

MINUTES OF THE TOWN OF STEDMAN BOARD OF COMMISSIONERS
June 7, 2018-----7PM
REGULAR MEETING

MEMBERS PRESENT

Mayor Martin L. Jones, Commissioner Jeremy George, Commissioner Paul Pirro, Commissioner Wayne Mosley and Commissioner Jordan Stewart

STAFF PRESENT

Town Attorney Neil Yarborough, Town Clerk Christy Horne and Administrative Assistant Rebecca Johnson

INVOCATION AND PLEDGE OF ALLEGIANCE

Mayor Martin Jones led the Invocation and the Pledge of Allegiance.

ADOPTION OF AGENDA

Commissioner Jeremy George added item 9f Closed Session under Attorney Client Privilege. Commissioner Jordan Stewart made a motion to accept the revised Agenda and Commissioner Paul Pirro seconded and the motion was carried unanimously to accept the Revised Agenda for the June 7, 2018 meeting.

CONSENT AGENDA

Commissioner Wayne Mosley made the motion to adopt the May 3, 2018 Minutes and the May 17, 2018 Special Meeting Minutes. Commissioner Paul Pirro seconded and was carried unanimously to adopt the regular meeting minutes from the May 3, 2018 meeting and the special meeting minutes from the May 17, 2018 meeting.

PRESENTATIONS – Stedman Athletic Association – Louis Wood who is the President of the Stedman Athletic Association gave an update on the status and activities of the organization. Mr. Wood thanked the Mayor and members of the Board for attending the Stedman Athletic Association meetings. He advised that the Association currently has \$17,000 in their checking account that they have raised due to donations, concessions and various fundraisers. They have put in 4 new standard picnic tables and also one that is ADA compliant. They discussed land options during their meeting. There are multiple properties surrounding the Stedman Parks and Recreation that if acquired would be helpful to the community for ball fields, walking trails, etc. He is asking for continued and increased support from the Town Board and the Community to improve and enhance the Stedman Parks and Recreation. One problem they have in particular is inadequate cubby storage in the Parks and Rec Center building. Commissioner Mosley questioned the Fire Department representative present for the meeting concerning the cubby storage being a safety hazard or a fire code violation. The Fire Department representative, Tim Mitchell stated that it would be a violation if the egress were blocked in any direction. Mr. Wood also questioned the Board regarding if they spend money on a project can they be reimbursed from the County Parks and Rec fund? He would like some guidelines from Fayetteville Parks and Rec concerning expenditures and reimbursements.

PUBLIC FORUM – None

OLD BUSINESS

- a. Consider Cumberland County Parks and Recreation Department Budget Update – Some of this was covered above by Louis Wood from the Stedman Athletic Association. Mayor Jones

has spoken to officials from the County in regards to developing a plan to spend the \$280,000 that is in the Cumberland County Parks and Recreation fund designated for Stedman.

- b. Consider Donation Letter to Stedman Fire Department- Commissioner Pirro asked if everyone had read the donation letter he drafted and asked the Attorney for his input. Attorney Yarborough commented that the letter was fine and the Town was entitled to make a donation to the Fire Department. Commissioner Pirro made a motion to accept the letter as written. Commissioner Stewart seconded and the motion was carried unanimously to sign the donation letter donating the old police car to the Stedman Fire Department.

NEW BUSINESS

- a. Consider Rezoning Case P18-17 – Aaron Barnes from Cumberland County Planning spoke regarding the rezoning of the 5.28 acres located at the intersection of Highway 24 and Magnolia Church Road from agriculture and residential to planned commercial. The Cumberland County Joint Planning Board approved the rezoning at a meeting on May 15, 2018. The rezoning request was submitted by Kevin Carroll & Rhett Bunce (owners) & Wesley Campbell on behalf of The Gas Mart, Inc. (agent). Commissioner George stated he is not opposed to the rezoning to build a service station as long as no laws are being violated. Joey Taylor, representing Campbell Oil spoke and answered questions regarding plans for the service station and restaurant planned for the site. This will be their first store in Cumberland County and they usually have either Arby's, Little Caesars or a Dairy Queen in their stores or sometimes an end cap Subway. Commissioner George asked about their company history of selling or closing stores. Mr. Taylor stated they do not sell their stores and he has worked for the company in his present position for 5 years and previously doing site design for 10 years. There was some conversation regarding water and sewer to the site and PWC involvement. The Mayor and Board of Commissioners took a look at the site plan presented to the Board and Mayor Jones asked about alcohol sales on the property. The majority of the property is in the County with mostly parking to be on the Stedman part of the property. Mr. Taylor stated there will be alcohol sold in the store. There was no additional public comment from the Town and the public hearing was closed. Commissioner Stewart made a motion to approve the rezoning and the motion was seconded by Commissioner Mosley and carried unanimously by the Board of Commissioners. Mayor Jones was against approving this motion.
- b. Consider Contribution to Stedman PH Church for Annual Fireworks Celebration – Commissioner Stewart made a motion to contribute \$1,000 to the Stedman PH Church in support of the annual Fireworks Celebration. The motion was seconded by Commissioner Mosley and carried unanimously by the Board. A services contract between the Town and the Stedman July 4th Celebration Committee will be prepared to reflect the \$1,000.
- c. Consider 2017-2018 Annual Audit Contract – The audit contract from McFayden and Sumner was discussed and Commissioner George made a motion to accept the contract. Commissioner Pirro seconded the motion and it was carried unanimously by the Board.

- d. Consider 2017-2018 Actuary Contract – This contract is a new accounting requirement concerning postemployment benefits mandated by GSAB Statement Number 75. Commissioner Pirro made a motion to accept this contract and was seconded by Commissioner Stewart and carried unanimously by the Board.

- e. Consider Additional Speedbumps for Windwood Oaks and Allendale Subdivisions – There was conversation regarding installing additional speedbumps in the Town. Commissioner Pirro stated that he has been contacted by townspeople wanting more speedbumps in the Town. There are currently 4-5 sets available to install without further purchase. Commissioner George made a motion to install these in the new section of Windwood Oaks and Allendale subdivisions. Commissioner Pirro seconded this motion and it was carried unanimously by the Board.

- f. Consider Donation in Support of Stedman Fire Department Building Fund – Commissioner Pirro spoke regarding the needs of the Stedman Fire Department for additional funding to purchase equipment. He supplied the Board with literature that illustrates some of the needed equipment and costs. Commissioner Mosley stated that some of this equipment will be a requirement in the near future due to health issues and research being done. After much discussion, the Board delayed a decision for the moment and will look into the possibility of a gift/monthly donation. Attorney Yarborough suggested the Town contract with the Fire Department for the 2018-2019 budget year for services that the Town can subsequently pay the Fire Department for.

- g. Consider Future Plans/Opportunities for New Business in the Town of Stedman – Commissioner Pirro led discussion regarding planning for new growth and revenue opportunities for the Town. He would like the Board to be more proactive in planning for growth.

- h. Consider Water Main Extension and Water Lateral on Clinton Road - A resident outside the Town limits has requested a water main extension in order to have Town water installed to her property. The cost is too prohibitive for the Town so no vote was made to extend the water main.

- i. Consider Continued Cooperation Agreement with Cumberland County to Participate in Urban County Designation – We will continue this agreement and no vote was necessary. Action was only required if the Town decided not to continue participation. The agreement will automatically renew for the October 2018 – September 2021 period.

- j. Consider Equipment Purchase for Town Maintenance Department – The Town Maintenance Department is in need of new equipment to include a lawnmower, tractor and excavator. Commissioner George questioned Doug Nunnery about his requirements and his preference of equipment. Commissioner Mosely spoke regarding safety concerns and the need for an

enclosed cab. Mayor Jones stated there will be some resale/trade in value on the old equipment. Commissioner Mosley also stated that the Town should not continue to rely on former Mayor Horne's kindness in allowing the Town to use his equipment. The Mayor and the Board requested the new maintenance equipment be allocated in the 2018-2019 budget for review.

STAFF REPORTS/BOARD OF COMMISSIONERS

- a. Town Clerks Report – There will be a budget meeting on Monday, 6/18/18 at 6:00PM. Does the Mayor/Board want to have a meeting on July 5th as the 4th will be a holiday and traditionally people are on vacation this week? The Board will have a meeting on July 5th. Last, I would like to be appointed to the Joint Appearance Commission as our seat on this board has been vacant for some time and no one has volunteered for the position. Commissioner George made a motion that was seconded by Commissioner Pirro to appoint Christy Horne to the Joint Appearance Commission. The motion was carried unanimously by the Board. Aaron Barnes, the County planner who is also on the Commission offered to help with questions/info regarding the JAC.
- b. Chief of Police Report – Town Clerk, Christy Horne reported on the May police calls for Chief Stocks who was not present and will send the list to the Mayor and the Board of Commissioners via email tomorrow. There was a total of 83 calls for service for the month.
- c. Stedman Fire Department – Tim Mitchell, Deputy Chief reported for the fire department. They have been very busy and have 37 volunteers at the moment and also 9 part-time. He invited the Town to come by and see the new equipment. Cumberland County has done a recruiting and retention grant with the State and Chief Nobles is serving as lead on this project. They have applied for a grant with FEMA for equipment and hope to be approved. The Department of Insurance will be coming soon and they are working toward upgrading and improving their rating to a higher standard.
- d. Planners Report – None
- e. Mayor and Board of Commissioners – Commissioner George asked if there has been an update on the County Interlocal Agreement. Attorney Yarborough had no news concerning this as he had not spoken to Attorney Tim Smith regarding this agreement. Mayor Jones said he has been busy attending meetings and celebrations within the Town, but he feels strongly about the importance of these local responsibilities. He attended celebrations at both the Elementary and Primary schools to distribute citizenship awards to students.
- f. Attorney/Client Privilege

A motion was made at 8:08PM by Commissioner George, seconded by Commissioner Pirro and carried by the Board to go into closed session to discuss Attorney/Client privilege. At 8:30PM, a motion was made by Commissioner Pirro, seconded by Commissioner George and carried unanimously by the Board to go out of closed session.

Meeting Recessed

A motion was made by Commissioner George and seconded by Commissioner Pirro to recess the June 7, 2018 meeting at 8:31PM until Monday, June 18, 2018 at 6:00PM.



STEDMAN BOARD OF COMMISSIONERS
STEDMAN TOWN HALL
5110 Front Street, Stedman, NC
p:910.323.1892
f: 910.323.4255

Donation Acknowledgement Letter

May 22, 2018

To: Stedman Volunteer Fire Department

Subject: Donation of Police Vehicle (not in use)

This letter is intended to serve as notice by the Town of Stedman to donate a 2008 Ford Crown Victoria with approximately 61,000 miles to the Stedman Volunteer Fire Department.

Action Items:

1. There is no charge for the vehicle being donated.
2. Stedman Fire Department will need to have the vehicle inspected, tag-registration-title transferred, and insured out of their own operating budget.
3. First right of refusal - If Stedman Volunteer Fire Department should ever get rid of the vehicle, the Town of Stedman will be offered it back at no charge first before selling it to another party.
4. The vehicle is being donated "as is" with no warranty and/or liability to the Town of Stedman.

Please feel free to contact us with any questions if necessary.

Warmest Regards, Martin Jones

Mayor of Stedman - Martin Jones

Acknowledgement of Donation:

Fire Chief - Justin Nobles
Board of Directors President - Andrew Maykovicha

NORTH CAROLINA

CONTRACT FOR SERVICES

COUNTY OF CUMBERLAND

THIS CONTRACT, made and entered into this the 7th day of June, 2018, by and between the TOWN OF STEDMAN, a North Carolina municipal corporation (hereinafter referred to as "TOWN") and The Stedman July 4th Celebration Committee, an unincorporated community organization (hereinafter referred to as "CONTRACTOR")

WITNESSETH:

That the contractor and the Town, for the consideration stated herein, mutually agree as follows:

1. STATEMENT OF WORK. The Contractor shall furnish all supervision, labor, materials, and services necessary to complete the Community July 4th Celebration at Camp Sandy Creek, Stedman, NC in an efficient and workmanlike manner, and in accordance with all applicable federal, state or local laws, acts or requirements, etc.
2. CONTRACT PRICE. The Town will pay the Contractor for performance of the contract, the sum of One Thousand Dollars (\$1000.00) to be paid as follows: June 7, 2018.
3. COMPLIANCE WITH ALL PERMITS AND CODES. The contractor shall comply with all applicable codes, ordinances, laws and acts of the United States, State of North Carolina, County of Cumberland and/or the Town of Stedman, and shall, at his own expense, secure and pay the fess or charges for all permits required for the performance of the Contract work.
4. CARE OF WORK. The Contractor shall be responsible for and required to make good all damages to persons or property that may occur during the contract period, caused by carelessness, neglect, or want of due precaution on the part of the Contractor, or as a result of his fault or negligence in connection with the prosecution of the work and shall be responsible for the proper care and protection of all work performed until completion and final acceptance of the work by the Town. The Contractor shall repair at its own expense in a manner satisfactory to the Town any damage caused by his operations.
5. ACCIDENT PREVENTION. The Contractor shall exercise proper precautions at all times for the protection of persons or property workmanship in its construction, or by or on account of any accident or of any other act or omission of said Contractor or their agents, employees, servants or workers.

6. INDEPENDENT CONTRACTOR. The relationship between the Contractor and the Town is one of independent contractor and not one involving a partnership, joint venture or the like.

IN WITNESS WHEREOF, the Town and the Contractor have executed this Contract as of the day and year first above written.

TOWN OF STEDMAN

By: Mark D. Hoop

Stedman PH Church
Contractor

By: Jonat Hill

ATTEST:

Christy Horne
Town Clerk

PRE-AUDIT CERTIFICATION

This instrument has been pre-audited as required by the Local Government Budget and Fiscal Control Act.

Christy Horne
Budget Officer

May 22, 2018

To The Honorable Mayor
And Board of Commissioners
Town of Stedman, North Carolina

We are pleased to confirm our understanding of the services we are to provide Town of Stedman, North Carolina for the year ended June 30, 2018. We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of Town of Stedman, North Carolina as of and for the period ended June 30, 2018. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Town of Stedman, North Carolina's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Town of Stedman, North Carolina's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) Budgetary Comparison Schedules.
- 3) GASB-Required Supplementary Pension Information.
- 4) OPEB Information

We have also been engaged to report on supplementary information other than RSI that accompanies Town of Stedman, North Carolina's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and will provide an opinion on it in relation to the basic financial statements:

- 1) Individual Fund Statements.
- 2) Supporting Schedules.

Audit Objective

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or may withdraw from this engagement.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be

examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

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

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

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. 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.

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 Stedman, North Carolina's compliance with applicable laws and regulations and the provisions of contracts and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Management Responsibilities

Management is responsible for designing, implementing, 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 monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

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

Your responsibilities include adjusting the financial statements to correct material misstatements and 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, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information 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 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.

You agree to assume all management responsibilities for financial statement preparation we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will locate any documents selected by us for testing.

We expect to issue our reports no later than October 31, 2018. Our fee for these services will be \$12,500. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

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

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

You agree that any dispute (other than our efforts to collect an outstanding invoice) that may arise regarding the meaning, performance, or enforcement of this engagement or any prior engagement that we may have performed for you, will, prior to resorting to litigation, be submitted to mediation, and that you will engage in the mediation process in good faith once a written request to mediate has been given by either party to the engagement. Any mediation initiated as a result of this engagement shall be administered by a qualified and impartial third party acceptable to both parties. The costs of any mediation proceeding shall be shared equally by the participating parties.

Any litigation arising out of this engagement, except actions by us to enforce payment of our professional invoices, must be filed within one year from the completion of the engagement, notwithstanding any statutory provision to the contrary, and shall be conducted within Cumberland County, North Carolina.

We appreciate the opportunity to be of service to Town of Stedman, North Carolina and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

David Maxwell

McFadyen & Sumner, CPAs PA

RESPONSE:

This letter correctly sets forth the understanding of Town of Stedman, North Carolina.

Management signature: *Matndep*
Title: Mayor
Date: 6-13-18

Governance signature: *Christy Horne*
Title: Finance Officer
Date: 6-13-18

CONTRACT TO AUDIT ACCOUNTS

Of Town of Stedman
Primary Government Unit

Discretely Presented Component Unit (DPCU) if applicable

On this 22nd day of May, 2018

Auditor: McFadyen & Sumner, CPAs PA Auditor Mailing Address: 572 Executive Place, Fayetteville, NC 28314

Hereinafter referred to as The Auditor

and Board of Commissioners (Governing Board(s)) of Town of Stedman
(Primary Government)

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

1. The Auditor shall audit all statements and disclosures required by accounting principles generally accepted in the United States of America (GAAP) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit (s) for the period beginning July 1, 2017, and ending June 30, 2018. The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion shall be rendered in relation to (as applicable) the governmental activities, the business-type activities, the aggregate DPCUs, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types).
2. At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with auditing standards generally accepted in the United States of America. The Auditor shall perform the audit in accordance with *Government Auditing Standards* if required by the State Single Audit Implementation Act, as codified in G.S. 159-34. If required by OMB *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance) and the State Single Audit Implementation Act, the Auditor shall perform a Single Audit. This audit and all associated audit documentation may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit and Auditor communication are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners (NC State Board). **County and Multi-County Health Departments:** The Office of State Auditor will require Auditors of these Governmental Units to perform agreed upon procedures (AUPs) on eligibility determination on certain programs. Both Auditor and Governmental Unit agree that Auditor shall complete and report on these AUPs on Eligibility Determination as required by Office of the State Auditor (OSA) and in accordance with the instructions and timeline provided by OSA.
3. If an entity is determined to be a component of another government as defined by the group audit standards, the entity's Auditor shall make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.
4. This contract contemplates an unmodified opinion being rendered. If during the process of conducting the audit the Auditor determines that it will not be possible to render an unmodified opinion on the financial statements of the unit, the Auditor shall contact the SLGFD staff to discuss the circumstances leading to that conclusion as soon as is practical and before the final report is issued. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.

5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, 2011 revisions, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he 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 their most recent peer review report regardless of the date of the prior peer review report to the Governmental Unit and the Secretary of the LGC prior to the execution of the audit contract. If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.

If the audit engagement is not subject to Government Accounting Standards or if financial statements are not prepared in accordance with GAAP and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment.
6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to the SLGFD within four months of fiscal year end. Audit report is due on: 10/31/2018. If it becomes necessary to amend this due date or the audit fee, an amended contract along with a written explanation of the delay shall be submitted to the Secretary of the LGC for approval.
7. It is agreed that generally accepted auditing standards include a review of the Governmental Unit's systems of internal control and accounting as same relate to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor 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 findings, together with his recommendations for improvement. That written report shall include all matters defined as "significant deficiencies and material weaknesses" in AU-C 265 of the *AICPA Professional Standards (Clarified)*. The Auditor shall file a copy of that report with the Secretary of the LGC.
8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit until the invoice has been approved by the Secretary of the LGC. (This also includes any progress billings.) [G.S. 159-34 and 115C-447] All invoices for Audit work shall be submitted in PDF format to the Secretary of the LGC for approval. The invoices shall be sent via upload through the current portal address: <https://nctreasurerslgfd.leapfile.net>. Subject line should read "Invoice -- [Unit Name]. The PDF invoice marked 'approved' with approval date shall be returned by email to the Auditor to present to the Governmental Unit for payment. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.
9. In consideration of the satisfactory performance of the provisions of this contract, the Primary Government shall pay to the Auditor, upon approval by the Secretary of the LGC, the fee, which includes any cost the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (Federal and State grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts. (Note: Fees listed on Fees page.) This does not include fees for any Pre-Issuance reviews that may be required by the NC Association of CPAs (NCACPA) Peer Review Committee or NC State Board of CPA Examiners (see Item #12).
10. If the Governmental Unit has outstanding revenue bonds, the Auditor shall submit to the SLGFD 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 the SLGFD simultaneously with the

Governmental Unit's audited financial statements any other bond compliance statements or additional reports required by the authorizing bond documents, unless otherwise specified in the bond documents.

11. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, but not be limited to, the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the Governmental Unit or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board as soon as practical after the close of the fiscal year end.
12. If the audit firm is required by the NC State Board, the NCACPA Peer Review Committee, or the Secretary of the LGC to have a pre-issuance review of its audit work, there shall be a statement in the engagement letter indicating the pre-issuance review requirement. There also shall be a statement that the Governmental Unit shall not be billed for the pre-issuance review. The pre-issuance review shall be performed prior to the completed audit being submitted to the SLGFD. The pre-issuance review report shall accompany the audit report upon submission to the SLGFD.
13. The Auditor shall electronically submit the report of audit to the SLGFD as a text-based PDF file when (or prior to) submitting the invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the SLGFD by any interested parties. **Any subsequent revisions to these reports shall be sent to the Secretary of the LGC along with an Audit report Reissuance form.** 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 without subsequent consent of the Auditor. If the SLGFD determines that corrections need to be made to the Governmental Unit's financial statements, those corrections shall be provided within three days of notification unless another deadline is agreed to by the SLGFD.

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

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

14. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Secretary of the LGC, this contract may be varied or changed to include the increased time, compensation, or both as may be agreed upon by the Governing Board and the Auditor.
15. If an approved contract needs to be amended for any reason, the change shall be made in writing, on the Amended LGC-205 contract form and pre-audited if the change includes a change in audit fee. 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 through the audit contract portal to the Secretary of the LGC for approval. The portal address to upload the amended contract is <https://nctreasurerslgfd.leapfile.net>. No change to the audit contract shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.

Discretely Presented Component Unit (DPCU) if applicable

16. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit shall be attached to the contract, and by reference here becomes part of the 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 #23 of this contract. Engagement letters containing indemnification clauses shall not be accepted by the SLGFD.
17. Special provisions should be limited. Please list any special provisions in an attachment.
18. A separate contract should not be made for each division to be audited or report to be submitted. If a DPCU is subject to the audit requirements detailed in the Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not to be issued and the DPCU is included in the primary government audit, the DPCU shall be named along with the parent government on this audit contract. DPCU Board approval date, signatures from the DPCU Board chairman and finance officer also shall be included on this contract.
19. The contract shall be executed, pre-audited, physically signed by all parties including Governmental Unit and the Auditor and then submitted in PDF format to the Secretary of the LGC. The current portal address to upload the contractual documents is <https://nctreasurerslgfd.leapfile.net>. Electronic signatures are not accepted at this time. Included with this contract are instructions to submit contracts and invoices for approval as of November 2017. These instructions are subject to change. Please check the NC Treasurer's web site at <https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx> for the most recent instructions.
20. The contract is not valid until it is approved by the Secretary of the LGC. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. The audit should not be started before the contract is approved.
21. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the LGC.
22. E-Verify. Auditor shall comply with the requirements of NCGS Chapter 64 Article 2. Further, if Auditor utilizes any subcontractor(s), Auditor shall require such subcontractor(s) to comply with the requirements of NCGS Chapter 64, Article 2.
23. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted: (See Item 16 for clarification).

SIGNATURE PAGES FOLLOW FEES PAGE

Contract to Audit Accounts (cont.) Town of Stedman
Primary Government Unit

Discretely Presented Component Unit (DPCU) if applicable

FEES - PRIMARY GOVERNMENT

AUDIT: \$ 9,250

WRITING FINANCIAL STATEMENTS: \$ 3,250

ALL OTHER NON-ATTEST SERVICES: \$ N/A

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

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

The 75% cap for interim invoice approval for this audit contract is \$ 9,375
** NA if there is to be no interim billing

FEES - DPCU (IF APPLICABLE)

AUDIT: \$ _____

WRITING FINANCIAL STATEMENTS: \$ _____

ALL OTHER NON-ATTEST SERVICES: \$ _____

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

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

The 75% cap for interim invoice approval for this audit contract is \$ _____
** NA if there is to be no interim billing

Contract to Audit Accounts (cont.) Town of Stedman
Primary Government Unit
Discretely Presented Component Unit (DPCU) if applicable

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

Audit Firm Signature:

McFadyen & Sumner, CPAs PA
Name of Audit Firm

By David E. Maxwell, Jr., CPA, CGMA

Authorized Audit firm representative name: Type or print

David E Maxwell Jr
Signature of authorized audit firm representative

Date May 22, 2018

dmaxwell@mcpas.com
Email Address of Audit Firm

Governmental Unit Signatures:

Town of Stedman
Name of Primary Government

By Martin L. Jones, Mayor

Mayor / Chairperson: Type or print name and title

MARTIN L Jones Jr
Signature of Mayor/Chairperson of governing board

Date 6-13-18

By N/A

Chair of Audit Committee - Type or print name

**
Signature of Audit Committee Chairperson

Date

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

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

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

By Christy Horne

Primary Government Unit Finance Officer:

Type or print name

Christy Horne
Primary Government Finance Officer Signature

Date 6-13-18

(Pre-audit Certificate must be dated.)

chorne.tos@ncrrbiz.com

Email Address of Finance Officer

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

Please provide us the most current email addresses available as we use this information to update our contact database

ACTUARIAL SERVICES AGREEMENT

THIS AGREEMENT is entered into the 13 day of June 2018, between the TOWN OF STEDMAN (herein referred to as the "Town") and FOSTER & FOSTER, INC. (herein referred to as the "Actuary").

WITNESSETH

WHEREAS, the Town is required per Governmental Accounting Standards Board Statements No. 75 to disclose specific obligation information regarding the Other Postemployment Benefits (OPEB) plan.

WHEREAS, the Actuary has proposed the performance of certain actuarial services as outlined in agreement following, such that the Town may have the required disclosure information.

WHEREAS, the Actuary has demonstrated the expertise and experience to perform the actuarial services outlined in said agreement.

NOW, THEREFORE, in consideration of services to be performed and payments to be made together with mutual covenants and conditions hereinafter set forth, the parties agree as follows:

1. The Actuary shall, within sixty days of receipt of all required employee and financial data, complete and return to the Town the following beginning with an July 1, 2017 valuation:
 - A. Performance of biennial actuarial valuation and Report. The valuation shall be conducted using the Alternative Measurement Method as set forth under Governmental Accounting Standards Board Statement (GASB) No. 75. The assumptions set forth in the valuation will be chosen by the Actuary, unless otherwise denoted in GASB 75, and will be based upon the general experience exhibited by the Actuary's other public sector plans. The Actuary reserves the right to make changes to these assumptions over time.
 - B. Preparation of disclosure information for auditors per GASB 75. In years in which the actuarial valuation is not performed, the Actuary will still provide all necessary disclosure information for GASB 75 compliance.
 - C. Delivery of three hard-bound copies of the valuation report, as well as one electronic copy provided via e-mail.

The fees associated with the satisfactory performance of the above are \$2,500 for the valuation performed for Fiscal 2018 reporting purposes.

If the Town qualifies for an Interim update for FY 2019, the fees for such services under GASB 75 are \$900 for FY 2019. The results would be based on a roll-forward of the July

1, 2017 valuation results to develop the required disclosures under GASB 75.
The fees shall increase by 3% for each year thereafter.

2. During the agreement period, the Actuary shall also perform such additional actuarial services as may be requested by the Town including, but not limited to:
 - A. Perform special actuarial Studies to determine the costs associated with the implementation of alternative benefits. For example, the costs associated with changing the employer-provided subsidy to something higher or lower could be examined.
 - B. Conduct meetings with the Town or employee groups to explain plan provisions, review valuation results and to answer questions.
 - C. Analyze funding trends to predict future OPEB costs and OPEB liabilities.
 - D. Perform other consulting services via telephone, e-mail, or facsimile.

The charges not explicitly stated above for work shall be based upon the amount of time required to complete each task. A firm fee quotation prior to commencing any work shall be provided upon request. The hourly charges shall be:

	<u>Hourly Rate</u>
Senior Actuarial Consultant	\$350
Actuarial Consultant	\$300
Actuarial Analyst	\$250
Administrative/Clerical	\$150


3. This Agreement embodies the entire agreement of the parties hereto and no modification thereof shall be made except by written amendment agreed to and executed by both parties.
4. The Town shall deliver to the Actuary all employee and financial data and any such further information as the Actuary shall deem necessary from time to time in order to complete the job.
5. This Agreement is deemed to continue indefinitely, or until such time that either party terminates this agreement with at least 30 days written notice addressed to the other party at the address provided above or at such other address as designated in writing by a party to this Agreement.
6. Upon receipt of an invoice for services performed, the Town shall pay the determined fee to the Actuary within 30 days.
7. Neither party hereto may assign, convey, or otherwise transfer any of its rights, obligations, or interest herein without the prior express written consent of the other party.

8. This Agreement shall be construed in accordance with the laws of the State of North Carolina to the extent not pre-empted by federal law and the provisions hereof shall be governed by such law. All prior agreements between the parties are hereby terminated and superseded by this Agreement.
9. This Agreement may be executed in several counterparts, each of which shall be deemed an original.
10. Any action arising under this Agreement shall be brought exclusively in Cumberland County.

IN WITNESS WHEREOF, the Town has signed duplicates hereof, and **FOSTER & FOSTER, INC.** has caused its corporate name to be signed to said duplicates by its proper officers thereunto duly authorized on the day and in the year first above written.

FOSTER & FOSTER, INC.

TOWN OF STEDMAN

By: 
As Authorized Officer

By: 
As Authorized Representative

Date: May 23, 2018

Date: 6-13-18