 30, 2016. The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion will be rendered in relation to (as applicable) the governmental activities, the business-type activities, the aggregate DPCUs, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types).
2. At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with generally accepted auditing standards. The Auditor shall perform the audit in accordance with *Government Auditing Standards* if required by the State Single Audit Implementation Act, as codified in G.S. 159-34. If required by OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act, the Auditor shall perform a Single Audit. This audit and all associated workpapers may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit and/or workpapers are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners (NC CPA Board).

County and Multi-County Health Departments: The Office of State Auditor will designate certain programs that have eligibility requirements to be considered major programs in accordance with OMB Circular A-133 for the State of North Carolina. The LGC will notify the auditor and the County and Multi-Health Department of these programs. A County or a Multi-County Health Department may be selected to audit any of these programs as major.

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

Governmental Unit

N/A

Discretely Presented Component Units (DPCU) if applicable

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

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

- 6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to the State and Local Government Finance Division (SLGFD) within four months of fiscal year end. Audit report is due on: October 31, 2016. If it becomes necessary to amend this due date or the audit fee, an amended contract along with a written explanation of the delay must be submitted to the secretary of the LGC for approval.
- 7. It is agreed that generally accepted auditing standards include a review of the Governmental Unit’s systems of internal control and accounting as same relate to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor will make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his findings, together with his recommendations for improvement. That written report must include all matters defined as “significant deficiencies and material weaknesses” in AU-C 265 of the *AICPA Professional Standards (Clarified)*. The Auditor shall file a copy of that report with the Secretary of the LGC.
- 8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit’s records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit until the invoice has been approved by the Secretary of the LGC. (This also includes any progress billings.) [G.S. 159-34 and 115C-447] All invoices for Audit work must be submitted by email in PDF format to the Secretary of the LGC for approval. The invoices must be sent via upload through the current portal address: <http://nctreasurer.slgfd.leapfile.net> Subject line should read “Invoice – [Unit Name]. The PDF invoice marked ‘approved’ with approval date will be returned by email to the Auditor to present to the Governmental Unit for payment. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.
- 9. In consideration of the satisfactory performance of the provisions of this contract, the Primary Governmental Unit shall pay to the Auditor, upon approval by the Secretary of the LGC, the fee, which includes any cost the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (Federal and State grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts. (Note: Fees listed on signature pages.)
- 10. If the Governmental Unit has outstanding revenue bonds, the Auditor shall include documentation either in the notes to the audited financial statements or as a separate report submitted to the SLGFD along with the audit report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor should be aware that any other bond compliance statements or additional reports required in the authorizing bond documents need to be submitted to the SLGFD simultaneously with the Governmental Unit's audited financial statements unless otherwise specified in the bond documents.

Governmental Unit

N/A

Discretely Presented Component Units (DPCU) if applicable

11. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, but not be limited to, the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the client or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board as soon as practical after the close of the accounting period.
12. If the audit firm is required by the NC CPA Board or the Secretary of the LGC to have a pre-issuance review of their audit work, there must be a statement added to the engagement letter specifying the pre-issuance review including a statement that the Governmental Unit will not be billed for the pre-issuance review. The pre-issuance review must be performed **prior** to the completed audit being submitted to the LGC. The pre-issuance report must accompany the audit report upon submission to the LGC.
13. The Auditor shall electronically submit the report of audit to the LGC as a text-based PDF file when (or prior to) submitting the invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the SLGFD by any interested parties. Any subsequent revisions to these reports must be sent to the Secretary of the LGC. These audited financial statements, excluding the Auditors' opinion, may be used in the preparation of official statements for debt offerings, by municipal bond rating services to fulfill secondary market disclosure requirements of the Securities and Exchange Commission and other lawful purposes of the Governmental Unit without subsequent consent of the Auditor. If it is determined by the LGC that corrections need to be made to the Governmental Unit's financial statements, they should be provided within three days of notification unless another time frame is agreed to by the LGC.

If the OSA designates certain programs to be audited as major programs, as discussed in item #2, agreed-upon procedures report, a turnaround document and a representation letter addressed to the OSA shall be submitted to the LGC.

The LGC's process for submitting contracts, audit reports and invoices is subject to change. Auditors should use the submission process in effect at the time of submission. The most current instructions will be found on our website: <https://www.nctreasurer.com/sgl/Pages/Audit-Forms-and-Resources.aspx>

14. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Secretary of the LGC, this contract may be varied or changed to include the increased time and/or compensation as may be agreed upon by the Governing Board and the Auditor
15. If an approved contract needs to be varied or changed for any reason, the change must be made in writing, on the Amended LGC-205 contract form and pre-audited if the change includes a change in audit fee. This amended contract needs to be completed in full, including a written explanation of the change, signed and dated by all original parties to the contract, and then must be submitted through the audit contract portal to the Secretary of the LGC for approval. The portal address to upload your amended contract is <http://nctreasurer.slgfd.leapfile.net>. No change shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.
16. Whenever the Auditor uses an engagement letter with the Governmental Unit, Item #17 is to be completed by referencing the engagement letter and attaching a copy of the engagement letter to the contract to incorporate the engagement letter into the contract. In case of conflict between the terms of the engagement letter and the terms of

Governmental Unit

N/A

Discretely Presented Component Units (DPCU) if applicable

this contract, the terms of this contract will control. Engagement letter terms are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item #22 of this contract. Engagement letters containing indemnification clauses will not be approved by the LGC.

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 must be named along with the parent government on this audit contract. Signatures from the DPCU Board chairman and finance officer also must be included on this contract.
19. The contract must be executed, pre-audited, physically signed by all parties including Governmental Unit and Auditor signatures and submitted in PDF format to the Secretary of the LGC. The current portal address to upload your contractual documents is <http://nctreasurer.slgfd.leapfile.net> Electronic signatures are not accepted at this time. Included with this contract are instructions to submit contracts and invoices for approval as of October 2015. These instructions are subject to change. Please check the NC Treasurer's web site at www.nctreasurer.com for the most recent instructions.
20. The contract is not valid until it is approved by the LGC Secretary. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. **The audit should not be started before the contract is approved.**
21. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the LGC.
22. **E-Verify.** Auditor **shall comply** with the requirements of NCGS Chapter 64 Article 2. Further, if Auditor utilizes any subcontractor(s), Auditor **shall require** such subcontractor(s) to comply with the requirements of NCGS Chapter 64, Article 2.
23. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted: (See Item 16 for clarification).

SIGNATURE PAGES FOLLOW

Contract to Audit Accounts (cont.)

Town of Summerfield

Governmental Unit

Discretely Presented Component Units (DPCU) if applicable

N/A

Town of Summerfield

- FEES

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

Audit

\$9,350

Preparation of the annual financial Statements

\$2,750*

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

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

Non Applicable

** NA if there is to be no interim billing

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

Audit Firm Signature:

Rouse, Rouse, Penn & Rouse, LLP

Name of Audit Firm

By R. Rex Rouse, Jr., C.P.A.

Authorized Audit firm representative name: Type or print

R. Rex Rouse Jr. C.P.A.

Signature of authorized audit firm representative

Date 5-9-2016

judygrouse@embarqmail.com

Email Address of Audit Firm

Governmental Unit Signatures:

Town of Summerfield

Name of Primary Government

By Mark Brown Tim Sessions, Mayor

Mayor / Chairperson: Type or print name and title

Signature of Mayor/Chairperson of governing board

Date

By N/A

Chair of Audit Committee - Type or print name

Signature of Audit Committee Chairperson

Date

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

Town of Summerfield

PRE-AUDIT CERTIFICATE: Required by G.S. 159-28

(a)

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

By Dee Hall

Primary Governmental Unit Finance Officer:

Type or print name

Dee Hall

Primary Government Finance Officer Signature

Date 6-23-16

(Pre-audit Certificate must be dated.)

dhall@summerfieldga.com

Email Address of Finance Officer

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

* In the event that the Town of Summerfield prepares the financial statements, including the footnotes and all supplemental schedules, the fee shall be discounted by \$1,000.

Contract to Audit Accounts (cont.)

Town of Summerfield

Governmental Unit

N/A

Discretely Presented Component Units (DPCU) if applicable

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

FEEES

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

Audit

Preparation of the annual financial Statements

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

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

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

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

DPCU Governmental Unit Signatures:

Name of Discretely Presented Component Unit

By

DPCU Board Chairperson: Type or print name and title

Signature of Chairperson of DPCU governing board

Date

By

Chair of Audit Committee - Type or print name

**

Signature of Audit Committee Chairperson

Date

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

PRE-AUDIT CERTIFICATE: Required by G.S. 159-28

(a)

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

By

DPCU Finance Officer:

Type or print name

DPCU Finance Officer Signature

Date

(Pre-audit Certificate must be dated.)

Email Address of Finance Officer

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

Governmental Unit

N/A

Discretely Presented Component Units (DPCU) if applicable

Steps to Completing the Audit Contract

1. Complete the Header Information – NEW: If a DPCU is subject to the audit requirements as detailed in the Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not issued for the DPCU and is to be included in the Primary Government's audit, the DPCU must be named with the parent government on this Audit contract. The Board chairman of the DPCU also must sign the Audit contract.
2. Item No. 1 – Complete the period covered by the audit
3. Item No. 6 – Fill in the audit due date. For Governmental Unit (s), the contract due date can be no later than 4 months after the end of the fiscal year, even though amended contracts may not be required until a later date.
4. Item No. 8 – If the process for invoice approval instructions changed, the Auditor should make sure he and his administrative staff are familiar with the current process. Instructions for each process can be found at the following link. <https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx>
5. Item No. 9 – NEW: Please note that the fee section has been moved to the signature pages, Pages 5 & 6.
6. Item No. 16 – If there is a reference to an engagement letter or other document (ex: Addendum), has the engagement letter or other document been acknowledged by the Governmental Unit and attached to the contract submitted to the SLGFD?
 - a. Do the terms and fees specified in the engagement letter agree with the Audit contract? *"In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract will control."*
 - b. Does the engagement letter contain an indemnification clause? **The audit contract will not be approved if there is an indemnification clause – refer to LGC Memo # 986.**
7. Complete the fee section for BOTH the Primary Government and the DPCU (if applicable) on the signature pages, please note:
 - The cap on interim payments is 75% of the current audit fee for services rendered if the contracted fee amount is a fixed amount. If any part of the fee is variable, interim payments are limited to 75% of the prior year's total audit fee. If the contract fee is partially variable, we will compare the authorized interim payment on the contract to 75% of last year's actual approved total audit fee amount according to our records. There is a report of audit fees paid by each governmental unit on our web site: <https://www.nctreasurer.com/slg/Pages/Non-Audit-Services-and-Audit-Fees.aspx> - Auditors and Audit Fees.
Please call or email Steven Holmberg of our office at 919-807-2394 steven.holmberg@nctreasurer.com if you have any questions about the fees on this list.
 - For variable fees for services, are the hourly rates or other rates clearly stated in detail? If issued separately in an addendum, has the separate page been acknowledged in writing by the Governmental Unit?

Governmental Unit

N/A

Discretely Presented Component Units (DPCU) if applicable

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