

**Minutes
Spruce Pine Town Council
Monday, February 13th, 2023**

A meeting of the Town Council was held on February 13th, 2023. Present were Mayor Darla Harding and Council Members Rocky Buchanan, James Acuff, Larry McKinney, and Jackie Rensink. Staff in attendance included Darlene Butler, Michael Wood, Libby Phillips, Billy Summerlin, and Crystal Young. Others attended, including Chad Donnahoo, Lynn Holler, Dori Settles, Jim Settles, Matthew Ward, Kim Oberhammer, Jeff Harding, Lori McIntyre, Tony Zurawski, Walton Shepherd, and Margaret Early-Thiele.

CALL TO ORDER

Mayor Darla Harding called the regular meeting to order at 5:30 PM. Rocky Buchanan gave the invocation. James Acuff led the Pledge of Allegiance.

APPROVAL OF AGENDA

Rocky Buchanan moved to approve the agenda with a change moving the first reading of the Ordinance to Revise Multiple Sections Within Chapter 12 of the Code to Address Remedies for Violations before public comment. James Acuff seconded the motion, which carried unanimously.

APPROVAL OF MINUTES

Larry McKinney moved to approve the minutes of the regular meeting held on January 23, 2023. Jackie Rensink seconded the motion, which carried unanimously.

Jackie Rensink moved to approve the minutes of the closed session held on January 23, 2023. Rocky Buchanan seconded the motion, which carried unanimously.

APPOINTMENTS

Walton Shepherd from L&L Furniture addressed the Council to ask for permission to organize a second Downtown Worship Event on Upper Street on May 3rd, 2023. He asked for permission to close Oak Avenue. Darlene advised that there is a new permit form, and gave said to Mr. Shepherd. Council was in support of the event.

Margaret Early-Thiele updated the Council on Mayland Community College's Earth-to-Sky Park. She described efforts to bring Mitchell, Avery and Yancey counties together to protect and market the Dark Sky designation. The park brings multiple tourists to town. She advised that the Dark Sky designation must be renewed every year, and that light pollution is on the increase. Education is key. They plan to work with businesses to support the dark skies, and promote within the community.

FIRST READING OF THE ORDINANCE TO REVISE MULTIPLE SECTIONS WITHIN CHAPTER 12 OF THE CODE TO ADDRESS REMEDIES FOR VIOLATIONS

Town Manager Darlene Butler noted that the revisions to the ordinance do not address changes to the laws, but include remedies for violation as required by NC State Law. This is a change needed immediately to be allow officers to issue citations where needed. The Town Code is in need of revision, a process that has been initiated with High Country Council of Governments. The Town attorney added that the General Assembly requires that remedies are cited. He addressed those ordinances most pertinent, beginning with Traffic. Almost every violation in Chapter 12 is a non-criminal infraction. Parking violations carry civil penalties. Changes to the Nuisance Ordinances will be needed next. Changes at this time are not substantive, but procedural. Darlene agreed with Council Member Rocky Buchanan that early No Parking ordinances were largely initiated by private businesses and property owners. Rocky noted that he remembers the period when downtown was being trashed after hours. Chief Summerlin recalled those days of damage to merchant property, when business owners came to the Town for help controlling the damage. He noted that the problem does not exist now, and that laws should change so the town can prosper. Mayor Harding re-emphasized that until these revisions are passed our PD cannot write, for example, an enforceable ticket for parking on sidewalks in town that have cost thousands of dollars.

PUBLIC COMMENT

Lynn Holler requested that full ordinances be published online. She also requested that all public meetings be advertised online and on Facebook.

Tony Zurowski, owner of Moondust Lounge, expressed his concern about restrictions on parking downtown. He wanted to see what the changes to the ordinance actually mean. He said most of his questions were already answered. He noted that

his customers largely park in a private lot across the street where he has permission to park. He introduced himself to the Council, noting that he has been in business almost a year. Council expressed their appreciation that he is investing in our downtown. Walton Shepherd advised Mr. Zurawski that he was handling his concerns the right way, by attending the meeting and asking questions, rather than relying on social media for information. Tony offered to help with the Downtown Worship event.

Jeff Harding thanked the Council for being public servants. He noted that Facebook offers a lot of false information, and that many of the people there are not from this area. In his opinion, they are troublemakers that just want to stir the pot. He mentioned the subdivision ordinance passed by the County Commissioners, of which he is a member. He said a lot of lies and propaganda regarding the ordinance were put on Facebook, although all the proper procedures were employed. He noted that Mr. Michael Vance, who supposedly has an interest in downtown Spruce Pine, has done nothing with his property but destroy it. In his opinion, Vance stirs the pot and put out propaganda that you can no longer park on in the Town of Spruce Pine. Mr. Harding thanked the Town Council, who he said have vested interest in the Town of Spruce Pine. He encouraged them not to be discouraged by the naysayers, who want to break down the town and county. He encouraged anyone with questions about county government to call, or look online for information. \$60,000,000 is being spent in our County, not counting \$15,000,000 to be invested by the YMCA. If he steps on any toes, he does not care. Council member James Acuff thanked Jeff for his work on the old Toe River Service property, which was much needed. Jeff noted that the property and project is his personal endeavor, funded by him alone.

DEPARTMENT UPDATES

Main Street

- Libby Phillips presented the directors report for January. Said report is incorporated by reference and attached to these minutes.
- Libby noted that there will soon be four move-in-ready buildings available.

Finance

- Finance Officer Crystal Young presented financials through January 31st, describing budget versus actual and the tax collection rate of 94.2%. Said reports are incorporated by reference and attached to these minutes.
- She noted that she is looking at a schedule for budget workshops, and hopes to have a kick-off meeting on March 27th.
- Crystal updated the Council on new state procurement cards from Bank of America that will offer 2.16% rebates and have a much higher limit. We should get these cards in March.
- She said the Town's contribution to Pine Line would only be \$5000 for this year.
- She noted that the two vehicles we have purchase orders for are still in the queue at state purchasing.
- She shared that Mitchell DSS has additional funds to help qualified customers with utility bills.

Public Works

- Russell Lankford is on bereavement leave, and will send his monthly report later this week.

Police Dept

- Chief Summerlin updated the Council on his department. He reiterated that our ordinances do need updating. He stated that local tickets are a way to give residents a break on fines, without writing state tickets.
- He appreciated Rocky's efforts toward garbage pick up, to be held on the first and fourth Thursdays of every month.
- He noted that it's easy to be mean on Facebook, and that being nice goes a long way.

Water & Sewer

- Veolia Project Manager Donnie Staton presented reports for December and January, which are incorporated by reference and attached to these minutes.
- He noted that the pump for well #1 is dying, and will be pulled on Friday. A new one is ordered.

Parks and Rec

- Michael Wood presented his report for the month. Said report is incorporated by reference and attached to these minutes.
- He encouraged the Council not to let Facebook stuff upset them.

ACTION AGENDA

Jackie Rensink made a motion to approve a Fund Balance Policy for Water/Sewer. Larry McKinney seconded the motion, which carried unanimously. Said policy is incorporated by reference and attached to these minutes.

Larry McKinney moved to adopt the Resolution Authorizing Increase in Micro-Purchase Threshold. James Acuff seconded the motion, which carried unanimously. Said resolution is incorporated by reference and attached to these minutes.

Larry McKinney moved to approve Budget Amendment #3 - ARPA Special Revenue Fund. Jackie Rensink seconded the motion, which carried unanimously. Said amendment is incorporated by reference and attached to these minutes.

Rocky Buchanan moved to approve Annual Budget Ordinance Amendment #4. James Acuff seconded the motion, which carried unanimously. Said amendment is incorporated by reference and attached to these minutes.

Larry McKinney moved to approve the Audit Contract for FY 2022/23. James Acuff seconded the motion, which carried unanimously. Said audit contract is incorporated by reference and attached to these minutes.

Larry McKinney moved to release 2022 personal property taxes for Kevin Warren and Rodney Simmons in the amount of \$63.75. Jackie Rensink seconded the motion, which carried unanimously. Said release is incorporated by reference and attached to these minutes.

Larry McKinney moved to release 2022 personal property taxes for Cathy Sky in the amount of \$316.48. Rocky Buchanan seconded the motion, which carried unanimously. Said release is incorporated by reference and attached to these minutes.

Larry McKinney moved to adopt a Resolution Authorizing a Rural Business Opportunity Grant Application. Jackie Rensink seconded the motion, which carried unanimously. Said resolution is incorporated by reference and attached to these minutes.

Jackie Rensink moved to accept the first reading of the Ordinance to Revise Multiple Sections Within Chapter 12 of the Code to Address Remedies for Violations. James Acuff seconded the motion, which carried unanimously.

Consensus of the Council was to set the public hearing for the Ordinance to Revise Article IV of the Town's Zoning Ordinances for March 13th at 5:15 PM

Larry McKinney moved to enter into the Memorandum of Understanding Between the Town of Spruce Pine and the Mitchell County Board of Education - Construction of Batting Cage at Riverside Park. Rocky Buchanan seconded the motion, which carried unanimously. Said MOU is incorporated by reference and attached to these minutes.

Council tabled a funding request from the Chamber of Commerce for contribution toward the cost of operating the Visitor Center at the Minerals Museum, pending additional information about amount needed, amount raised, and plans for continuation of the visitor center.

Town Manager

- ❖ Twenty new Christmas pole decorations have been received.
- ❖ The Riverside restroom is under roof and is looking great.
- ❖ Darlene is waiting on a proposal for repairs to the low wall and sidewalk on Locust Street.
- ❖ The next Land Use Plan meeting will be held on Tuesday, February 21st at 2:30 PM.
- ❖ A PARTF inspection will be conducted on February 23rd.
- ❖ A new water fountain has been ordered for the Public Library.

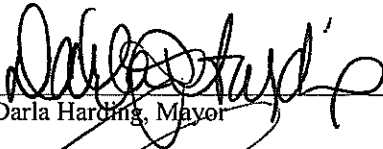
MAYOR/ COUNCIL COMMENTS/REQUESTS-

- Mayor Harding mentioned that she and Darlene will meet and check a cemetery question.

ADJOURNMENT

With no further discussion, Jackie Rensink moved to adjourn the meeting.

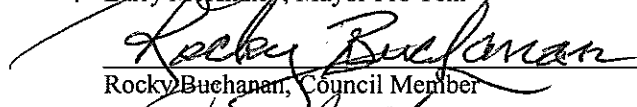
Shelley Buchanan, Town Clerk



Darla Harding, Mayor



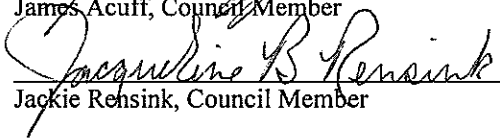
Larry McKinney, Mayor Pro Tem



Rocky Buchanan, Council Member



James Acuff, Council Member



Jackie Rensink, Council Member

Spruce Pine Main Street Directors Report

PR- Busy working on Fire on the Mountain. We currently have about \$800 in vendor apps and 3 food truck confirmed. I am considering adding the Mitchell Medics as a booth to promote the CPR classes which would also serve as an EMS on site. Working with Fortner on insurance for the event. We have a new feature called the Peace Nails Initiative. Will be making skewers and hooks this year. Ad work has been submitted to Our State, Asheville Made, TRAC studio tour book, ABANA and will partner with TRAC with an ad in the Laurel and exposure in WNC magazine. PR committee has calendar of events in place and working on goals- including 2nd phase of mural, maps, new merchandise ideas and additional FOM promotions. I have also ordered logo bags and a tablecloth for festivals and our booth. I met with Sherry Sautner regarding plans for Alien Festival. If SPMS wants to participate in anyway, she is open to that suggestion. We just refreshed the website making it more user friendly.

D&B- Put in work order to get the clock base painted. Chris and Mark are going to work on removed trees from sidewalk pots and have a plan for replants. Tommy has stated interest in watering in 2023. I am researching possible graphic artists that might be able to create a “playful” map design. Richard has created roadmap for the walking map and waiting on a zoom with High Country to see about creating a map. Posted ask for watering volunteers on social sites, no response. I have had several inquiries about the façade grant and have received an application from PJ Bennet for her building.

ERC-DEAP classes have started with 6 participants, 1 possible for Spruce Pine. I met with AMY Wellness for a tour of their building and am helping with some resources for grants, possible renters and pricing. Toe River Garage renovation has begun with removing landslide and putting in a retaining wall to secure bank. New roof will be going on the Bennet building in February. Wellborns has a new window storefront almost complete. The other side of the Mayland building will house a new printmaking shop with retail products also. I contacted Brenda Sparks about the upcoming vacancy at South West Trading and have also contacted the renter of the ice cream shop- April opening. ERC is will be creating a vacant building and suggestion list that will be presented to the Land Use Committee. We have created and dropped off a survey to the merchants for ideas and feedback for downtown improvements.

Organization- Darlene and I are working on numerous grants for downtown. I have received sponsorships from Barkhouse, Webb Funeral Home, Treasures in the Pines and Burleson Plumbing. Main Street conference is March 14-16. TDA board is working on goals for this year and determining giving priorities for next year. We have currently reimbursed the Chamber around \$28,000 for marketing and now ready to focus on several projects including a new website and maps and advocating for 6% occupancy tax instead of 3. I will be interviewing for the assistant job in the next week or so.

Town of Spruce Pine Financials
Ending January 31st, 2023
3rd Quarter
FY 2022-2023



2022-2023 Budget Figures				
		2022-2023	Y-T-D January 31st,	
		Budget	2023	Percent
General Fund Revenue				
Levied Taxes and Penalties		\$1,469,500	\$1,492,417	101.6%
Local Sales Tax		\$701,100	\$461,915	65.9%
Franchise Taxes		\$285,000	\$141,003	49.5%
Powell Bill		\$80,000	\$88,453	110.6%
Interest Earned		\$1,000	\$45,835	4583.5%
Recreation Park Revenue		\$26,000	\$10,673	41.0%
Revolving Loan Repayments		\$7,500	\$3,850	51.3%
Misc Income		\$80,015	\$29,009	36.3%
Grants		\$23,962	\$2,215	9.2%
Fund Balance Appropriated		\$0	\$0	
General Fund Revenue		\$2,674,077	\$2,275,369	85.1%
General Fund Expenditures				
Governing Body		\$22,682	\$11,147	49.1%
Total Administration & Finance		\$258,520	\$157,330	60.9%
Cost of Elections		\$0	\$0	0.0%
Tax Collections Fees		\$5,000	\$2,651	53.0%
Economics		\$158,728	\$56,693	35.7%
Total Public Building & Facilities		\$79,630	\$55,984	70.3%
Fire Department		\$149,000	\$119,135	80.0%
Building Inspections		\$28,500	\$14,217	49.9%
Police Department		\$1,016,973	\$599,503	58.9%
Public Works		\$233,760	\$101,196	43.3%
Powell Bill		\$95,295	\$53,227	55.9%
Sanitation		\$83,909	\$42,757	51.0%
Parks & Recreation		\$343,242	\$157,430	45.9%
Library		\$111,577	\$59,792	53.6%
Trac Grant		\$5,000	\$5,000	100.0%
Cemetery		\$36,850	\$28,712	77.9%
Loan Disbursements		\$0	\$0	0.0%
Covid Relief Fund		\$0	\$0	
Contingency		\$45,411		
Total General Fund Expenditures		\$2,674,077	\$1,464,773	54.8%
<i>Excess (deficiency) of revenue over Expenditures</i>		\$0	\$810,595	

Town of Spruce Pine Financials
Ending January 31st, 2023
3rd Quarter
FY 2022-2023



	<u>2022-2023</u>	<u>Y-T-D January 31st,</u>	
	<u>Budget</u>	<u>2023</u>	<u>Percent</u>
2022-2023 Budget Figures			
Water & Sewer Fund			
Charges for Water	\$1,584,000	\$961,755	61%
Charges for Sewer	\$1,044,000	\$681,293	65%
Water & Sewer Taps	\$3,000	\$6,760	225%
Water & Sewer Interest	\$250	\$0	0%
Misc Revenues	\$30,500	\$406,243	1332%
Retained Earnings Appropriated	\$0	\$0	0%
Water & Sewer Revenue	\$2,661,750	\$2,056,051	77%
Water & Sewer Expenditures			
Water & Sewer Debt	\$94,383	\$3,399	4%
Water & Sewer Administration	\$1,264,918	\$671,171	53%
Water Expense	\$641,983	\$419,203	65%
Sewer Expense	\$532,377	\$327,094	61%
Contingency	\$128,089		
Water & Sewer Expenditures	\$2,661,750	\$1,420,866	53%
<i>Excess (deficiency) of revenue over Expenditures</i>	\$0	\$635,185	

Town of Spruce Pine
 Analysis of Current Year Tax Levy
 01/31/23
 excluding vehicle taxes

	Property Valuation	Town-wide Rate	Amount of Levy
Original levy:			
Real property	58,626,070	\$0.46	
Building property	260,098,900		
Personal property	54,373,712		
Public service companies	17,849,971		
Penalties			
Exemptions	84,627,243		
	<u>306,321,410</u>		<u>1,409,078.49</u>
 Discoveries:			
Current year taxes	3,030,444		13,940.04
<i>Rounding</i>			<i>0.43</i>
Prior year taxes	<u>10,446,634</u>		<u>53,277.83</u>
	<u>13,477,078</u>		<u>67,218.30</u>
 Abatements			
Min Bill	28,021		128.90
Releases (Curr)	486,044		2,235.80
Releases (Prior)	111,238		
 Total property valuation	<u><u>308,837,789</u></u>		
 Net levy			<u><u>1,420,654.26</u></u>
 Uncollected taxes at			<u>82,931.55</u>
 Current year's taxes collected			<u><u>1,337,722.71</u></u>
 Current levy collection percentage			<u><u>94.2%</u></u>

MONTHLY REPORT
OF THE
WATER AND WASTEWATER FACILITIES
SPRUCE PINE, NORTH CAROLINA



**PREPARED
FOR THE
TOWN OF SPRUCE PINE**

REPORTING MONTH

DEC 2022 / JAN 2023



DECEMBER 2022 MONTHLY REPORT

SPRUCE PINE WATER/WASTE PLANTS

OPERATED BY VEOLIA NORTH AMERICA

WATER SYSTEM

The water plant, pump stations, and both wells operated in full compliance with all State and Federal rules for the month. The Water Plant collected six (6) bacteriological samples from the distribution system and all were clear. Beaver Creek Dam is in good condition. KDT installed a new chlorine analyzer at our well house. Also KDT changed out all chlorine lines in our chlorine room. We had to replace one of our sample pumps at the water plant.

CAPITAL PROJECTS

- The new pump/motor assembly has been ordered for the Summit Avenue water station. Henredon pump house rehab is still in progress.

PRODUCTION

	PRODUCTION MG	AVG GAL/DAY LEAVING PLANT MG	GALLONS USED TO BACKWASH FILTERS
Water Plant	35.21	1.14	880000
Wells	5.20		

	WATER TURBIDITY
Raw NTU	1.3
Finished NTU	.03
Fed. Limit	.3

EFFLUENT CHLORINE RESIDUAL
1.36

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WASTEWATER

The wastewater plant operated in full compliance with all State and Federal rules for the month. The wastewater plant sent out samples of total nitrogen, total phosphorus, hardness, and COD. The number 2 pump at the maintenance pump station broke a shaft. We are in the process of deciding on whether to repair or replace it. This station is one of our oldest wastewater stations and may need some serious attention in the near future. Waste plant crew pulled both maintenance pumps . One was clogged up and the other one is the one with a broken shaft. Both carters ridge pumps were pulled and unclogged. Sullins branch pump #1 was pulled and we are waiting for repair parts. We had a total flow of 16.46 million gallons for the month.

CAPITAL PROJECTS

- A new pump was ordered for Beaver Creek and the lower prison pump station. As of today, they have not arrived.

ANALYSES

	INF AVG MG/L	EFF AVG MG/L	% REMOVAL
BOD	152.4	2.0	99%
TSS	334.6	7.0	98%

OTHER CONSIDERATIONS

- December safety training was active shooter training and blood borne pathogens. Our 2 new hires are doing great.

Respectfully Submitted,

Donnie Staton
Project Manager
Veolia North America

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JANUARY 2023 MONTHLY REPORT

SPRUCE PINE WATER/WASTE PLANTS

OPERATED BY VEOLIA NORTH AMERICA

WATER SYSTEM

The water plant, pump stations, and both wells operated in full compliance with all State and Federal rules for the month. The Water Plant collected six (6) bacteriological samples from the distribution system and all were clear. Beaver Creek Dam is in good condition.

CAPITAL PROJECTS

- The new pump/motor assembly has been ordered for the Summit Avenue water station. Henredon pump house rehab has been completed.

PRODUCTION

	PRODUCTION MG	AVG GAL/DAY LEAVING PLANT MG	GALLONS USED TO BACKWASH FILTERS
Water Plant	35.57	1.15	880000
Wells	5.00		

	WATER TURBIDITY
Raw NTU	1.3
Finished NTU	.03
Fed. Limit	.3

EFFLUENT CHLORINE RESIDUAL
1.31

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WASTEWATER

The wastewater plant operated in full compliance with all State and Federal rules for the month. The wastewater plant sent out samples of total nitrogen, total phosphorus, hardness, and COD. Waste plant crew replaced the pressure reducer on the grit can. Safety overload switch at sullins branch was replaced. Both pumps at Shannon Drive went down at the same time which is very rare. Staff replaced with new pumps. Pulled and unclogged both Carters Ridge pumps twice in the month. Staff pulled both Beaver Creek pumps and unclogged them.

CAPITAL PROJECTS

- A new pump was ordered for Beaver Creek and the lower prison pump station. The pump for the lower prison came in and the waste plant staff installed it. As of today , the new pump for Beaver Creek has not come in yet.

ANALYSES

	INF AVG MG/L	EFF AVG MG/L	% REMOVAL
BOD	181.4	2.9	98%
TSS	309.3	8.7	99%

OTHER CONSIDERATIONS

- January safety training was the proper handling of hazardous chemicals. Our 2 new hires are still doing great.

Respectfully Submitted,

Donnie Staton
Project Manager
Veolia North America

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Parks and Recreation Department

Office (828)765-3012

Cell (828) 385-2179

Town of Spruce Pine Board Meeting

February 13, 2023

General Park Maintenance

- Morning and Night check list completed each day
- Trash pick-up in town

Brad Ragan Park

- New playgrounds are being installed - *Finish big pg by end of week*
- 44 palates of rubber mulch delivered
- Old basketball goals are down
- Gate has been shut during the construction
- Harris softball has permission to practice on the small field

Riverside Park

- Mulch beds are cut in and being mulched
- Harris baseball helped clean out and straight up old concession stand for new storage
- Baseball and softball start this week for middle school
- Fix all the wooden trash can holders

Shelter Reservations

- N/A

Pool

- N/A

Town

- Blew off sidewalks and picked up trash
- Moved picnic tables at lower street park

Town of Spruce Pine
Water & Sewer
Fund Balance Policy

Original Effective Date: 02/13/2022

Purpose

The Town of Spruce Pine desires to maintain a prudent level of financial reserves to guard its citizens against service disruption in the event of unexpected temporary revenue shortfalls or unpredicted one-time expenditures. The fund balance has been accumulated to meet this purpose – to provide stability and flexibility to respond to unexpected adversity and/or opportunities.

The primary reasons for a fund balance policy are to:

- **Plan for contingencies.** Because the revenues for the water and sewer fund are derived from user fees and based on consumption levels, changing consumption levels and local events, such as the closure of a major employer, can negatively affect revenue. Also unforeseen events such as line breakages can increase operating and/or capital costs. Reserves can be used to make up these temporary shortfalls.
- **Maintain good standing with rating agencies.** Bond rating agencies consider an adequate level of reserves a sign of creditworthiness because it enhances a government's ability to repay debt on time and in full.
- **Avoid interest expenses.** Cash reserves may be used rather than for debt to fund capital projects.
- **Generate investment income.** Reserves can be a source for investment revenue, effectively reducing the burden on the rates that water and sewer customers pay. To maintain the reserve's value as a risk mitigation device, investments will remain relatively liquid.
- **Serve as a cash flow management tool.** Reserves can be used to cover times of the year that normally experience low levels of cash.
- **Create a shared understanding.** A formal fund balance policy clearly outlines appropriate use of the reserves.

Town of Spruce Pine
Water & Sewer
Fund Balance Policy

Administration and Implementation

The Town Manager and Finance Officer are charged with carrying out the policy.

Components of Fund Balance

Fund Balance vs. Reserves - *Fund balance* is an accounting term defined as the difference between assets and liabilities in a governmental fund. The term *reserves* is often used by public finance practitioners, but isn't an actual government accounting term. It refers to the portion of fund balance held in reserve to provide a buffer against financial distress or risk.

In governmental funds, "reserves" comprise a portion of total fund balance. Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* governs the descriptions used to report fund balance. The statement focuses on the "extent to which the government is bound to honor constraints on the specific purposes for which amounts in the fund can be spent" and breaks total fund balance into five (5) different components:

- **Nonspendable fund balance.** Fund balance in this category is inherently nonspendable.
- **Restricted fund balance.** This category has externally enforceable limitations on the use of fund balance, imposed by parties such as creditors, grantors, or laws or regulations of other governments.
- **Committed fund balance.** This encompasses limitations imposed by the government on itself at its highest level of decision making (e.g., governing board through a resolution). For example, the governing board might like to commit a portion of fund balance to a "stabilization fund" to provide a cushion against unknown economic downturns and revenue declines.
- **Assigned fund balance.** This category is for the portion of fund balance that is earmarked for an intended use. The intent is established at either the highest level of decision making or by a body or an official designated for that purpose. For example, a portion of fund balance might be assigned to offset a gap in the budget stemming from a decline in revenues or a portion could be assigned to pay for an upcoming special project.

Town of Spruce Pine
Water & Sewer
Fund Balance Policy

- **Unassigned fund balance.** This encompasses all fund balances that are left after considering the other four categories. Use is least constrained in this category of fund balance.

The last three components (committed, assigned and unassigned fund balance) together comprise "unrestricted fund balance", which is the part of fund balance covered by this reserve policy because unrestricted fund balances are either unconstrained or the constraints are self-imposed, so they could be lifted in order to make fund balances available for other purposes. Conversely, restricted fund balances or nonspendable fund balances are not suited to many of the purposes a reserve policy typically is intended to fulfill.

Required Reserve Levels

The North Carolina State Treasurer recommends a fund balance of 16% of the total actual expenditures and transfers in the Water & Sewer Fund in order to keep the fund from experiencing cash flow issues of the total actual expenditures and transfers. However, based on recommendations by Town staff and auditors a healthy fund balance for the Water & Sewer Fund would be cash flow sufficient enough to cover four months of expenditures or 33%. This policy will require the Town to build up the fund balance over the next several years by budgeting a contingency amount recommended by the Finance Officer every year to be placed back into fund balance.

Excess Fund Balance Levels

Upon completion of the annual audit of Town finances, any unreserved, undesignated fund balance above thirty three percent (33%) will be transferred as necessary to future Capital Projects Funds for the Water & Sewer System. The Town Capital Projects Fund shall be used for one-time capital expenditures. The fund may also be used for prepayment of debt, upon recommendation by the Town Finance Officer and approval of the Town Manager, to reduce the Town's outstanding debt or to pay down debt with high interest rates. The Town Council will be notified of any prepayment of debt.



RESOLUTION AUTHORIZING INCREASE IN MICRO-PURCHASE THRESHOLD

WHEREAS, from time to time, the Town of Spruce Pine purchases goods and services using federal funding subject to the procurement standards in 2 C.F.R. Part 200, Subpart D; and

WHEREAS, the Town of Spruce Pine's procurement of such goods and services is subject to Purchasing Policy and Procedures; and

WHEREAS, the Town of Spruce Pine is a non-Federal entity under the definition set forth in 2 C.F.R. § 200.1; and

WHEREAS, pursuant to 2 C.F.R. § 200.320(a)(1)(ii), a non-Federal entity may award micropurchases without soliciting competitive price or rate quotations if the non-Federal entity considers the price to be reasonable based on research, experience, purchase history or other information and documents that the non-Federal entity files accordingly; and

WHEREAS, pursuant to 2 C.F.R. § 200.320(a)(1)(iii), a non-Federal entity is responsible for determining and documenting an appropriate micro-purchase threshold based on internal controls, an evaluation of risk, and its documented procurement procedures; and

WHEREAS, pursuant to 2 C.F.R. § 200.320(a)(1)(iv), a non-Federal entity may self-certify on an annual basis a micro-purchase threshold not to exceed \$50,000 and maintain documentation to be made available to a Federal awarding agency and auditors in accordance with 2 C.F.R. § 200.334; and

WHEREAS, pursuant to 2 C.F.R. § 200.320(a)(1)(iv), such self-certification must include (1) a justification for the threshold, (2) a clear identification of the threshold, and (3) supporting documentation, which, for public institutions, may be a "higher threshold consistent with State law"; and

WHEREAS, G.S. 143-129(a) and G.S. 143-131(a) require the Town of Spruce Pine to conduct a competitive bidding process for the purchase of (1) "apparatus, supplies, materials, or equipment" where the cost of such purchase is equal to or greater than \$30,000, and (2) "construction or repair work" where the cost of such purchase is greater than or equal to \$30,000; and

WHEREAS, North Carolina law does not require a unit of local government to competitively bid for purchase of services other than services subject to the qualifications-based selection process set forth in Article 3D of Chapter 143 of the North Carolina General Statutes (the "Mini-Brooks Act"); and

WHEREAS, G.S. 143-64.32 permits units of local government to exercise, in writing, an exemption to the qualifications-based selection process for services subject to the Mini-Brooks Act for particular projects where the aggregate cost of such services do not exceed \$50,000; and WHEREAS, pursuant to 2 C.F.R. §

200.320(a)(1)(iv), the Town Council of the Town of Spruce Pine now desires to adopt higher micro-purchase thresholds than those identified in 48 C.F.R. § 2.101.

NOW THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF SPRUCE PINE:

1. In accordance with 2 C.F.R. § 200.320(a)(1)(iv) and the applicable provisions of North Carolina law, the Town of Spruce Pine hereby self-certifies the following micro-purchase thresholds, each of which is a "higher threshold consistent with State law" under 2 C.F.R. § 200.320(a)(1)(iv)(C) for the reasons set forth in the recitals to this resolution:

A. \$30,000, for the purchase of "apparatus, supplies, materials, or equipment"; and

B. \$30,000, for the purchase of "construction or repair work"; and

C. \$50,000, for the purchase of services not subject to competitive bidding under North Carolina law; and

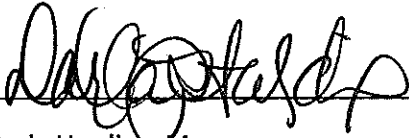
D. \$50,000, for the purchase of services subject to the qualifications-based selection process in the Mini-Brooks Act; provided that such threshold shall apply to a contract only if the Unit has exercised an exemption to the Mini-Brooks Act, in writing, for a particular project pursuant to G.S. 143-64.32. If the exemption is not authorized, the micro-purchase threshold shall be \$10,000.

2. The self-certification made herein shall be effective for fiscal year 2022-2023 and shall be applicable until June 30, 2023, but shall not be applicable to Federal financial assistance awards issued prior to November 12, 2020, including financial assistance awards issued prior to that date under the Coronavirus Aid, Relief, and Economic Support (CARES) Act of 2020 (Pub. L. 116-136).

3. In the event that the Town of Spruce Pine receives funding from a federal grantor agency that adopts a threshold more restrictive than those contained herein, the Unit shall comply with the more restrictive threshold when expending such funds.


4. The Unit shall maintain documentation to be made available to a Federal awarding agency, any pass-through entity, and auditors in accordance with 2 C.F.R. § 200.334. 5. The Town Manager and Finance Director of the Unit are hereby authorized, individually and collectively, to revise the Purchasing Policy of the Unit to reflect the increased micro-purchase thresholds specified herein, and to take all such actions, individually and collectively, to carry into effect the purpose and intent of the foregoing resolution.

Adopted this the 13th day of February, 2023.



Darla Harding, Mayor

ATTEST:



Shelley Buchanan, Town Clerk



TOWN OF SPRUCE PINE, NORTH CAROLINA
BUDGET ORDINANCE AMENDMENT # 4

BE IT ORDAINED by the Town Council of the Town of Spruce Pine, North Carolina that the following amendment be made to the annual budget ordinance for fiscal year ending June 30th, 2023

SECTION 1: To amend the General Fund, the appropriations are to be changed as follows:

<u>Acct. No:</u>	<u>Current</u> <u>Appropriation</u>	<u>Decrease</u>	<u>Increase</u>	<u>Proposed</u> <u>Appropriation</u>
Administration				
10-420-04 Professional Services	\$ 60,000.00		\$ 10,000.00	\$ 70,000.00
10-420-14 Travel	\$ 5,000.00		\$ 5,000.00	\$ 10,000.00
10-420-26 Advertising	\$ 3,500.00		\$ 2,000.00	\$ 5,500.00
Public Buildings				
10-500-13 Utilities	\$ 42,000.00		\$ 10,000.00	\$ 52,000.00
Police				
10-510-02 Salaries	\$ 576,066.00		\$ 7,500.00	\$ 583,566.00
10-510-57 Miscellaneous	\$ 7,500.00		\$ 10,000.00	\$ 17,500.00
10-510-81 Gov. Crime Commission Grant	\$ 23,962.00	\$ (21,747.00)		\$ 2,215.00
Fire				
10-530-45 SPVFD Contract	\$ 143,000.00		\$ 10,000.00	\$ 153,000.00
Public Works				
10-560-74 Capital Outlay	\$ 43,449.00	\$ (34,000.00)		\$ 9,449.00
Powell				
10-570-19 Drainage & Storm Sewer	\$ 15,000.00		\$ 34,000.00	\$ 49,000.00
	<u>\$ 919,477.00</u>	<u>\$ (55,747.00)</u>	<u>\$ 88,500.00</u>	<u>\$ 952,230.00</u>

This will result in a net increase of \$32,753.00 in the appropriations of the General Fund.
As a result, the following revenue will be increased or decreased. This revenue has been or will be received.

<u>Acct. No:</u>				
10-351-01 Police Department Grants	\$ 23,962.00	\$ (21,747.00)		\$ 2,215.00
10-329-00 Interest on Investments	\$ 1,000.00		\$ 54,500.00	\$ 55,500.00
	<u>\$ 24,962.00</u>	<u>\$ (21,747.00)</u>	<u>\$ 54,500.00</u>	<u>\$ 57,715.00</u>

SECTION 2: To amend the Enterprise Fund, the appropriations are to be changed as follows:

<u>Acct. No:</u>	<u>Current Appropriation</u>	<u>Decrease</u>	<u>Increase</u>	<u>Proposed Appropriation</u>
Water				
30-811-18 Distribution System Maintenance	\$ 85,000.00		\$ 25,000.00	\$ 110,000.00
30-811-33 Water Chemical Supplies	\$ 67,000.00		\$ 25,000.00	\$ 92,000.00
30-811-74 Capital Outlay	\$ 35,932.00		\$ 170,000.00	\$ 205,932.00
Water/Sewer				
30-900-77 Contribution to Fund 77 (GoldenLeaf)	\$ -		\$ 50,000.00	\$ 50,000.00
30-900-99 Contingency	\$ 128,089.00		\$ 144,106.00	\$ 272,195.00
			\$ -	\$ -
	<u>\$ 316,021.00</u>	<u>\$ -</u>	<u>\$ 414,106.00</u>	<u>\$ 730,127.00</u>

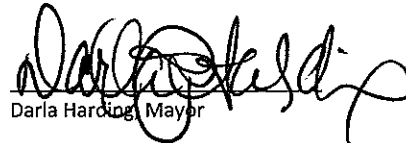
This will result in a net increase of \$414,106 in the appropriations of the Enterprise Fund.
As a result, the following revenue will be increased.

<u>Acct. No:</u>				
30-329-00 Water & Sewer Interest	\$ 250.00		\$ 5,000.00	\$ 5,250.00
30-371-01 Charges for Water	\$ 1,584,000.00		\$ 10,000.00	\$ 1,594,000.00
30-371-02 Charges for Sewer	\$ 1,044,000.00		\$ 20,000.00	\$ 1,064,000.00
30-374-00 Penalties	\$ 18,000.00		\$ 5,000.00	\$ 23,000.00
30-376-00 Misc. - Water & Sewer Sales	\$ 2,000.00		\$ 10,000.00	\$ 12,000.00
30-382-00 Transfers In - ARPA Fund	\$ -		\$ 364,106.00	\$ 364,106.00
	<u>\$ 2,648,250.00</u>	<u>\$ -</u>	<u>\$ 414,106.00</u>	<u>\$ 3,062,356.00</u>

SECTION 4: Copies of this budget amendment shall be furnished to the Town Clerk, the Town Manager, and the Finance Officer for their implementation.

Adopted this the 13th Day of February, 2023


Shelley Buchanan, Town Clerk


Darla Harding, Mayor



TOWN OF SPRUCE PINE, NORTH CAROLINA
ARPA SPECIAL REVENUE FUND - BUDGET AMENDMENT #3

BE IT ORDAINED by the Town Council of the Town of Spruce Pine, North Carolina that the following amendment be made to the budget ordinance for fiscal year ending June 30th, 2023

SECTION 1: To amend the ARPA Fund, the appropriations are to be changed as follows:

<u>Acct. No:</u>		<u>Current Appropriation</u>	<u>Decrease</u>	<u>Increase</u>	<u>Proposed Appropriation</u>
31-510-05	ARPA Expenditures	\$ 341,484.00		\$ 341,485.00	\$ 682,969.00
	*Standard Allowance	\$ 682,969.00			
	Total	\$ 682,969.00	\$ -	\$ 341,485.00	

This will result in the total appropriations of the ARPA Fund.
This revenue has been or will be received. All ARPA Funds will be used for Revenue Replacement under the Standard Allowance. Funds will be used for Salaries for The Public Works Department.

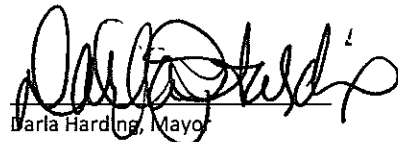
Acct. No:

31-335-00	ARPA Fund Income	\$ 341,484.00		\$ 341,485.00	\$ 682,969.00
			\$ -	\$ 341,485.00	

SECTION 2: Copies of this budget amendment shall be furnished to the Town Clerk, the Town Manager, and the Finance Officer for their implementation.

Adopted this the 13th Day of February, 2023.


Shelley Buchanan, Town Clerk


Darla Harding, Mayor

COMBS,
TENNANT & CARPENTER, P.C.
Certified Public Accountants

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311 Linville Street
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Billy G. Combs, CPA
Douglas M. Tennant, CPA
Jason D. Carpenter, CPA
Brady L. Combs, CPA
Tanya L. Singleton, CPA
Emily W. Reynolds, CPA

December 30, 2022

To the Honorable Mayor and Members of the Town Council
Town of Spruce Pine
Spruce Pine, NC

We are pleased to confirm our understanding of the services we are to provide the Town of Spruce Pine for the year ended June 30, 2023.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the discretely presented component unit, and the disclosures, which collectively comprise the basic financial statements of the Town of Spruce Pine as of and for the year ended June 30, 2023. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Town of Spruce Pine'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 Spruce Pine's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited.

1. Management's Discussion and Analysis
2. Schedule of the Proportionate Share of the Net Pension Liability (Asset)- Local Government Employees' Retirement System
3. Schedule of Contributions- Local Government Employees' Retirement System
4. Schedule of Changes in Total Pension Liability- Law Enforcement Officers' Special Separation Allowance
5. Schedule of Total Pension Liability as a Percentage of Covered Payroll

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

1. Schedule of Expenditures of Federal & State Awards.

2. Individual Fund Statements and Schedules

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

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

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

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance and the State Single Audit Implementation Act; and will include tests of accounting records, a determination of major program(s) in accordance with Uniform Guidance and the State Single Audit Implementation Act, and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Government or to acts by management or employees acting on behalf of the Government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

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

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

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

Audit Procedures—Internal Control

We will obtain an understanding of the Government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

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

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act.

Audit Procedures—Compliance

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

The Uniform Guidance and the State Single Audit Implementation Act requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the Government's major programs. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on the Town of Spruce Pine's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance and the State Single Audit Implementation Act.

Other Services

We will also assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes of Town of Spruce Pine in conformity with accounting principles generally accepted in the United States of America and the Uniform Guidance and the State Single Audit Implementation Act 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 statements, schedule of expenditures of federal awards, and related notes. 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.

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

Responsibilities of Management for the Financial Statements and Single Audit

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

You are also responsible for making drafts of financial statements, schedule of expenditures of federal and state awards, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance and the State Single Audit Implementation Act; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the Government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and related matters.

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

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Government complies with applicable laws, regulations, contracts, agreements, and grants. You are also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report. Additionally, as required by the Uniform Guidance and the State Single Audit Implementation Act, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review on May 1, 2023.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received, and COVID-19-related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance and the State Single Audit Implementation Act. You agree to include our report on the schedule of expenditures of federal awards in any document that contains, and indicates that we have reported on, the schedule of expenditures of federal awards. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance and the State Single Audit Implementation Act; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance and the State Single Audit Implementation Act; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

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

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

Engagement Administration, Fees, and Other

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

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

We will provide copies of our reports to the Government; 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 COMBS, TENNANT & CARPENTER, P.C. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to Cognizant or Oversight Agency for Audit or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of COMBS, TENNANT & CARPENTER, P.C.'s personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Cognizant Agency, Oversight Agency for Audit, or Pass-through Entity. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately June 1, 2023 and to issue our reports no later than October 31, 2023. We estimate that our fees for the audit and other services to be \$31,500. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will keep you informed of any problems we encounter and our fees will be adjusted accordingly. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

Reporting

We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Honorable Mayor and members of Town Council of the Town of Spruce Pine. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add a

separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinion is 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 an opinion, we may decline to express an opinion or issue reports, or we may withdraw from this engagement.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will state that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance and the State Single Audit Implementation Act report on internal control over compliance will state that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the State Single Audit Implementation Act. Both reports will state that the report is not suitable for any other purpose.

We appreciate the opportunity to be of service to the Town of Spruce Pine 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 attached copy and return it to us.

Very truly yours,

COMBS, TENNANT & CARPENTER, P.C.

RESPONSE:

This letter correctly sets forth the understanding of the Town of Spruce Pine.

Management signature: Darlen Butler

Title: Town Manager

Date: 2/13/23

Governance signature: [Signature]

Title: Mayor

Date: 2/13/23

The	Governing Board Town Council
of	Primary Government Unit Town of Spruce Pine
and	Discretely Presented Component Unit (DPCU) (if applicable)

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

and	Auditor Name COMBS, TENNANT & CARPENTER, P.C.
	Auditor Address PO BOX 1098, BOONE, NC 28607

Hereinafter referred to as Auditor

for	Fiscal Year Ending 06/30/23	Date Audit Will Be Submitted to LGC 10/31/23
-----	--------------------------------	---

Must be within four months of FYE

hereby agree as follows:

1. The Auditor shall audit all statements and disclosures required by U.S. generally accepted auditing standards (GAAS) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit(s). The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion shall be rendered in relation to (as applicable) the governmental activities, the business-type activities, the aggregate DPCUs, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types). The basic financial statements shall include budgetary comparison information in a budgetary comparison statement, rather than as RSI, for the General Fund and any annually budgeted Special Revenue funds.

2. At a minimum, the Auditor shall conduct the audit and render the report in accordance with GAAS. The Auditor shall perform the audit in accordance with *Government Auditing Standards (GAGAS)* if the Governmental Unit expended \$100,000 or more in combined Federal and State financial assistance during the reporting period. The auditor shall perform a Single Audit if required by Title 2 US Code of Federal Regulations Part 200 *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart F* (Uniform Guidance) or the State Single Audit Implementation Act. This audit and all associated audit documentation may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit requires a federal single audit in accordance with the Uniform Guidance (§200.501), it is recommended that the Auditor and Governmental Unit(s) jointly agree, in advance of the execution of this contract, which party is responsible for submission of the audit and the accompanying data collection form to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512).

Effective for audits of fiscal years beginning after June 30, 2023, the LGC will allow auditors to consider whether a unit qualifies as a State low-risk auditee based upon federal criteria in the Uniform Guidance §200.520(a), and (b) through (e) as it applies to State awards. In addition to the federal criteria in the Uniform Guidance, audits must have been submitted timely to the LGC. If in the reporting year, or in either of the two previous years, the unit reported a Financial Performance Indicator of Concern that the audit was late, then

the report was not submitted timely for State low-risk auditee status. Please refer to "Discussion of Single Audits in North Carolina" on the LGC's website for more information.

If the audit and Auditor communication are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners (NC State Board).

3. If an entity is determined to be a component of another government as defined by the group audit standards, the entity's auditor shall make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.
4. This contract contemplates an unmodified opinion being rendered. If during the process of conducting the audit, the Auditor determines that it will not be possible to render an unmodified opinion on the financial statements of the unit, the Auditor shall contact the LGC Staff to discuss the circumstances leading to that conclusion as soon as is practical and before the final report is issued. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.
5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, 2018 revision, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he/she has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of the most recent peer review report to the Governmental Unit(s) and the Secretary of the LGC prior to the execution of an audit contract. Subsequent submissions of the report are required only upon report expiration or upon auditor's receipt of an updated peer review report. If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit(s) without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.

If the audit engagement is not subject to *Government Auditing Standards* or if financial statements are not prepared in accordance with U.S. generally accepted accounting principles (GAAP) and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment to this contract or in an amendment.

6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to LGC Staff within four months of fiscal year end. If it becomes necessary to amend the audit fee or the date that the audit report will be submitted to the LGC, an amended contract along with a written explanation of the change shall be submitted to the Secretary of the LGC for approval.

7. It is agreed that GAAS include a review of the Governmental Unit's (Units') systems of internal control and accounting as same relate to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor shall make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his/her findings, together with his recommendations for improvement. That written report shall include all matters defined as "significant deficiencies and material weaknesses" in AU-C 265 of the *AICPA Professional Standards (Clarified)*. The Auditor shall file a copy of that report with the Secretary of the LGC.

For GAAS or *Government Auditing Standards* audits, if an auditor issues an AU-C §260 report, commonly referred to as "Governance Letter," LGC staff does not require the report to be submitted unless the auditor cites significant findings or issues from the audit, as defined in AU-C §260.12 - .14. This would include issues such as difficulties encountered during the audit, significant or unusual transactions, uncorrected misstatements, matters that are difficult or contentious reviewed with those charged with governance, and other significant matters.

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. Approval is also required for the Alternative Compliance Examination Engagement for auditing the Coronavirus State and Local Fiscal Recovery Funds expenditures as allowed by US Treasury. Approval is not required on audit contracts and invoices for system improvements and similar services of a non-auditing nature.
9. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit(s) until the invoice has been approved by the Secretary of the LGC. This also includes any progress billings [G.S. 159-34 and 115C-447]. All invoices for audit work shall be submitted in PDF format to the Secretary of the LGC for approval. The invoice marked 'approved' with approval date shall be returned to the Auditor to present to the Governmental Unit(s) for payment. This paragraph is not applicable to contracts for audits of hospitals.
10. In consideration of the satisfactory performance of the provisions of this contract, the Governmental Unit(s) shall pay to the Auditor, upon approval by the Secretary of the LGC if required, the fee, which includes any costs the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (federal and state grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts. This does not include fees for any pre-issuance reviews that may be required by the NC Association of CPAs (NCACPA) Peer Review Committee or NC State Board of CPA Examiners (see Item 13).
11. If the Governmental Unit(s) has/have outstanding revenue bonds, the Auditor shall submit to LGC Staff, either in the notes to the audited financial statements or as a separate report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor shall submit to LGC Staff simultaneously with the Governmental Unit's (Units') audited financial statements any other bond compliance statements or additional reports required by the authorizing bond documents, unless otherwise specified in the bond documents.
12. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, but not be limited to, the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit(s) and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the Governmental Unit(s) or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board upon completion.
13. If the audit firm is required by the NC State Board, the NCACPA Peer Review Committee, or the Secretary of the LGC to have a pre-issuance review of its audit work, there shall be a statement in the engagement letter indicating the pre-issuance review requirement. There also shall be a statement that the Governmental Unit(s) shall not be billed for the pre-issuance review. The pre-issuance review shall be performed prior to the completed audit being submitted to LGC Staff. The pre-issuance review report shall accompany the audit report upon submission to LGC Staff.

14. The Auditor shall submit the report of audit in PDF format to LGC Staff. For audits of units other than hospitals, the audit report should be submitted when (or prior to) submitting the final invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the LGC by any interested parties. Any subsequent revisions to these reports shall be sent to the Secretary of the LGC. These audited financial statements, excluding the Auditors' opinion, may be used in the preparation of official statements for debt offerings by municipal bond rating services to fulfill secondary market disclosure requirements of the Securities and Exchange Commission and for other lawful purposes of the Governmental Unit(s) without requiring consent of the Auditor. If the LGC Staff determines that corrections need to be made to the Governmental Unit's (Units') financial statements and/or the compliance section, those corrections shall be provided within three business days of notification unless another deadline is agreed to by LGC Staff.
15. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Secretary of the LGC, this contract may be modified or amended to include the increased time, compensation, or both as may be agreed upon by the Governing Board and the Auditor.
16. If an approved contract needs to be modified or amended for any reason, the change shall be made in writing and pre-audited if the change includes a change in audit fee (pre-audit requirement does not apply to hospitals). This amended contract shall be completed in full, including a written explanation of the change, signed and dated by all original parties to the contract. It shall then be submitted to the Secretary of the LGC for approval. No change to the audit contract shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.
17. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit(s), shall be attached to this contract, and except for fees, work, and terms not related to audit services, shall be incorporated by reference as if fully set forth herein as part of this contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract shall take precedence. Engagement letter terms that conflict with the contract are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item 30 of this contract. Engagement letters containing indemnification clauses shall not be accepted by LGC Staff.
18. Special provisions should be limited. Please list any special provisions in an attachment.
19. A separate contract should not be made for each division to be audited or report to be submitted. If a DPCU is subject to the audit requirements detailed in the Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not to be issued and the DPCU is included in the primary government audit, the DPCU shall be named along with the primary government on this audit contract. DPCU Board approval date, signatures from the DPCU Board chairman and finance officer also shall be included on this contract.
20. The contract shall be executed, pre-audited (pre-audit requirement does not apply to hospitals), and physically signed by all parties including Governmental Unit(s) and the Auditor, then submitted in PDF format to the Secretary of the LGC.
21. The contract is not valid until it is approved by the Secretary of the LGC. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. The audit should not be started before the contract is approved.
22. Retention of Client Records: Auditors are subject to the NC State Board of CPA Examiners' Retention of Client Records Rule 21 NCAC 08N .0305 as it relates to the provision of audit and other attest services, as well as non-attest services. Clients and former clients should be familiar with the requirements of this rule prior to requesting the return of records.

23. This contract may be terminated at any time by mutual consent and agreement of the Governmental Unit(s) and the Auditor, provided that (a) the consent to terminate is in writing and signed by both parties, (b) the parties have agreed on the fee amount which shall be paid to the Auditor (if applicable), and (c) no termination shall be effective until approved in writing by the Secretary of the LGC.

24. The Governmental Unit's (Units') failure or forbearance to enforce, or waiver of, any right or an event of breach or default on one occasion or instance shall not constitute the waiver of such right, breach or default on any subsequent occasion or instance.

25. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the LGC.

26. E-Verify. Auditor shall comply with the requirements of NCGS Chapter 64 Article 2. Further, if Auditor utilizes any subcontractor(s), Auditor shall require such subcontractor(s) to comply with the requirements of NCGS Chapter 64, Article 2.

27. **Applicable to audits with fiscal year ends of June 30, 2020 and later.** For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and *Government Auditing Standards, 2018 Revision* (as applicable). Financial statement preparation assistance shall be deemed a "significant threat" requiring the Auditor to apply safeguards sufficient to reduce the threat to an acceptable level. If the Auditor cannot reduce the threats to an acceptable level, the Auditor cannot complete the audit. If the Auditor is able to reduce the threats to an acceptable level, the documentation of this determination, including the safeguards applied, must be included in the audit workpapers.

All non-attest service(s) being performed by the Auditor that are necessary to perform the audit must be identified and included in this contract. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the services and accept responsibility for the results of the services performed. If the Auditor is able to identify an individual with the appropriate SKE, s/he must document and include in the audit workpapers how he/she reached that conclusion. If the Auditor determines that an individual with the appropriate SKE cannot be identified, the Auditor cannot perform both the non-attest service(s) and the audit. See "Fees for Audit Services" page of this contract to disclose the person identified as having the appropriate SKE for the Governmental Unit.

28. **Applicable to audits with fiscal year ends of June 30, 2021 and later.** The auditor shall present the audited financial statements including any compliance reports to the government unit's governing body or audit committee in an official meeting in open session as soon as the audited financial statements are available but not later than 45 days after the submission of the audit report to the Secretary. The auditor's presentation to the government unit's governing body or audit committee shall include:

- a) the description of each finding, including all material weaknesses and significant deficiencies, as found by the auditor, and any other issues related to the internal controls or fiscal health of the government unit as disclosed in the management letter, the Single Audit or Yellow Book reports, or any other communications from the auditor regarding internal controls as required by current auditing standards set by the Accounting Standards Board or its successor;
- b) the status of the prior year audit findings;
- c) the values of Financial Performance Indicators based on information presented in the audited financial statements; and
- d) notification to the governing body that the governing body shall develop a "Response to the Auditor's Findings, Recommendations, and Fiscal Matters," if required under 20 NCAC 03 .0508.

29. Information based on the audited financial statements shall be submitted to the Secretary for the purpose of identifying Financial Performance Indicators and Financial Performance Indicators of Concern. See 20 NCAC 03 .0502(c)(6).

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

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

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

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

FEEES FOR AUDIT SERVICES

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

Financial statements were prepared by: Auditor Governmental Unit Third Party

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

Name:	Title and Unit / Company:	Email Address:
Crystal Young	Finance Officer	finance@sprucepine-nc.gov

OR Not Applicable (Identification of SKE Individual on the LGC-205 Contract is not applicable for GAAS-only audits or audits with FYEs prior to June 30, 2020.)

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

3. The audit fee information included in the table below for both the Primary Government Fees and the DPCU Fees (if applicable) should be reported as a specific dollar amount of audit fees for the year under this contract. If any language other than an amount is included here, the contract will be returned to the audit form for correction.

4. Prior to the submission of the completed audited financial report and applicable compliance reports subject to this contract, or to an amendment to this contract (if required) the Auditor may submit interim invoices for approval for services rendered under this contract to the Secretary of the LGC, not to exceed 75% of the billings for the unit's last annual audit that was submitted to the Secretary of the LGC. All invoices for services rendered in an audit engagement as defined in 20 NCAC .0503 shall be submitted to the Commission for approval before any payment is made. Payment before approval is a violation of law. (This paragraph not applicable to contracts and invoices associated with audits of hospitals).

PRIMARY GOVERNMENT FEES

Primary Government Unit	Town of Spruce Pine
Audit Fee	\$ 28,000.00
Additional Fees Not Included in Audit Fee:	
Fee per Major Program	\$ 0
Writing Financial Statements	\$ 3,500.00
All Other Non-Attest Services	\$ 0

DPCU FEES (if applicable)

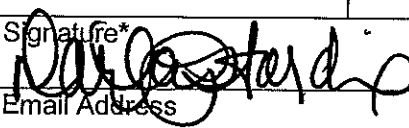
Discretely Presented Component Unit	
Audit Fee	\$
Additional Fees Not Included in Audit Fee:	
Fee per Major Program	\$
Writing Financial Statements	\$
All Other Non-Attest Services	\$

SIGNATURE PAGE

AUDIT FIRM

Audit Firm* COMBS, TENNANT & CARPENTER, P.C.	
Authorized Firm Representative (typed or printed)* Brady L. Combs, CPA	Signature*
Date*	Email Address* brady@ctccpa.com

GOVERNMENTAL UNIT

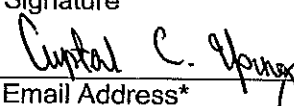
Governmental Unit* Town of Spruce Pine	
Date Primary Government Unit Governing Board Approved Audit Contract* (G.S.159-34(a) or G.S.115C-447(a))	
Mayor/Chairperson (typed or printed)* Darla P. Harding	Signature* 
Date 02-13-23	Email Address darlaharding@gmail.com

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

GOVERNMENTAL UNIT – PRE-AUDIT CERTIFICATE

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

This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.

Primary Governmental Unit Finance Officer* (typed or printed) Cynthia C. Young	Signature* 
Date of Pre-Audit Certificate* 2-13-2023	Email Address* finance@sprucepine-nc.gov

**SIGNATURE PAGE – DPCU
(complete only if applicable)**

DISCRETELY PRESENTED COMPONENT UNIT

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

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

DPCU – PRE-AUDIT CERTIFICATE

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

This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.

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

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



Release Notice

Taxpayer name: Sy Cathy

Address: 100 Lynn St Spruce Pine

Account #: 555651980

Parcel #: 0890-13-04-5679

Reason for Release or Refund: Late application for tax relief

Date: 10-31-22

Year	Bill #	Real Value	Personal Value	County Tax	Fire Tax	Total to be Released	Penalty Adjustment	Cost of Advertising Adjustment	Interest Adjustment
2022	14160	68,800	---	385.28	---	385.28			

Amount to be Refunded: _____

Authorized by: Blair B. Bledsoe

Affirmed by: Jaqueline McInerney

Chairman Mitchell County Board of Commissioners

Clerk to the Mitchell County Board of Commissioners

Jaqueline McInerney

Town of Spruce Pine

31648 Release

Release Notice

Taxpayer name: Warren LeVint Simmons Pothey
 Address: 287 Meadowlark Dr Spruce Pine
 Account #: 655602126
 Parcel #: 0880 - 16-73-9705

Reason for Release or Refund: This adjustment was denied last month during the meeting. It was brought back up last night + approved. This was a discovery for Disabled Exclusion (review while working)

Date: 10-4-22

Year	Bill #	Real Value	Personal Value	County Tax	Fire Tax	Total to be Released	Penalty Adjustment	Cost of Advertising Adjustment	Interest Adjustment
2022	17331						72.50		

Amount to be Refunded: _____

Authorized by: _____

Affirmed by: _____

Chairman Mitchell County Board of Commissioners
Dayton McClary
 Clerk to the Mitchell County Board of Commissioners

Commissioner Grindstaff brought this back up at the Oct 3rd meeting + they approved to adjust the penalties

MS

John Simmons @nc secu .05



Town of Spruce Pine, North Carolina

RESOLUTION AUTHORIZING A RURAL BUSINESS OPPORTUNITY GRANT APPLICATION

WHEREAS, the Town of Spruce Pine desires to implement various streetscape improvements downtown to support and enhance the business environment, and,

WHEREAS, a streetscape plan is needed prior to design and implementation, and,

WHEREAS, possible funding for a plan is available from the U.S. Department of Agriculture- Rural Development's Rural Business Opportunity Grant (RBOG) program.

NOW THEREFORE, BE IT RESOLVED THAT

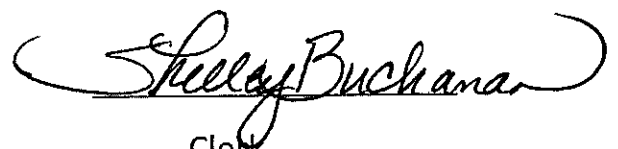
The Spruce Pine Town Council does hereby authorize a grant application to the USDA-RD RBOG program to fund a streetscape plan, and additionally does authorize administration of the grant if awarded, and,

The Spruce Pine Town Council does hereby authorize Darlene Butler, Town Manager, to sign grant documents as needed.

Approved by the Spruce Pine Town Council, this the 13th day of February, 2023.



Mayor



Clerk

STATE OF NORTH CAROLINA
COUNTY OF MITCHELL

MEMORANDUM OF UNDERSTANDING BETWEEN THE TOWN OF SPRUCE PINE
AND THE MITCHELL COUNTY BOARD OF EDUCATION – CONSTRUCTION OF
BATTING CAGE AT RIVERSIDE PARK

NOW COMES the TOWN OF SPRUCE PINE (“Town”), on the one hand, and the MITCHELL COUNTY BOARD OF EDUCATION (“Board”), on the other hand (collectively “Parties”), and enter into this MEMORANDUM OF UNDERSTANDING (“Agreement”) on this 13th day of February, 2023 (“Effective Date”).

WITNESSETH

WHEREAS, the Town owns and operates Riverside Park (“Park”) in Spruce Pine;

WHEREAS, the Town and Harris Middle School (“HMS”) have a pre-existing agreement wherein HMS’s baseball and softball teams use the baseball/softball field (“Field”) at the Park for practices and games during their respective seasons;

WHEREAS, athletic officials from HMS have approached the Town and requested to build at the Park a batting cage at the Field adjacent to the right field line (an aerial photograph of the Field showing the approximately location and size of the batting cage is incorporated herein and attached hereto as Exhibit A) (the “Project”);

WHEREAS, the Town agrees to the Project subject to the terms and conditions as specified herein; and

WHEREAS, the Parties desire to memorialize their mutual understandings and the terms and conditions in this Agreement.

NOW, THEREFORE, in consideration of the premises set forth above, the covenants set forth below and other good and valuable consideration, the receipt and sufficiency of which the Parties hereby acknowledge, the Parties hereby agree as follows:

1. **Ownership.** Once the Project is completed, the batting cage and all materials used to construct the batting cage shall become the Town’s property and the Board shall not retain any property rights to the same.

2. **Cost.** All financial costs associated with the Project (i.e., materials, labor and construction and/or installation of the batting cage) shall be the Board’s sole responsibility and no work shall begin on the Project until all monies are available to pay for the same and all materials have been purchased and are available to be used.

3. **Construction/Installation.** Prior to the start of the Project, the Board shall share with the Town more detailed plans regarding the construction and/or installation of the batting

cage. The Board shall be solely responsible for supplying the necessary labor for the Project. All individuals working on the construction and/or installation of the batting cage shall be at least eighteen (18) years old and the Project shall be supervised at all times by a Board employee. At the completion of the Project, the Town shall review the batting cage prior to its acceptance and any use thereof. The Town shall not allow any use of the batting cage until it is officially accepted.

4. **Limitation of Liability.** The Town shall be not liable for injuries to any of the Board employees or volunteers while performing any of the work associated with the Project. The Board assumes all responsibility for the safety and welfare of its employees or volunteers who work on the Project. Prior to the commencement of any work, all Board employees and volunteers shall sign a waiver agreeing to release and hold harmless the Town from all liability relating to or arising out of the Project. The waiver is attached as Exhibit B.

5. **Use.** The use of the batting cage shall be open and available for public use on a first come, first serve basis; however, during their respective seasons, HMS baseball and softball teams shall be granted priority use.

6. **Future Maintenance.** The Parties both derive a benefit from the batting cage and its location at the Field. Therefore, as long as HMS continues to use the Field for practices and games, the Board shall jointly and equally fund with the Town any needed future improvements or necessary maintenance or repairs to the batting cage. The Town reserves the right to close the batting cage and not allow use by anyone if, in the Town's sole discretion, the batting cage is unsafe or needs maintenance and/or repairs. The Town further reserves the right, in its sole discretion, to demolish and/or remove the batting cage in the event it deteriorates beyond reasonable repair, is not utilized or its location interferes with necessary improvements or expansions to the Field. If the batting cage is rendered unusable for any reason, the Town is under no obligation or requirement to rebuild or relocate the batting cage.

7. **Miscellaneous.**

(a) **Entire Agreement.** This Agreement contains the entire agreement between the Parties with respect to the subject-matter hereof. There are no agreements or representations, written or oral, other than those set forth in this Agreement.

(b) **Severability.** The invalidity or unenforceability of any provision of this Agreement shall not affect any other provision, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision were not included.

(c) **Governing Law.** The laws of the State of North Carolina shall govern and control the validity, interpretation, performance, and enforcement of this Agreement and the proper forum for any claim hereunder shall be the superior court division of the North Carolina General Court of Justice in Mitchell County, North Carolina.

(d) **Modifications.** This Agreement may be amended only by a written instrument signed by the Parties.


(e) Electronic Signature and Multiple Counterparts. This Agreement may be executed electronically by any of the Parties, in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

(f) Headings. The headings appearing in this Agreement are for convenience only and are not to be considered in interpreting this Agreement.

(g) Authorization. The signatories to this Agreement are duly authorized by their respective entities to execute this Agreement.


(h) Public Record. This Agreement is government by N.C.G.S. § 132-1 and shall be a public record available for public inspection.

TOWN OF SPRUCE PINE


By: Darla Harding
Mayor

Date: 2/13/23

**MITCHELL COUNTY
BOARD OF EDUCATION**


By: Chad Calhoun
Superintendent

Date: 1-3-23



P.O. Box 858
Spruce Pine, NC 28777
(828)765-9033

Dear Town of Spruce Pine,

I would like to share some vital history of Mitchell County and come to you with an important request.

On June 5, 1955, the NC Minerals Museum was officially opened. The building was built of stone brought in from the base of Grandfather Mountain. This museum exhibits the important and deep-rooted history of mining in our area and is directly off the Blue Ridge Parkway.

The Mitchell County Chamber, in cooperation with the National Park Service, has been operating the Visitors' Center in the NC Mineral Museum building for many years. The Blue Ridge Parkway attracts an average of 14 million visitors each year and is the most visited National Park in the United States. Along with numbers, we recently began to track as many zip codes as possible of visitors. From July through December 2022, there were 23,900 visitors that entered the Mitchell County NC Minerals Museum, and they came from all over the world. Those statistics make this a prime and invaluable location to attract first time and return visits into our county. This is the only location in Mitchell County where we have that many opportunities to share about what all we have to offer. As a small county, these visitors are vital to our small businesses and economy.

Due to the recent change in legislation in July 2022, occupancy tax is now distributed to the newly formed Tourism Development Authority Board for the purpose of marketing our county. In the past, the Chamber has utilized money provided by the Mitchell County Commissioners as well as occupancy tax to fund the expenses necessary to operate the Visitors' Center. Those funds are no longer available to the Chamber. To keep the Visitors' Center running, we are reaching out to you, to ask for pledges to keep it open.

If every stakeholder could help give, we may be able to supply this need, but without your assistance, we are afraid that we will lose this vital resource. The Mitchell County Chamber and Board of Directors always appreciate your support of our wonderful county. If you are willing, please let us know by February 10, 2023, if we can count on you this year and how much you are willing to contribute!

Thank you,

A handwritten signature in black ink that reads "Mandi Polly".

Mandi Polly
Executive Director
Mitchell County Chamber of Commerce