

Minutes of the Meeting of  
The Liberty Town Council  
Held on May 24, 2021 5:30 pm

Present

Mayor : The Honorable Filmore York

Council: Chris Compton, Don Herndon, Larry Coble, Tyson Nixon ,  
and JR Beard

Interim Town Manager: Scott Kidd

Town Clerk: Jessica Brown

Town Attorney: Bill Flowe

Staff: Fire Chief; Matt Talbott, Finance/HR Director; Kathy Bond  
Public Service Director; Terry Crouse, Library Director;  
Brenda Heindl-Hornsby, Library; Warren Dixon, Parks and  
Recreation ; Logan Maness and Kolby Riddle

To Order

The Mayor welcomed everyone and called the meeting to order at 5:30PM.

Pledge of Allegiance/Invocation

Mayor York led the Pledge of Allegiance and then asked everyone to join in a Moment of Silence.

Adoption of Agenda

Council Member Chris Compton made a motion to adopt the agenda with the additions of 7.2 New Business, Audit Contract, 9.1 Committee Report Warren Dixon Patterson Cottage Committee, a Closed Session to discuss economic development and Closed Session to discuss acquisition of property. Council Member Tyson Nixon seconded the motion which passed unanimously: Council Member Don Herndon voted yes, Council Member Larry Coble voted yes, Council Member Tyson Nixon voted yes, Council Member JR Beard voted yes and Council Member Chris Compton voted yes. The agenda was approved with changes.

Code Enforcement Report

Code Enforcement Officer Brandon Emory said it is a pleasure to be back. There are a lot of overgrown lots. We send Notices of Violation but sometimes do not get a response. The updated policy will deal with habitual offenders by issuing a fine or a lien when necessary. Twelve cases have been abated this month. There is damage to the building at the back of the lot at Murphy and Swannanoa. Some debris has been cleaned up but the building has not been touched. An ordinance will be prepared for the next meeting.

Approval of Minutes

Council Member JR Beard made a motion to approve the minutes on March 11, 2021 Budget Retreat, April 19, 2021 Work Session, and April 26,2021 Council Meeting. Council Member Tyson Nixon seconded the motion which passed unanimously : Council Member Don Herndon voted yes, Council Member Larry Coble voted yes, Council Member Tyson Nixon voted yes, Council Member JR Beard voted yes, and Council Member Chris Compton voted yes. The minutes were approved.

Consent Agenda

The Consent Agenda includes: Budget Amendments #39, #40, #41, and #42. Council Member Larry Coble made a motion to approve the Consent Agenda. Council Member Chris Compton seconded the motion which passed unanimously with a vote: Council Member Don Herndon, Council Member Larry Coble voted yes, Council Member Tyson Nixon voted yes, Council Member JR Beard voted yes, and Council Member Chris Compton voted yes. The Consent Agenda was approved.

Old Business

**July Festival Discussion**

Town Manager Scott Kidd said the Chamber no longer wants to be in charge of the July Celebrate Liberty Festival. He is not sure if we will be able to have food trucks this year. We will be doing the fireworks. He will get with the Fire Department to make sure everything is good. Council Member JR Beard said we should go ahead with fireworks the first Saturday after the fourth. Council Member JR Beard made a motion to go ahead and schedule the fireworks for Saturday July 10th, 2021. Council Member Chris Compton seconded the motion which passed unanimously with Council Members Larry Coble, Chris Compton, Don Herndon, Tyson Nixon and JR Beard voting yes. Scott Kidd said we would look again at food trucks and bands next year.

New Business

**Budget Amendment #43**

This amendment is to move funds from the General Fund Appropriated to Special Event line item to pay for fireworks. Council Member Don Herndon made a motion to pass the amendment. Council Member Chris Compton seconded the motion which passed unanimously with Council Members Larry Coble, Chris Compton, Don Herndon, JR Beard, and Tyson Nixon voting yes. Budget Amendment #43 was approved.

**Audit Contract**

Staff recommends awarding Deborah Wentz CPA the audit contract. Council Member Tyson Nixon made a motion to award the audit contract to Deborah Wentz CPA. Council Member JR Beard seconded the motion with Council Members Larry Coble, Chris Compton, Don Herndon, JR Beard, and Tyson Nixon voting yes. The new auditor is Deborah Wentz CPA.

Administrative Reports

**Manager's Report**

Library Director Brenda Heindl Hornsby passed around a handout with pictures of signs for Town Offices/Library. The one they like has a white sign with a border around it. Council Member Don Herndon asked if a banner could be attached at the bottom. Brenda said yes a pole could be drilled to the drive through. Council Member Larry Coble said it looked good with a border. Brenda said the roses out front have a blight and they are working with the Rose Garden Club and NC Cooperative Extension to see what looks good there in that space. The consensus is to look at another plant that would work there.

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Mayor York thanked the members of the Rose Garden Club that were there at the meeting.

Town Manager Scott Kidd said we have a CDBG monthly progress meeting Wednesday. He received a 151 page document detailing how Towns can spend ARP (American Rescue Plan) funds. Meters are included in that information. They have met with another meter provider and are getting prices and should give another update on this by August.

The Capital Reserve procedure is still to put money in Capital outlay (estimate) can use leftovers for another capital line item.

The ASADRA engineering report has been approved. We are probably a year out from beginning construction.

Council Member Larry Coble asked if our employees would have to install meters as with the first company they had talked to; he thought this was a drawback. Public Service Director Terry Crouse said we could hire that out. Council Member Coble said we need to look at prices and a time frame. Terry said he thinks it is better to initially hire it out.

### Committee Reports

#### **Patterson Cottage Committee - Warren Dixon**

Warren Dixon of the Patterson Cottage Committee came forward to speak. He said in December of 2018 they had asked if they raised money could they build a museum. For three years they worked on a new building. Rising construction costs have prompted them to look into purchasing the Hardware store downtown. If the Town would insure and pay utilities, they would staff and donate to the Town. According to the current owner Ron Murray utilities run about \$2500.00 per year. The store has new HVAC and the skylights have been sealed.. The Committee will pay an inspector to look at the building before purchasing.

Council Member Tyson Nixon asked if there were any talks of using the Depot. Mr. Dixon said yes and the Wiley House and the Wells Fargo building but the Hardware store seemed the best option due to display windows and good space inside the building.

Council Member JR Beard asked if they would be able to keep the display counters.

Warren said they will keep what they can. Council Member Don Herndon asked what would happen to the Hardware store's inventory. Warren said they will have to buy and hopefully sell at auction.

Council Member JR Beard made a motion that the Town would pay insurance and utilities after purchase. Council Member Don Herndon seconded the motion which passed unanimously with Council Members Larry Coble, Chris Compton, Don Herndon, JR Beard, and Tyson Nixon voting to approve.

Mayor York said the Town sent a letter last week to request a \$50,000.00 grant from the state to help.

#### Closed Sessions per GS 143-318.11 (4), GS 143-318.11 (5), GS 143-318.11 (6)

Council Member Tyson Nixon made a motion to go into Closed Session per GS 143 - 318.11 (4) (5) (6) . Council Member Larry Coble seconded the motion which passed unanimously with Council Members Larry Coble, Chris Compton, Don Herndon, JR Beard, and Tyson Nixon voting yes to go into Closed Session. The Liberty Town Council went into Closed Session at 6:10pm.

Council Member Tyson Nixon made a motion to come out of Closed Session. Council Member JR Beard seconded the motion which passed unanimously with Council

Members Larry Coble, Chris Compton, Don Herndon, JR Beard, and Tyson Nixon voting yes. The Liberty Town Council came out of Closed Session at 7:35pm.

Council Member Tyson Nixon made a motion to approve Scott Kidd's contract of \$77,000.00 per year beginning June 1, 2021 as the Town Manager. Council Member Chris Compton seconded the motion which passed unanimously with Council Members Larry Coble, Chris Compton, Don Herndon, JR Beard, and Tyson Nixon voting yes. Scott Kidd's contract for Town Manager was approved.

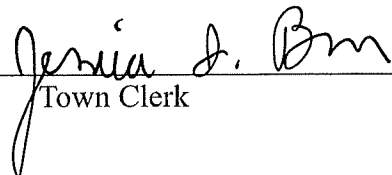
Mayor Comments

Mayor York said he hopes everyone has a great Memorial Day weekend. There will be a Flag Retirement Ceremony at the American Legion.

Adjourn

There being no further business to discuss, Council Member Tyson Nixon made a motion to adjourn. Council Member Larry Coble seconded the motion which passed unanimously with a vote: Council Member Don Herndon voted yes, Council Member Larry Coble voted yes, Council Member Tyson Nixon voted yes, Council Member JR Beard voted yes, and Council Member Chris Compton voted yes. The meeting was adjourned.

  
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Mayor Filmore York

ATTEST:   
\_\_\_\_\_  
Town Clerk

Meeting Date May 24, 2021

**Town of Liberty Budget Amendment (FY 2020-2021 #39) Council Approval Needed**

BE IT ORDAINED, by the Liberty Town Council that the Town of Liberty Budget Ordinance for fiscal year 2020-2021, which was adopted on June 29, 2020, be amended as follows. This amendment is to move funds from L/E Capital Reserve to Vehicle Lease.

Section 1: The following revenue and expenditures in the Enterprise Fund shall be increased by the amounts indicated:

10 Fund Revenues				
General Fund	Line Item	Budget	Change	Amended Budget
L/E Vehicle Lease	10-5100-315	17,136	15,027	32,163
<b>Total Revenues</b>		17,136	15,027	32,163

10 Fund Expenditures				
General Fund	Line Item	Budget	Change	Amended Budget
L/E Capital Reserve	10-5100-790	68,331	(15,027)	53,304
<b>Total Expenditures</b>		68,331	(15,027)	53,304

Prepared By: Kathy Bond, Finance Director

Reviewed By: Scott Kidd, Interim Town Manager

Interim Town Manager Initials: SK

Filmore York  
Filmore York, Mayor

ATTEST:

Jessica L. Brown  
Town Clerk

Date: 5-24-21

Date: 5/24/2021



Meeting Date May 24, 2021

**Town of Liberty Budget Amendment (FY 2020-2021 #40) Council Approval Needed**

**BE IT ORDAINED**, by the Liberty Town Council that the Town of Liberty Budget Ordinance for fiscal year 2020-2021, which was adopted on June 29, 2020, be amended as follows. **This amendment is to move funds from General Fund Appropriated to Library Capital Reserve Fund.**

**Section 1:** The following revenue and expenditures in the General Fund shall be increased by the amounts indicated:

10 Fund Revenues				
General Fund	Line Item	Budget	Change	Amended Budget
General Fund Appropriated	10-3990-000	204,146	16,796	220,942
<b>Total Revenues</b>		204,146	16,796	220,942

10 Fund Expenditures				
General Fund	Line Item	Budget	Change	Amended Budget
Lib Trans to Capital Reserve	10-6300-790	0	16,796	16,796
<b>Total Expenditures</b>		0	16,796	16,796

Prepared By: Kathy Bond, Finance Director  
Reviewed By: Scott Kidd, Interim Town Manager  
Interim Town Manager Initials: SKK

Filmore York  
Filmore York, Mayor

ATTEST:

Date: 5-24-21

Genia J. Bm  
Town Clerk

Date: 5/24/2021

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Meeting Date May 24, 2021

**Town of Liberty Budget Amendment (FY 2020-2021 #41) Council Approval Needed**

**BE IT ORDAINED**, by the Liberty Town Council that the Town of Liberty Budget Ordinance for fiscal year 2020-2021, which was adopted on June 29, 2020, be amended as follows:  
follows. **This amendment is to move funds from Library Capital Reserve Fund to Library M/R Building for removing two brick arches at Library front door and replace front door with double lightweight front doors. (Cox Construction & Liberty Glass & Door, Inc)**

**Section 1:** The following expenditures in the General Fund shall be increased and decreased by the amounts indicated:

10 Fund Expenditures				
General Fund	Line Item	Budget	Change	Amended Budget
Library M/R Building	10-6300-150	750	12,630	13,380
<b>Total Expenditures</b>		750	12,630	13,380

10 Fund Expenditures				
General Fund	Line Item	Budget	Change	Amended Budget
Lib Trans to Capital Reserve	10-6300-790	16,796	(12,630)	4,166
<b>Total Expenditures</b>		16,796	(12,630)	4,166

Prepared By: Kathy Bond, Finance Director  
Reviewed By: Scott Kidd, Interim Town Manager  
Interim Town Manager Initials: SKK

Filmore York  
Filmore York, Mayor

ATTEST:

Date: 5-24-21

Jessica J. Bond  
Town Clerk

Date: 5/24/2021



Meeting Date May 24, 2021

**Town of Liberty Budget Amendment (FY 2020-2021 #42) Council Approval Needed**

**BE IT ORDAINED**, by the Liberty Town Council that the Town of Liberty Budget Ordinance for fiscal year 2020-2021, which was adopted on June 29, 2020, be amended as follows:  
follows. This amendment is to move funds from Library Capital Reserve Fund to Library Capital Outlay to purchase two picnic tables from Uline.

**Section 1:** The following expenditures in the General Fund shall be increased and decreased by the amounts indicated:

10 Fund Expenditures				
General Fund	Line Item	Budget	Change	Amended Budget
Library Capital Outlay	10-6300-750	0	1,580	1,580
<b>Total Expenditures</b>		0	1,580	1,580

10 Fund Expenditures				
General Fund	Line Item	Budget	Change	Amended Budget
Lib Trans to Capital Reserve	10-6300-790	16,796	(1,580)	15,216
<b>Total Expenditures</b>		16,796	(1,580)	15,216

Prepared By: Kathy Bond, Finance Director  
Reviewed By: Scott Kidd, Interim Town Manager  
Interim Town Manager Initials: SK

Filmore York  
Filmore York, Mayor

ATTEST:

Date: 5-24-21

Jessie D. Bond  
Town Clerk

Date: 5/24/2021



Meeting Date May 24, 2021

**Town of Liberty Budget Amendment (FY 2020-2021 #43) Council Approval Needed**

**BE IT ORDAINED**, by the Liberty Town Council that the Town of Liberty Budget Ordinance for fiscal year 2020-2021, which was adopted on June 29, 2020, be amended as follows:  
follows. **This amendment is to move funds from General Fund Appropriated to Special Event line item to pay for fireworks.**

**Section 1:** The following expenditures in the General Fund shall be increased and increased by the amounts indicated:

10 Fund Expenditures				
General Fund	Line Item	Budget	Change	Amended Budget
Special Events	10-4200-220	3,000	8,515	11,515
<b>Total Expenditures</b>		3,000	8,515	11,515

10 Fund Revenues				
General Fund	Line Item	Budget	Change	Amended Budget
General Fund Appropriated	10-3990-000	204,146	8,515	212,661
<b>Total Expenditures</b>		204,146	8,515	212,661

Prepared By: Kathy Bond, Finance Director  
Reviewed By: Scott Kidd, Interim Town Manager  
Interim Town Manager Initials: SK

Filmore York  
Filmore York, Mayor

ATTEST:

Date: 5-24-21

Justin D. Burn  
Town Clerk

Date: 5/24/2021



The of and	Governing Board Town Council
	Primary Government Unit (or charter holder) Town of Liberty, North Carolina
	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 Debora B. Wentz, CPA
	Auditor Address PO Box 287, Newton, NC 28658

*Hereinafter referred to as Auditor*

for	Fiscal Year Ending 06/30/21	Audit Report Due Date 10/31/21
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*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).

2. At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with GAAS. The Auditor shall perform the audit in accordance with *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 requires a federal single audit performed under the requirements found in Subpart F of the Uniform Guidance (§200.501), it is recommended that the Auditor and Governmental Unit(s) jointly agree, in advance of the execution of this contract, which party is responsible for submission of the audit and the accompanying data collection form to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512).

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



3. If an entity is determined to be a component of another government as defined by the group audit standards, the entity's auditor shall make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.
4. This contract contemplates an unmodified opinion being rendered. If during the process of conducting the audit, the Auditor determines that it will not be possible to render an unmodified opinion on the financial statements of the unit, the Auditor shall contact the LGC Staff to discuss the circumstances leading to that conclusion as soon as is practical and before the final report is issued. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.
5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, 2018 revision, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he/she has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of the most recent peer review report to the Governmental Unit(s) and the Secretary of the LGC prior to the execution of an audit contract. Subsequent submissions of the report are required only upon report expiration or upon auditor's receipt of an updated peer review report. If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit(s) without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.  
  
If the audit engagement is not subject to *Government Accounting Standards* or if financial statements are not prepared in accordance with U.S. generally accepted accounting principles (GAAP) and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment to this contract or in an amendment.
6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to LGC Staff within four months of fiscal year end. If it becomes necessary to amend this due date or the audit fee, an amended contract along with a written explanation of the delay shall be submitted to the Secretary of the LGC for approval.
7. It is agreed that GAAS include a review of the Governmental Unit's (Units') systems of internal control and accounting as same relate to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor shall make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his/her findings, together with his recommendations for improvement. That written report shall include all matters defined as "significant deficiencies and material weaknesses" in AU-C 265 of the *AICPA Professional Standards (Clarified)*. The Auditor shall file a copy of that report with the Secretary of the LGC.
8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's (Units') records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.
9. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit(s) until the invoice has been approved by the Secretary of the LGC. (This also includes any progress billings.)(G.S. 159-34 and 115C-447) All invoices for Audit work shall be submitted in PDF format to the Secretary of the LGC for approval. The invoice marked 'approved' with approval date shall be returned to



the Auditor to present to the Governmental Unit(s) for payment. This paragraph is not applicable to contracts for audits of hospitals.

10. In consideration of the satisfactory performance of the provisions of this contract, the Governmental Unit(s) shall pay to the Auditor, upon approval by the Secretary of the LGC if required, the fee, which includes any costs the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (federal and state grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts. This does not include fees for any pre-issuance reviews that may be required by the NC Association of CPAs (NCACPA) Peer Review Committee or NC State Board of CPA Examiners (see Item 13).

11. If the Governmental Unit(s) has/have outstanding revenue bonds, the Auditor shall submit to LGC Staff, either in the notes to the audited financial statements or as a separate report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor shall submit to LGC Staff simultaneously with the Governmental Unit's (Units') audited financial statements any other bond compliance statements or additional reports required by the authorizing bond documents, unless otherwise specified in the bond documents.

12. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, but not be limited to, the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit(s) and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the Governmental Unit(s) or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board upon completion.

13. If the audit firm is required by the NC State Board, the NCACPA Peer Review Committee, or the Secretary of the LGC to have a pre-issuance review of its audit work, there shall be a statement in the engagement letter indicating the pre-issuance review requirement. There also shall be a statement that the Governmental Unit(s) shall not be billed for the pre-issuance review. The pre-issuance review shall be performed prior to the completed audit being submitted to LGC Staff. The pre-issuance review report shall accompany the audit report upon submission to LGC Staff.

14. The Auditor shall submit the report of audit in PDF format to LGC Staff. For audits of units other than hospitals, the audit report should be submitted when (or prior to) submitting the final invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the LGC by any interested parties. Any subsequent revisions to these reports shall be sent to the Secretary of the LGC along with an Audit Report Reissued Form (available on the Department of State Treasurer website). These audited financial statements, excluding the Auditors' opinion, may be used in the preparation of official statements for debt offerings by municipal bond rating services to fulfill secondary market disclosure requirements of the Securities and Exchange Commission and for other lawful purposes of the Governmental Unit(s) without requiring consent of the Auditor. If the LGC Staff determines that corrections need to be made to the Governmental Unit's (Units') financial statements, those corrections shall be provided within three business days of notification unless another deadline is agreed to by LGC Staff.

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 charter schools or 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 28 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 charter schools or hospitals), and physically signed by all parties including Governmental Unit(s) and the Auditor, then submitted in PDF format to the Secretary of the LGC.

21. The contract is not valid until it is approved by the Secretary of the LGC. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. The audit should not be started before the contract is approved.

22. Retention of Client Records: Auditors are subject to the NC State Board of CPA Examiners' Retention of Client Records Rule 21 NCAC 08N .0305 as it relates to the provision of audit and other attest services, as well as non-attest services. Clients and former clients should be familiar with the requirements of this rule prior to requesting the return of records.

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

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

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



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

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

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

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

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

29. Information based on the audited financial statements shall be submitted to the Secretary for the purpose of identifying Financial Performance Indicators and Financial Performance Indicators of Concern.



30. Applicable to charter school contracts only: No indebtedness of any kind incurred or created by the charter school shall constitute an indebtedness of the State or its political subdivisions, and no indebtedness of the charter school shall involve or be secured by the faith, credit, or taxing power of the State or its political subdivisions.

31. 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).

32. 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>

33. 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.

34. 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 *Governmental Auditing Standards, 2018 Revision*. Refer to Item 27 of this contract for specific requirements. The following information must be provided by the Auditor; contracts presented to the LGC without this information will 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:

<b>Name:</b>	<b>Title and Unit / Company:</b>	<b>Email Address:</b>
Kathy Bond	Finance Director	finance@townoflibertync.org

OR Not Applicable  (Identification of SKE Individual not applicable for GAAS-only audit or audits with FYEs prior to June 30, 2020.)

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

3. Prior to 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 billings for the last annual audit of the unit submitted to the Secretary of the LGC. Should the 75% cap provided below conflict with the cap calculated by LGC Staff based on the billings on file with the LGC, the LGC calculation prevails. All invoices for services rendered in an audit engagement as defined in 20 NCAC .0503 shall be submitted to the Commission for approval before any payment is made. Payment before approval is a violation of law. (This paragraph not applicable to contracts and invoices associated with audits of hospitals).

**PRIMARY GOVERNMENT FEES**

Primary Government Unit	Town of Liberty, North Carolina
Audit Fee	\$ 16,500
<b>Additional Fees Not Included in Audit Fee:</b>	
Fee per Major Program	\$
Writing Financial Statements	\$ 3,000
All Other Non-Attest Services	\$
<b>75% Cap for Interim Invoice Approval</b> <i>(not applicable to hospital contracts)</i>	\$

**DPCU FEES (if applicable)**

Discretely Presented Component Unit	
Audit Fee	\$
<b>Additional Fees Not Included in Audit Fee:</b>	
Fee per Major Program	\$
Writing Financial Statements	\$
All Other Non-Attest Services	\$
<b>75% Cap for Interim Invoice Approval</b> <i>(not applicable to hospital contracts)</i>	\$



SIGNATURE PAGE

AUDIT FIRM

Audit Firm* Debora B. Wentz, CPA	
Authorized Firm Representative (typed or printed)* Debora B. Wentz	Signature* <i>Debora B. Wentz, CPA</i>
Date* 02/19/21	Email Address* Debora@wentz-pitts.com

GOVERNMENTAL UNIT

Governmental Unit* Town of Liberty, North Carolina	
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)* Filmore York	Signature* <i>Filmore York</i>
Date <i>5/24/2021</i>	Email Address <i>mayor@townoflibertync.org</i>

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) Kathy Bond	Signature* <i>Kathy Bond</i>
Date of Pre-Audit Certificate*	Email Address* finance@townoflibertync.org



**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.

**PRINT**



**Debora B Wentz**  
**Certified Public Accountant**  
**P.O. Box 287**  
**Newton, NC 28658**

May 24, 2021

To the Town Council

Town of Liberty  
239 S. Fayetteville Street  
P.O. Box 1006  
Liberty, NC 27298

I am pleased to confirm my understanding of the services I am to provide Town of Liberty, North Carolina for the year ended June 30, 2021. I will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of Town of Liberty, North Carolina as of and for the year ended June 30, 2021. 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 Liberty, 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 my engagement, I will apply certain limited procedures to Town of Liberty, 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I will not express an opinion or provide any assurance on the information because the limited procedures do not provide me 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) Law Enforcement Officers' Special Separation Allowance
- 3) Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions, respectively
- 4) Firefighter' and Rescue Squad Worker's Pension Fund's Schedule of the Proportionate Share of Net Pension Liability (Asset)

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



- 1) Individual fund statements
- 2) Budgetary schedules
- 3) Other schedules

### **Audit Objectives**

The objective of my audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. My audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of Town of Liberty, North Carolina and other procedures I consider necessary to enable me to express such opinions. I will issue a written report upon completion of my audit of Town of Liberty, North Carolina's financial statements. My report will be addressed to the Town Council of Town of Liberty, North Carolina. I cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for me to modify my opinions or add emphasis-of-matter or other-matter paragraphs. If my opinions are other than unmodified, I will discuss the reasons with you in advance. If, for any reason, I am unable to complete the audit or are unable to form or have not formed opinions, I may decline to express opinions or issue reports, or may withdraw from this engagement.

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

### **Audit Procedures—General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, my 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. I will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.



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

My 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. I 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 my audit, I will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

#### **Audit Procedures—Internal Control**

My audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that I 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. My 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 my report on internal control issued pursuant to *Government Auditing Standards*.

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

#### **Audit Procedures—Compliance**

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

#### **Other Services**

I will also assist in preparing the financial statements and related notes of Town of Liberty, North Carolina in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. I will perform the services in accordance with applicable professional standards. The other services are



limited to the financial statement services previously defined. I, in my sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

### **Management Responsibilities**

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

Management is also responsible for making all financial records and related information available to me and for the accuracy and completeness of that information. You are also responsible for providing me 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 I may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom I determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to me in the written representation letter that the effects of any uncorrected misstatements aggregated by me 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 me 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 me of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that I report.

You are responsible for the preparation of the supplementary information, which I have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include my report on the supplementary information in any document that contains and indicates that I have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes my report thereon. Your responsibilities include acknowledging to me 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 me any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.



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

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

### **Engagement Administration, Fees, and Other**

I may from time to time and depending on the circumstances, use third-party service providers in serving your account. I may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, I maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, I will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and I will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that I am unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, I will remain responsible for the work provided by any such third-party service providers.

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

I will provide copies of my reports to the Town; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of my reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Debora B. Wentz, CPA 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 Local Government Commission or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. I will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Local Government Commission personnel. Furthermore, upon request, I may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Local Government Commission. If I am



aware that a federal awarding agency or auditee is contesting an audit finding, I will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

I expect to begin my audit on approximately June 1, 2021 and to issue my reports no later than October 31, 2021. Debora B. Wentz, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

My fee for these services will be at my standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that I agree that my gross fee, including expenses, will not exceed \$19,500. My standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. My invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with my firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If I elect to terminate my services for nonpayment, my engagement will be deemed to have been completed upon written notification of termination, even if I have not completed my report. You will be obligated to compensate me for all time expended and to reimburse me 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, I will discuss it with you and arrive at a new fee estimate before I incur the additional costs.

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

Very truly yours,

*Debora B. Wentz, CPA*

Debora B. Wentz, CPA

RESPONSE:

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

Management signature: *[Signature]*

Title: Town Manager

Date: 5/24/21

Governance signature: *[Signature]*

Title: MAYOR

Date: 5-24-21





## Report on the Firm's System of Quality Control

April 29, 2019

To the Owner of Debora B. Wentz and the Peer Review Committee of the North Carolina Association of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Debora B. Wentz (the firm) in effect for the year ended October 31, 2018. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

### Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards* including a compliance audit under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Debora B. Wentz in effect for the year ended October 31, 2018, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Debora B. Wentz has received a peer review rating of pass.

*Johnson Price Sprinkle PA*

Asheville, North Carolina

Johnson Price Sprinkle PA

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An Independent Member of the BDO Seidman Alliance.



NORTH CAROLINA )  
 )  
RANDOLPH COUNTY )

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT made and entered into this 1<sup>st</sup> day of June, 2021, by and between the Town of Liberty, a North Carolina Municipal Corporation located in Randolph County, hereinafter referred to as "Town", and Scott Kidd, hereinafter referred to as "Manager";

**WITNESSETH:**

**THAT WHEREAS,** Town has determined that Manager possess the credentials, educational prerequisites, and experience requirements as provided for town managers pursuant to Chapter 160A of the North Carolina General Statutes and the Official Charter of the Town of Liberty and that it desires to appoint Manager to the position of Town Manager; and

**WHEREAS,** Manager desires to accept Town's appointment to the position of Town Manger pursuant to and in accordance with the terms and provisions contained herein;

**NOW THEREFORE,** in consideration of the promises, and mutual covenants contained herein, the parties agree as follows:

**1. APPOINTMENT:** Town has hereby appointed, and Manager has hereby accepted appointment to fulfill the duties and responsibilities of the Town Manager of Liberty commencing on the 1st day of June, 2021.

**2. EMPLOYEE AT WILL:** Manager shall serve at the pleasure of Town Council ("Council") pursuant to North Carolina General Statues 160A-147 and the Official Charter for the Town of Liberty and shall be construed as an employee at will under state law. Nothing contained herein shall prevent, limit or otherwise interfere with the right of the Council to terminate the services of the Manager at any time, with or without cause, subject to the provisions of this agreement.

**3. DUTIES AND RESPONSIBILITIES:** Manager shall be the chief administrator of the Town government responsible for the supervision and administration of all departments and employees, except the Town Clerk and the Town Attorney. The duties and responsibilities of Manager shall be those as set forth in N.C. Gen. Stat. 160A-148.

- a. It is recognized that the Manager must devote time outside normal business hours to business of the Town. Accordingly, the manger should also be allowed to take reasonable time off during normal office hours to attend to personal matters for long as such time off does not interfere with the performance of his job.

**4. SALARY AND OTHER BENEFITS:** Manager, during the term of his appointment as Town Manager, shall be paid the annual salary of \$77,000.00 payable in bi-weekly installments. Manager will receive the same percentage salary increase, if any, as other employees for annual cost of living increases. Town will consider merit increases annually following the performance evaluation. Manager shall also receive, as compensation the following:

- a. **VACATION AND OTHER BENEFITIS:** Manager shall receive health coverage, dental, and vision and prescription drug policy. Manager shall be provided with sick leave, holidays, life and disability insurance, 401(k) type programs and retirement (NCLGERS) available and granted to other employees of the Town and in accordance with the sick and vacation benefits established in Town's personnel policy.

- b. **VEHICLE:** Manager shall be allowed the exclusive use of a Town-owned vehicle. Manager may use the vehicle for business purposes, but shall not use the vehicle for personal purposes. Town shall pay directly, or reimburse Manager for, the actual expenses of maintaining, insuring and fueling the vehicle.

- c. **FUEL STIPEND:** NONE

- d. **TELEPHONE:** Manager shall be allowed the exclusive use of a smartphone for business purposes for which Town will pay the monthly service charges.

- e. **CIVIC MEMBERSHIP:** Town shall pay Manager's membership charges for reasonable associations connected with his employment.

- f. **PROFESSIONAL DEVELOPMENT AND CONFERENCES:** Town agrees to budget and to pay the professional dues and subscriptions of the Manager deemed reasonably necessary by the Town Council for his continued participation in such national, regional, state and local associations as the Council deems necessary and/or desirable for the Manager's continued professional development and the good of the Town.

- i. The Town agrees to, within its customary policies, budget for, and pay, the travel and subsistence expenses of the Manager for professional and official travel, conferences and meetings, that the Council deems, from time to time, reasonably necessary and /or desirable to continue the professional development of the Manager and for him to adequately pursue necessary official functions for the Town including, but not limited to, the annual conferences of the International City/County Management Association (ICMA), The North Carolina League of

Municipalities, the National League of Cities, and the North Carolina City/County Management Association.

ii. The Town initially agrees to budget and pay up to \$2,500.00 annually for tuition, entrance fees, travel, and other expenses for conferences, course study and/or other educational experiences calculated to provide professional development of the Manager and his leadership skills.

**5. EVALUATION:** Town Council and Manager shall review and evaluate the Manager's performance, and the provisions of this agreement minimally on an annual basis and initially the same to be conducted on a quarterly basis. Reviews and evaluations shall be in accordance with specific criteria developed jointly by the Council and the Manager. Further, the Council shall provide the Manager with a written summary statement of findings of the Council and provide an adequate opportunity for the Manager to discuss his evaluation with the Council. Should the Town Council fail to evaluate the Manager's performance at least annually, the Manager shall be entitled to a percentage raise in salary compensation equal to the average of that given Department Heads of the Town upon their last evaluation.

**6. SEVERANCE PAY:** In the event Manager is terminated or discharged by Town at such time as Manager is willing and able to perform his duties under the Employment Agreement, then, and in that event, Town shall continue to pay Manager his then-existing salary, together with prorated fringe benefits (including but not limited to health/dental/vision, but not including fuel stipend or unpaid civic dues or memberships), until either (i) the expiration of the severance pay period or (ii) such time as Manager accepts and commences employment with any other employer, whichever shall first occur. As used in the preceding sentence, the term "severance pay period" means a period of three (3) months plus one (1) additional month for each one (1) year of service to the Town completed by the Manager, provided however, that the "severance pay period" shall not exceed a total of six (6) months. Furthermore, during this severance pay period, Town will continue to contribute the employer's share of retirement expense under the North Carolina Local Government Retirement System and the employer's share of 401(k) contributions.

As consideration for this severance payment, Manager shall make himself available to Town, throughout the severance pay period, to render consulting services regarding Town matters. Notwithstanding the above, in the event Manager resigns his employment with Town, or is terminated for a failure in personal conduct as described and exemplified in Town's Personnel Policy, Town shall have no obligation to pay the severance sums described above.

**7. PROFESSIONAL LIABILITY:** Town agrees that it shall defend, hold harmless and indemnify Manager from any and all demands, claims, suits, actions and legal proceedings brought against Manager in his individual and/or official capacity while acting as agent and employee of Town; provided, however, the incident arose while Manager was acting within the scope of his employment; provided, further, that Town has waived its defense of government immunity by the purchase of liability insurance; excluding criminal litigation, claims for willful

or intentional misconduct or any claim coverage for which is not within the authority of Town to provide under state law. If conflicts exist, as regards the defense to claims, between the legal position of Manager and the legal position of Town, Manager may engage separate legal counsel, in which case Town shall indemnify Manager for the costs of legal defense as permitted by state law.

Town shall not, however, be required to pay any legal costs of any legal proceeding in the event Town and Manager have adverse interest in such litigation.

**8. REFERENCES AND NON-DISPARAGEMENT:** If it is necessary for Council to provide a reference to a prospective employer, Manager agrees that he will direct the prospective employer to contact the Mayor/Attorney of Town. Additionally, the Manager and the elected officials agree that they shall not disparage or make negative comments about each other; provided that this Section shall not apply to comments made to any other governmental entity or as required by law.

**9. TERMINATION:** Throughout the term of this Agreement, Manager shall be considered an employee at will and subject to discharge with or without cause as provided by state law.

**10. AMENDMENT:** This Agreement may be amended during its term by mutual written consent of Town and Manager. Any such amendment shall be in writing, approved by official action by Town, and accepted in writing by the Mayor of Town and Manager.

**11. SAVINGS CLAUSE:** If during the term of this Agreement, it is found that a specific clause in the Agreement is illegal under federal or state law, the remainder of this Agreement not affected by such a ruling shall remain in force.

**12. GOVERNING CLAUSE:** This Agreement shall be governed by, construed and enforced in accordance with the law of the State of North Carolina.

**13. ENTIRE AGREEMENT:** The parties hereto agree that this instrument contains the entire agreement between them as of this date, and that it has not been induced by either party by any representations, promises or undertakings not expressed herein, and that there are no collateral agreements, stipulations, promises or understandings whatsoever by the respective parties in any way affecting the subject matter of this Agreement which are not expressly contained in this instrument.

IN WITNESS WHEREOF, the Town has approved this Agreement and caused this instrument to be executed in its name by its Mayor, and duly attested to, all by order and resolution of Town, and Manager has accepted this Agreement and has hereunto set his hand and seal this 13<sup>th</sup> day of June, 2021.

TOWN:

TOWN OF LIBERTY

BY: Filmore York  
Filmore York, Mayor

Attested to:

Jessica D. Brown  
Jessica Brown, Town Clerk

MANAGER::

Scott Kidd (SEAL)  
Scott Kidd

AGREED TO BY TOWN COUNCIL:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

