

**Town of Marshville
Town Council Meeting
Monday, March 2, 2015
Marshville Town Hall – 201 West Main St.**

Regular Meeting

Present: Mayor Deese, Mayor Pro-Tem Virginia Morgan, Council Members Margaret Bivens, Norma Carpenter, Gary Huntley and Jim Rowell

Staff Present: Town Manager, Fern Shubert; Clerk/Finance Officer, Tonya Johnson; Town Attorney, Bobby Griffin; Director of Public Works, Bivens Steele; Director of Utilities, Alicia Melton; Chief of Police, Matt Tarlton; Community Development Director, Alan Thifault

Call to Order/Invocation/Pledge of Allegiance

Mayor Deese called the meeting to order at 7:01 pm and welcomed everyone in attendance. A moment of silence was observed. The Pledge of Allegiance was given by everyone.

Adoption of Agenda for the Meeting

A motion to adopt the agenda for the meeting as received was made by Council Member Rowell, seconded by Council Member Bivens and passed unanimously.

Public Comment

There were no public comments.

Consent Agenda

Council Member Carpenter commented on Sunshine Week and the importance of openness and transparency in governments. A motion to approve the consent agenda and accept the items thereon was made by Council Member Rowell. The motion was seconded by Council Member Carpenter and passed unanimously.

Presentation of requested solid waste costs and rate information – *Marty Wilson, NC Rural Water*

Mr. Wilson reviewed the results of the solid waste rate study. Mr. Wilson stated that the current ordinance and policy requires that each resident have a cart. The current rate is \$18.20. Mr. Wilson pointed out that under the current rate structure and ordinance the town is almost breaking even for solid waste services. Council Member Rowell asked how we know that \$18.20 is what it actually costs per customer for garbage service. Mr. Wilson stated that costs are determined by the sum of all the expenses. Town Manager Shubert attempted to provide clarification to Council Member Rowell's question. Discussion ensued regarding the cost of providing garbage services.

Mr. Wilson referenced handouts provided and reviewed several billing and rate scenarios for council's consideration. Options discussed include (1) supplementing a deficit (if the rate is reduced) with property tax revenues, (2) incorporating solid waste fees into the property tax rate and removing solid waste fees from utility bills and (3) billing solid waste fees annually on the property tax bills. If solid waste fees are billed annually on the property tax statement then property owners will become responsible for payment of solid waste fees, not the occupant.

At the current rate of \$18.20 property taxes are not needed to supplement revenue. If solid waste fees are removed from utility bills and incorporated into the property tax rate the result would be

an increase of \$0.117/\$100 of valuation. Under the option to bill solid waste fees annually on the tax statement would result in \$218.40/year/property ($\$18.20 \times 12 = \218.40).

If the rate is reduced to \$17.00 per cart, then property taxes would need to be increased by \$0.0076 (approximately $\frac{3}{4}$ of a cent) to supplement the deficit created by the reduced solid waste fee. At \$17.00 per cart the option to bill solid waste annually on the tax statement would be \$204.00/year/property ($\$17.00 \times 12 = \204.00). This option would reflect a deficit between revenues and expenses and the tax rate would need to be increased by \$0.0051 (approximately $\frac{1}{2}$ of a cent) to supplement the deficit.

Mr. Wilson presented another scenario providing residents the ability to opt out of the service. Mr. Wilson's rate study handouts referenced herein are hereby incorporated and made a part of the minutes.

Mayor Deese asked whether it is reasonable to assume that the town can get a contractor that will supply only the needed number of cans. Mr. Wilson remarked that the request seems reasonable but it would have to be negotiated with the contractor.

Mayor Deese pointed out that each scenario begins on the premise of the current contract. Mayor Deese stated his opinion that a lower contract price should be negotiated. Mayor Deese suggested the possibility of Marshville and Wingate partnering in a contract to lower the cost per can. Town Manager Shubert commented that competition is usually good for the customer.

Discussion ensued regarding the solid waste contract and recycling.

Mayor Deese thanked Mr. Wilson for his services.

Discussion and possible action concerning approval of the FY2015-2016 Audit Contract (J.B. Watson & Co.)

Finance Officer Johnson reported an increase in the audit fee of \$750 due in part to the FMS conversion. A motion was made by Mayor Pro-Tem Morgan and seconded by Council Member Huntley to approve the FY2015-2016 Audit Contract from J. B. Watson and Co. The motion carried unanimously.

Discussion and possible action concerning surplus property

The Town Manager referenced a list of items that staff is requesting to be sold or donated because they are no longer of any value to the town. The manager added that it would be nice to have the room back at the Community Center. Mayor Pro-Tem Morgan suggested donating the exercise equipment to Wingate University. The manager stated that council can decide whether to sell or donate the items.

Attorney Griffin remarked that he doesn't know why the items would be given away when they could generate some revenue. Discussion ensued among the council regarding whether to sell or donate the items. It was the consensus of the council to sell the items. A motion was made by Council Member Bivens to put the items on GovDeals with a minimum bid of \$2,000 for the exercise equipment. The motion was seconded by Council Member Carpenter and passed unanimously.

Discussion and possible action regarding Resolution Requesting State Loan Assistance for Wastewater Collection System

The Town Manager stated that the Town of Marshville has a problem with inflow and infiltration during periods of rainy weather. This situation makes Union County unhappy with the town. The manager reported that she, Alicia Melton and Mr. Fred Burton recently attended a meeting conducted by the state on how to apply for a grant. It was reported at the meeting that in the most recent cycle almost every entity that applied for grant funds for sewer projects received funding. The manager informed council members of an upcoming grant opportunity and requested that a resolution be approved authorizing the manager to submit an application to the State Revolving Fund. Council Member Rowell asked if the funds would be a grant or a loan. The manager stated that the funds would be a low interest loan, adding that due to Marshville's location in Union County, the town doesn't qualify for grant funds. Council Member Rowell asked when the debt service would be begin. The manager stated that the town has enough in reserve to cover costs until the next budget year. Mayor Deese clarified that we are not constructing a wastewater system. The manager pointed out that the town is paying to have rainwater treated due to inflow/infiltration problems that need to be corrected. Bivens Steele, Public Works Director, stated that plans are to use the 2005 Sanitary Sewer Study and the Capital Improvement Plan to focus on the north side of town. The manager stressed the aging infrastructure, the need for repairs and the importance of developing an ongoing maintenance plan. Mayor Deese commented that he both recognized and agreed with the need. He questioned why Ms. Mary Beck or another professional grant writer wouldn't be engaged to write the grant. Mayor Pro Tem Morgan stated that this is just the application phase and that it's not too difficult to complete. The manager stated that a consultant will likely have to be engaged to do a study later on down the road if the project is approved. A motion was made by Council Member Rowell to approve the resolution requesting state loan assistance for wastewater collection system. The motion was seconded by Council Member Carpenter and passed 4 to 1 (Council Member Bivens opposed).

Town Manager's Report

- FMS software upgrade is complete
- Staff is taking advantage of training/development opportunities
- Litter Patrol pickup is coming up to clean up around town
- Some council members were in attendance at the Small Town Main Street meeting
- Sunshine Week focus is on the importance of transparency in government
- Easter Egg hunt is coming up on April 4, 2015
- Progress is being made

Mayor and Town Council Member Comments

Mayor Pro-Tem Morgan stated that she has completed hundreds of grant applications. The main objective is to justify the need for the request.

Council Member Rowell reminded everyone of the Litter Patrol and cookout scheduled for Saturday, March 14, 2015 beginning at 10 am at the Community Center. Alan Thifault, Community Development Director, added that the Litter Patrol has been advertised in the local paper. Cleanup routes have been mapped and groups have been recruited to participate. Some donations have been received to help pay for food for the cookout. Participants will receive a ticket when they arrive to present at the time of the cookout. Council Member Rowell also reminded everyone of a scheduled cleanup at the Marshville Cemetery on March 14, 2015 at 8 am.

Council Member Carpenter reported that she did not make the most recent transportation meeting.

Council Member Bivens reported that she attended the Small Town Main Street meeting and found it very informative.

Closed Session – per NCGS 143-318.11 Closed Sessions (a) (6)

Council Member Morgan made a motion to go into closed session per NCGS 143-318.11 (a) (6) To consider the qualifications, competence, performance, character, fitness, conditions of appointment, or conditions of initial employment of an individual public officer or employee or prospective public officer or employee; or to hear or investigate a complaint, charge, or grievance by or against an individual public officer or employee. The motion was seconded by Council Member Huntley and passed unanimously.

At 8:05 pm members of the public and staff were excused. Town Manager Shubert, Attorney Griffin, and Town Clerk Johnson were invited to remain in the closed session.

Recess

Mayor Deese called for a five minute recess

Open Session – 8:20 pm

Council Member Rowell commented for the record that it was determined that the closed session discussion should be discussed in open session. Council Member Rowell commented that the contract with Anson County for grant administration services is considered null and void because it was not renewed after one year and that Anson County should be notified that the contract is officially deemed null and void.

Town Manager Shubert stated that at the last meeting Ms. Beck was given guidance that has not been done. The town has a bid award pending that hasn't been acted on. Town Manager Shubert suggested a meeting with federal agencies to determine where the Town of Marshville actually stands with the Anderson Healthcare Project grant. Town Manager Shubert reported that Ms. Beck thought that there had been a Board of Adjustment meeting for a Conditional Use Permit because the former manager submitted documentation to the state implying this has been done.

Mayor Deese commented that there was no Conditional Use Permit required; therefore, no need for a Board of Adjustment meeting. Discussion ensued.

Mayor Pro-Tem Morgan referenced a letter submitted by former Town Manager Reid. Mayor Pro-Tem Morgan stated that while she is not against the Anderson Project, there are several things she found disturbing after reviewing the grant file.

Council Member Bivens stated that it sounds like there was a meeting before the meeting.

Attorney Griffin pointed out that he is repeatedly and consistently hearing that something unlawful is going on. He stated that if there is hard evidence that something is unlawful then the council needs to act on it. Attorney Griffin stated that the applicant filed a certificate of assumed name; therefore, the difference in the entity name on some of the documents is more of a technicality and not a big issue. Mayor Deese stated that if Ms. Beck didn't follow through to get the name changed on the documents then that responsibility fall on the town. Attorney Griffin stated that if the property is lawfully rezoned then the applicant can put whatever it wants under the applicable zoning rules and doesn't think the town can go back to the grant writers to impose conditions.

Council Member Rowell stated that it appears that Cardinal has advanced Anderson Healthcare \$5,000,000 for this project. Council Member Rowell feels if there are questions/concerns about the Anderson Project then the council needs to get Mr. Alfred Owens down here for a discussion.

Town Manager Shubert reported that she recently attended a meeting with federal agencies concerning grant rules and that she doesn't have a warm, fuzzy feeling about the company. Town Manager Shubert stated that the town supposedly warranted the company it is dealing with yet there is no record.

Mayor Deese stated that the council has agreed that the entity name be corrected throughout the grant documents. Mayor Deese stated that he will work to set up a meeting with Mr. Alfred Owens in order to get some better understanding. Mayor Deese commented that the town needs to make this grant work.

Town Manager Shubert proposed that she and Mayor Deese meet with the folks at the state to make certain they are good with the project. Discussion ensued. Attorney Griffin commented that the council needs to uphold the law. He suggested a lawyer be hired to get out of the contract if the council thinks there is anything unlawful about the contract. Mayor Deese expressed concern that if he goes to the state and makes them think something is wrong then it may stir up trouble. Mayor Deese expressed his desire to see the project through because the town is already in it. Council Member Rowell agreed. Mayor Deese recommended to move forward to set up a meeting with Mr. Alfred Owens to get a better understanding and move forward from there. It was the consensus of the council that Mayor Deese contract Mr. Alfred Owens to schedule a special meeting.

Adjourn

A motion to adjourn was made by Council Member Rowell and seconded by Council Member Bivens. There being no further comments the meeting was adjourned at 8:47 pm.

These minutes approved this 6th day of April, 2015.

By: _____

Frank Deese, Mayor

ATTEST: _____

Tonya D. Johnson, Town Clerk

**Town of Marshville
Town Council Meeting
Monday, March 2, 2015
Marshville Town Hall - 201 West Main St.**

CLOSED SESSION

Council Members Present: Mayor Deese, Mayor Pro-Tem Virginia Morgan, Council Members Margaret Bivens, Norma Carpenter, Gary Huntley and Jim Rowell.

Staff Present: Town Manager, Fern Shubert; Clerk/Finance Officer, Tonya Johnson; Town Attorney, Bobby Griffin

Closed Session - *per NCGS 143-318.11. Closed sessions, (a) (6) to consider the qualifications, competence, performance, character, fitness, conditions of appointment, or conditions of initial employment of an individual public officer or employee or prospective public officer or employee; or to hear or investigate a complaint, charge, or grievance by or against an individual public officer or employee.*

At 8:10 pm a motion to go into closed session per the N.C. general statute cited above was made by Mayor Pro-Tem Morgan. The motion was seconded by Council Member Huntley and passed unanimously. Town Manager Shubert, Town Clerk Johnson and Attorney Griffin were invited to remain in the closed session.

Mayor Pro-Tem Morgan stated that she requested the closed session because she wants to give the council some history. Mayor Pro-Tem Morgan stated that she has known Mary Beck for many years and suggested that Town Manager Shubert meet Ms. Beck. A meeting was arranged and the manager asked Ms. Beck about the town's outstanding grants.

Attorney Griffin interrupted the discussion stating the he did not hear an employee being discussed as per the statute cited for the closed session.

Both Mayor Pro-Tem Morgan and the manager replied that the discussion is leading to that. Mayor Pro-Tem Morgan reported that she and the manager were informed by Ms. Beck that Ms. Beck knew nothing about the Anderson Project, adding that she was not involved in it. However, according to Mayor Pro-Tem Morgan, Ms. Beck commented at a meeting last month that she had seen the \$5,000,000 check from Cardinal to Anderson. Mayor Pro-Tem Morgan pointed out that Ms. Beck's stories are contradicting. Mayor Pro-Tem Morgan reported that she has spent the last three weeks reading the Anderson Healthcare grant documents. Mayor Pro-Tem Morgan informed council of a contract between the Town of Marshville and Anson County for grant administration services. Mayor Pro-Tem Morgan expressed that the town needs to terminate the grant writer contract with Ms. Beck on the basis that if the grant writer is not trustworthy then she shouldn't be in this position.

Council Member Bivens commented that she feels this is a personal matter between Ms. Beck, Mayor Pro-Tem Morgan and Town Manager Shubert.

Mayor Deese stated that if accusations are going to be made then the accused party should have the opportunity to be present and to provide a defense.

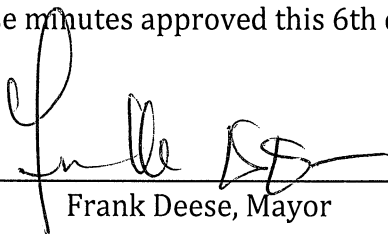
Town Manager Shubert commented that she is bothered by the fact that Ms. Beck stated in a meeting that the town is required to take the low bid. Town Manager Shubert stressed that is not accurate information. Discussion ensued concerning the accusation. Town Manager Shubert stated that Ms. Beck informed her that the grant administration contract between Anson County and the Town of Marshville was terminated at the end of the year (by Ms. Beck).

Attorney Griffin recalled that the grant administration agreement was with Anson County and did not name an individual. Attorney Griffin also emphasized that Ms. Beck is not an employee of the town and this discussion is not suitable for closed session. Attorney Griffin rendered his opinion that the town should contact Anson County and inform them of what Ms. Beck said concerning termination of the grant administration contract. Council Member Rowell and Mayor Deese agreed that, based upon their interpretation of the agreement, there is no contract unless both parties agree to the continued services.

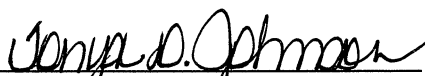
Upon the advisement of Attorney Griffin that the matter being discussed does not constitute a closed session, a motion to come out of closed session was made by Mayor Pro-Tem Morgan. The motion was seconded by Council Member Rowell and passed unanimously.

These minutes approved this 6th day of April, 2015.

By:


Frank Deese, Mayor

ATTEST:


Tonya D. Johnson, Town Clerk

2013-2014

Budget	YTD	Percent
	as of 01/31/14	
722,100.00	524,287.73	73%
57,500.00	45,827.56	80%
10,200.00	7,596.77	74%
3,700.00	2,495.30	67%
1,500.00	3,057.00	204%
0.00	0.00	
8,500.00	218.95	3%
0.00	0.00	
8,812.30	8,812.30	
0.00	0.00	
0.00	0.00	
300.00	340.00	
0.00	2.00	
4,450.00	2,458.97	55%
9,911.00	0.00	
0.00	- 3.00	
41154.37	39,017.67	95%
4096.92	22.40	1%
170,000.00	87,578.78	52%
2,800.00	1,247.00	45%
1,500.00	599.38	40%
67,000.00	68,638.65	
0.00	0.00	
52,000.00	37,723.27	73%
41,100.00	26,337.91	64%
28,900.00	20,089.49	70%
0.00	8.95	
40,000.00	28,309.87	71%
10,000.00	0.00	
1,000.00	1,795.00	180%
1,500.00	726.31	48%
193,000.00	110,616.08	57%
5,000.00	1,000.00	
0.00	0.00	
0.00	0.00	
2,200.00	40.00	
0.00	0.00	
0.00	0.00	
0.00	0.00	
2,500.00	1,761.67	70%
0.00	50.00	
49,200.00	28,899.04	59%
0.00	0.00	
109,147.31	0.00	
72,320.00	0.00	
0.00	0.00	
0	0.00	
1,721,391.90	1,049,555.05	61%

2014-2015

Budget	YTD	Percent
	as of 01/31/15	
727,000.00	582,234.56	80%
58,200.00	43,097.14	74%
11,000.00	7,934.41	72%
4,500.00	2,451.36	54%
2,500.00	2,382.00	95%
0.00	0.07	
7,000.00	199.87	3%
0.00	188.75	
0.00	0.00	
0.00	0.00	
0.00	0.00	
300.00	330.00	110%
0.00	968.00	
0.00	210.00	
1800.00	2,383.40	132%
0.00	4,455.00	
0.00	1.66	
0.00	2299.80	
0.00	14.32	
170,000.00	94,922.97	56%
1,600.00	0.00	
1,500.00	750.49	50%
69,000.00	70,095.76	102%
0.00	0.00	
61,000.00	46,237.15	76%
47,000.00	32,659.04	69%
30,000.00	24,594.48	82%
0.00	11.24	
48,000.00	32,666.29	68%
10,000.00	0.00	
1,000.00	2,895.00	290%
1,200.00	645.88	54%
196,500.00	117,397.82	60%
3,750.00	3,750.00	100%
0.00	5940.00	
0.00	0.00	
300.00	320.00	107%
0.00	0.00	
0.00	200.00	
0.00	0.00	
0.00	0.00	
2,200.00	1,669.17	76%
0.00	0.00	
63,100.00	33,761.92	54%
0.00	0.00	
0.00	0.00	
0.00	0.00	
2,200.00	1,669.17	76%
0.00	0.00	
63,100.00	33,761.92	54%
0.00	0.00	
56,000.00	0.00	
0.00	0.00	
9,922.00	0.00	
1,584,372.00	1,117,667.55	71%

FUND 10 REVENUES

Revenues
10-3010-0000 Ad Valorem Taxes
10-3010-0100 Motor Vehicles
10-3010-0500 Prior Year Tax Collect
10-3170-0000 Tax Penalties & Interest
10-3250-0000 Privilege Licenses
10-3260-0000 Vehicle Rental Tax
10-3290-0000 Interest on Investments
10-3317-0000 Controlled Substance Tax
10-3318-0000 Police Grant
10-3318-0050 Pedestrian Planning Gr
10-3318-0200 CMAQ Revenue
10-3319-0000 Police Calendar Sales
10-3319-0100 Police Protection Rev
10-3319-0200 National Night Out Proceeds
10-3350-0000 Miscellaneous
10-3350-0100 Sale of Fixed Asset
10-3350-0200 Cash Short
10-3360-0000 Insurance Proceeds
10-3360-0100 Reimbursement Proceeds
10-3370-0000 Franchise Tax - Utilities
10-3370-0100 Franchise Tax - Cable TV
10-3370-0200 Solid Waste Disposal Tax
10-3430-0000 Powell Bill Allocation
10-3450-0000 Local Option Sales Tax
10-3450-0010 Sales Tax Art. 39
10-3450-0020 Sales Tax Art. 40
10-3450-0030 Sales Tax Art. 42
10-3450-0040 Sales Tax Art. 44
10-3450-0050 Sales Tax Hold Harmless
10-3450-0200 Beer & Wine Tax Distr
10-3491-0000 Planning/Zoning Fees
10-3510-0000 Court Cost Fees & Charges
10-3590-0000 Refuse Collection Fees
10-3610-0000 Cemetery - Sale of Lot
10-3610-0100 Cemetery - Donations
10-3610-0200 Cemetery - Grave Opening
10-3650-0000 Recreation Activity Fees
10-3650-0100 Grant for Park
10-3650-0120 Community Development
10-3650-0130 Skatepark Donations
10-3650-0200 Park Concessions
10-3650-0300 Facilities Rental Fee
10-3710-0400 Late Fee
10-3834-0000 Property Leases
10-3984-0000 Transfer From 40 Fund
10-3990-0000 Encumbered Fund Balance
10-3990-0100 Encumbered Powell Bill
10-3990-0200 Encumbered Cont. Substance
10-3990-0300 Encumbered Solid Waste
Total Revenues for Fund 10

2014-2015

FUND 10 EXPENDITURES	
Expenses	
0-4100 Governing Body	
0-4200 General Government	
0-4500 Community Development	
0-5000 Public Buildings	
0-5100 Police	
0-5600 Streets & Highways	
0-5700 Powell	
0-5800 Sanitation	
0-6200 Parks & Recreation	
0-6600 Contingency	
Total Expenses for Fund 10	

Budget	YTD as of 01/31/15	Percent
69,040.00	35,536.62	51%
255,200.00	123,701.26	48%
129,865.00	82,877.73	64%
37,400.00	29,717.41	79%
586,625.00	335,639.94	57%
149,940.00	74,688.00	50%
56,000.00	14,756.22	26%
218,485.00	122,812.70	56%
71,817.00	31,555.25	44%
10,000.00	0.00	
1,584,372.00	851,285.13	54%

2013-2014

Budget	YTD as of 01/31/14	Percent
87,675.00	38,519.25	44%
356,815.31	143,761.39	40%
98,800.00	43,617.87	44%
19,920.00	2,969.29	15%
574,413.67	335,785.95	58%
211,510.00	79,043.60	37%
72,320.00	0.00	
184,780.00	80,240.94	43%
105,157.92	45,773.92	44%
10,000.00	0.00	
1,721,391.90	769,712.21	45%

2014-2015

FUND 30 REVENUES	
Revenues	
30-2290-0100 Contrib. - Spec. Rev.	
30-3290-0000 Interest on Investments	
30-3350-0000 Miscellaneous Income	
30-3350-0100 Sales of Fixed Assets	
30-3350-0300 Donated Assets	
30-3350-0400 Grant Proceeds	
30-3360-0000 Insurance Proceeds	
30-3360-0100 Reimbursements Proceeds	
30-3710-0000 Charges Utilities Water	
30-3710-0100 Charges Utilities Sewer	
30-3710-0300 Delinquent Fees	
30-3710-0400 Late Fees	
30-3710-0500 Returned Check Fee	
30-3710-0600 Service Initiation Fee	
30-3710-0700 Service Call Fee	
30-3710-0800 After Hours Reconnect	
30-3710-0900 Tampering Fee	
30-3730-0000 Tap Fees - Water	
30-3730-0100 Tap Fees - Sewer	
30-3740-0000 Bad Debts	
30-3800-0000 Capital Contributions	
30-3940-0000 Transfer From Gen Fund	
30-3990-0000 Encumbered Fund Balance	
Total Revenues for Fund 30	

Budget	YTD	Percent
	as of 01/31/15	
0.00	0.00	
9,000.00	101.61	1%
0.00	0.00	
0.00	0.00	
0.00	0.00	
0.00	0.00	
0.00	0.00	
0.00	0.00	
0.00	0.00	
0.00	41.79	
571,600.00	387,794.36	68%
759,170.00	448,392.12	59%
18,000.00	13,050.00	73%
25,000.00	16,121.12	64%
0.00	525.00	
3,500.00	2,625.00	75%
0.00	0.00	
0.00	200.00	
0.00	686.00	
4,800.00	0.00	
14,000.00	0.00	
0.00	0.00	
0.00	0.00	
0.00	0.00	
0.00	0.00	
0.00	0.00	
1,405,070.00	869,537.00	62%

2013-2014

Budget	YTD	Percent
	as of 01/31/14	
0.00	0.00	
7,500.00	76.98	1%
0.00	0.00	
0.00	0.00	
0.00	0.00	
0.00	0.00	
0.00	134.85	
0.00	0.00	
503,339.00	326,621.03	65%
564,283.00	326,750.30	58%
10,800.00	15,400.00	143%
30,000.00	13,966.15	47%
0.00	484.29	
3,250.00	2,625.00	81%
0.00	0.00	
0.00	365.00	
0.00	400.00	
10,500.00	0.00	
7,000.00	0.00	
0.00	0.00	
0.00	0.00	
0.00	0.00	
174,541.97	0.00	
1,311,213.97	686,823.60	52%

FUND 30 EXPENDITURES	
Expenses	
30-5310 Safety	
30-6601 Contingency	
30-7000 Transfer	
30-8280 Water Operations	
30-8290 Sewer Operations	
Total Revenues for Fund 30	

Budget	YTD	Percent
	as of 01/31/15	
0.00	0.00	
5,000.00	0.00	
0.00	0.00	
640,900.00	269,887.35	42%
759,170.00	338,894.50	26%
1,405,070.00	608,781.85	43%

Budget	YTD	Percent
	as of 01/31/14	
0.00	0.00	
5,000.00	0.00	
0.00	0.00	
586,028.76	238,611.88	41%
720,185.21	353,599.57	49%
1,311,213.97	592,211.45	45%

*Reflects Current Year Outstanding Payables to Union Co. - Sewer of \$119,783.88

**Total Outstanding Payables to Union Co. - Sewer = \$153,436.59

Revenue over (under) expense: \$ 260,755.15

Res. 14/15-09

**RESOLUTION TO ADOPT THE
CABARRUS STANLY UNION REGIONAL HAZARD MITIGATION PLAN**

WHEREAS, the Town of Marshville is vulnerable to an array of natural hazards that can cause loss of life and damages to public and private property; and

WHEREAS, the Town of Marshville desires to seek ways to mitigate the impact of such hazard risks; and

WHEREAS, the development and implementation of a hazard mitigation plan can result in actions that reduce the long-term risk to life and property from natural hazards; and

WHEREAS, it is the intent of the Marshville Town Council to protect its citizens and property from the effects of natural hazards by preparing and maintaining a local hazard mitigation plan; and

WHEREAS, it is also the intent of the Marshville Town Council to fulfill its obligations under Chapter 166A of the North Carolina General Statutes, the North Carolina Emergency Management Act, and Section 322 of the Federal Disaster Mitigation Act of 2000 in order to remain eligible to receive state and federal assistance in the event of a declared disaster affecting the Town of Marshville and

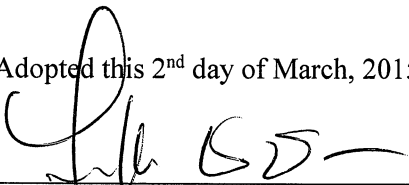
WHEREAS, the Town of Marshville, in coordination with Cabarrus County, Concord, Harrisburg, Kannapolis, Midland, Mount Pleasant, Stanly County, Albemarle, Badin, Locust, Misenheimer, New London, Norwood, Oakboro, Red Cross, Richfield, Stanfield, Union County, Fairview, Hemby Bridge, Indian Trail, Lake Park, Marshville, Marvin, Mineral Springs, Monroe, Stalling, Unionville, Waxhaw Weddington, Wesley Chapel, and Wingate, has prepared a multi-jurisdictional hazard mitigation plan with input from the appropriate local and state officials; and

WHEREAS, the North Carolina Division of Emergency Management and the Federal Emergency Management Agency have reviewed the Cabarrus Stanly Union Regional Hazard Mitigation Plan for legislative compliance and have approved the plan pending the completion of local adoption procedures.

NOW, THEREFORE, BE IT RESOLVED that the Town Council of the Town of Marshville hereby:

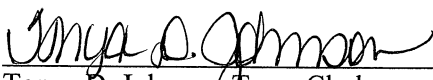
1. Adopts the Cabarrus Stanly Union Regional Hazard Mitigation Plan; and
2. Agrees to take such other official action as may be reasonably necessary to carry out the proposed actions of the Plan.

Adopted this 2nd day of March, 2015.



Franklin D. Deese, Mayor
Town of Marshville

ATTEST:



Tonya D. Johnson, Town Clerk



TOWN OF MARSHVILLE SUNSHINE WEEK OPEN GOVERNMENT PROCLAMATION

WHEREAS, Sunshine Week is a national initiative to promote the importance of open government and freedom of information; and

WHEREAS, North Carolina has two Sunshine Laws to promote transparency in government: the Open Meetings Law and the Public Records Law; and

WHEREAS, every citizen in our participatory democracy has an inherent right of access to government meetings and public records; and

WHEREAS, an open and accessible government is vital to establishing and maintaining the people's trust and confidence in their government and in the government's ability to effectively serve its citizens; and

WHEREAS, the protection of every person's right of access to public records and government meetings is a high priority of the Town Council of the Town of Marshville; and

WHEREAS, the Town Council of the Town of Marshville is committed to openness and transparency in all aspects of its operations and seeks to set a standard in this regard; and

WHEREAS, the Town Council of the Town of Marshville commits during this Sunshine Week, March 15-21, 2015, and throughout the year 2015 to work diligently to enhance the public's access to government records and information and to ensure that all meetings are fully noticed and open to the public.

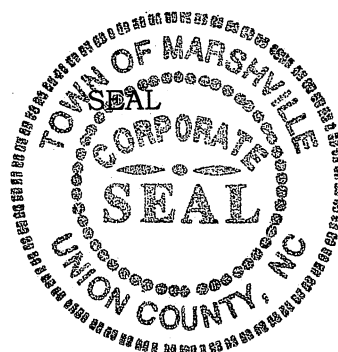
NOW, THEREFORE, I Franklin D. Deese, Mayor and on behalf of the members of the Marshville Town Council do hereby proclaim March 15-21, 2015 as Sunshine Week and encourage all of our staff and officials to follow the letter and the spirit of the Sunshine Laws as we carry out our daily duties.

IN WITNESS THEREOF, I have hereunto set my hand and caused the Seal of the Town of Marshville to be affixed this 2nd day of March, 2015.

Signed:

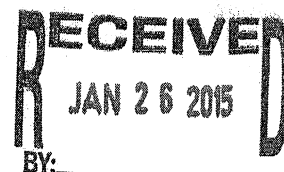
Attest:

Franklin D. Deese
Donna Johnson



LGC-205 (Rev. 2014)

CONTRACT TO AUDIT ACCOUNTS

Of Town of Marshville, NC

Governmental Unit and Discretely Presented Component Unit (DPCU) if applicable

On this 2nd day of February, 2015,Auditor: J.B. Watson & Co., P.L.L.C.

Auditor Mailing Address: _____

PO Box 341; Wadesboro, NC 28170

Hereinafter referred to as The Auditor

and the Town Council(Governing Board (s)) of Town of Marshville, NC

: hereinafter referred to as the Governmental Unit (s), agree as follows:

Governmental Unit (s)

1. The Auditor shall audit all statements and disclosures required by generally accepted accounting principles (GAAP) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit (s) for the period beginning July 1, 2014, and ending June 30, 2015. The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion will be rendered in relation to (as applicable) the governmental activities, the business-type activities, the aggregate DPCU's, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types).
 2. At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with generally accepted auditing standards. The Auditor shall perform the audit in accordance with *Government Auditing Standards* if required by the State Single Audit Implementation Act, as codified in G.S. 159-34. If required by OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act, the Auditor shall perform a Single Audit. This audit and all associated workpapers may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit and/or workpapers are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners (NC CPA Board).
- County and Multi-County Health Departments: The Office of State Auditor will designate certain programs that have eligibility requirements to be considered major programs in accordance with OMB Circular A-133 for the State of North Carolina. The LGC will notify the auditor and the County and Multi-Health Department of these programs. A County or a Multi-County Health Department may be selected to audit any of these programs as major.
3. If an entity is determined to be a component of another government as defined by the group audit standards - the entity's auditor will make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.
 4. This contract contemplates an unqualified opinion being rendered. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.
 5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, 2011 revisions, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of their most recent peer review report regardless of the date of the prior peer review report to the Governmental Unit and the Secretary of the LGC prior to the execution of the audit contract (See Item 22). **If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.**

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

6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to the State and Local Government Finance Division (SLGFD) within four months of fiscal year end. Audit report is due on: October 31, 2015. If it becomes necessary to amend this due date or the audit fee, an amended contract along with a written explanation of the delay must be submitted to the Secretary of the LGC for approval.

Contract to Audit Accounts (cont.) Town of Marshville, NC

Name of Governmental Unit and Discretely Presented Component Unit's (DPCU) if applicable

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 relates to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor will make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his findings, together with his recommendations for improvement. That written report must include all matters defined as "significant deficiencies and material weaknesses" in AU-C 265 of the *AICPA Professional Standards (Clarified)*. The Auditor shall file a copy of that report with the Secretary of the LGC.
8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. **Invoices for services rendered under these contracts shall not be paid by the Governmental Unit until the invoice has been approved by the Secretary of the LGC.** (This also includes any progress billings.) [G.S. 159-34 and 115C-447] All invoices for Audit work must be submitted by email in PDF format to the Secretary of the LGC for approval. The invoices must be sent to: lgc.invoice@nctreasurer.com. Subject line should read "Invoice – [Unit Name]". The PDF invoice marked 'approved' with approval date will be returned by email to the Auditor to present to the Governmental Unit for payment. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.
9. In consideration of the satisfactory performance of the provisions of this contract, the Governmental Unit shall pay to the Auditor, upon approval by the Secretary of the LGC, the following 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:

Year-end bookkeeping assistance – [For audits subject to Government Auditing Standards, this is limited to bookkeeping services permitted by revised Independence Standards] \$100/hour, if applicable

Audit \$10,750 plus \$100/hour for any Single Audit procedures, if applicable

Preparation of the annual financial statements \$3,500

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 \$11,175 **** NA if no interim billing**

10. If the Governmental Unit has outstanding revenue bonds, the Auditor shall include documentation either in the notes to the audited financial statements or as a separate report submitted to the SLGFD along with the audit report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor should be aware that any other bond compliance statements or additional reports required in the authorizing bond documents need to be submitted to the SLGFD simultaneously with the Governmental Unit's audited financial statements unless otherwise specified in the bond documents.
11. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include but not be limited to the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the client or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board as soon as practical after the close of the accounting period.
12. If the audit firm is required by the NC CPA Board or the Secretary of the LGC to have a pre-issuance review of their audit work, there must be a statement added to the engagement letter specifying the pre-issuance review including a statement that the Governmental Unit will not be billed for the pre-issuance review. The pre-issuance review must be performed **prior** to the completed audit being submitted to the LGC. The pre-issuance report must accompany the audit report upon submission to the LGC.
13. The Auditor shall electronically submit the report of audit to the LGC when (or prior to) submitting the invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the SLGFD by any interested parties. Any subsequent revisions to these reports must be sent to the Secretary of the LGC. These audited financial statements are used in the preparation of official statements for debt offerings (the Auditors' opinion is not included) by municipal bond rating services to fulfill secondary market disclosure requirements of the Securities and Exchange Commission and other lawful purposes of the Governmental Unit without subsequent consent of the

Town of Marshville, NC

Contract to Audit Accounts (cont.)

Name of Governmental Unit and Discretely Presented Component Unit's (DPCU) if applicable

Auditor. If it is determined by the LGC that corrections need to be made to the Governmental Unit's financial statements, they should be provided within three days of notification unless, another time frame is agreed to by the LGC.

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

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

14. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Secretary of the LGC, this contract may be varied or changed to include the increased time and/or compensation as may be agreed upon by the Governing Board and the Auditor
15. If an approved contract needs to be varied or changed for any reason, the change must be made in writing, signed and dated by all parties and pre-audited if the change includes a change in audit fee. This document and a written explanation of the change must be submitted by email in PDF format to the Secretary of the LGC for approval. The portal address to upload your amended contract and letter of explanation documents is <http://nctreasurer.slgfd.leapfile.net> No change shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.
16. Whenever the Auditor uses an engagement letter with the Governmental Unit, Item #17 is to be completed by referencing the engagement letter and attaching a copy of the engagement letter to the contract to incorporate the engagement letter into the contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract will control. Engagement letter terms are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item #23 of this contract. Engagement letters containing indemnification clauses will not be approved by the LGC.
17. Special provisions should be limited. Please list any special provisions in an attachment. *See attached engagement letter.*
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 issued and the DPCU is included in the primary government audit, the DPCU must be named along with the parent government on this audit contract. Signatures from the DPCU Board chairman and finance officer also must be included on this contract.
19. The contract must be executed, pre-audited, physically signed by all parties including Governmental Unit and Auditor signatures and submitted in PDF format to the Secretary of the LGC. The current portal address to upload your contractual documents is <http://nctreasurer.slgfd.leapfile.net> Electronic signatures are not accepted at this time. Included with this contract are instructions to submit contracts and invoices for approval as of April, 2014. These instructions are subject to change. Please check the NC Treasurer's web site at www.nctreasurer.com for the most recent instructions.
20. The contract is not valid until it is approved by the LGC Secretary. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. The audit should not be started before the contract is approved.
21. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the LGC.
22. Municipal & County Contracts: The Auditor acknowledges that any private employer transacting business in this State who employs 25 or more employees in this State must, when hiring an employee to work in the United States, use E Verify to verify the work authorization of the employee in accordance with N.C.G.S. §64 26(a). The Auditor acknowledges further that any such private employer and its subcontractors must comply with all of the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes (North Carolina's E-verify law), and that such private employer has a duty under the law to ensure compliance by its subcontractors. The Auditor further acknowledges that this contract is of the type governed by S.L. 2013-418, which makes it unlawful for a local government to enter into certain types of contracts unless the contractor and its subcontractors comply with North Carolina's E-verify law, and that failure to comply with such law could render this contract void. The Auditor hereby covenants, warrants and represents for itself and its subcontractors that with respect to this contract the Auditor and its subcontractors shall comply with the provisions of North Carolina's E-verify law and that failure to comply with such law shall be deemed a breach of this contract and may render this contract void. *N/A*
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). *#22*

Contract to Audit Accounts (cont.) Town of Marshville, NC

Name of Governmental Unit and Discretely Presented Component Unit's (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.

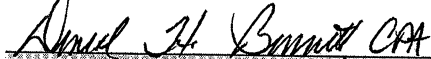
Audit Firm Signature:

J.B. Watson & Co., P.L.L.C.

Name of Audit Firm

By Deneal H. Bennett, CPA

Authorized Audit firm representative name: Type or print



Signature of authorized audit firm representative

dbennett@jbwandco.com

Email Address of Audit Firm:

Date February 2, 2015

Governmental Unit Signatures:

By Franklin Deese, Mayor

Mayor / Chairperson: Type or print name and title



Signature of Mayor/Chairperson of governing board

Date February 2, 2015By N/A

DPCU Chairperson: Type or print name and title

Signature of Chairperson of DPCU if applicable

Date _____

Unit Signatures (continued):

By N/AChair of Audit Committee - Type or print nameSignature of Audit Committee Chairperson **

Date

** If Governmental Unit has no audit committee, this section should be marked "N/A."

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

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

By Tonya JohnsonGovernmental Unit Finance Officer: Type or print name

Finance Officer Signature

tjohnson@marshville.org

Email Address of Finance Officer

Date February 2, 2015(Pre-audit Certificate *must be dated.*)

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

February 2, 2015

Board Approval Date - Primary Government

N/A

Board Approval Date - DPCU

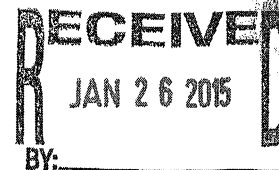
J. B. WATSON & CO., P.L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

120 SOUTH RUTHERFORD STREET

P.O. BOX 341

WADESBORO, N.C. 28170



JAMES F. HANNA, CPA
DENEAL H. BENNETT, CPA
J. DAVID BURNS, CPA

TELEPHONE (704) 694-5174
FACSIMILE (704) 694-6970

February 2, 2015

Town of Marshville
201 West Main Street
Marshville, North Carolina 28103

We are pleased to confirm our understanding of the services we are to provide Town of Marshville for the year ended June 30, 2015. We 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 Marshville as of and for the year ended June 30, 2015. 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 Marshville'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 Marshville's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1) Management's Discussion and Analysis

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

- 1) Individual Fund Statements
- 2) Budgetary Schedules
- 3) Other Schedules
- 4) Schedule of Expenditures of Federal and State Awards

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic 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 taken as a whole. The objective also includes reporting 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 in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or a disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act.

The *Government Auditing Standards* report on internal control over financial reporting 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 or 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 OMB Circular A-133 and State Single Audit Implementation Act report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and the State Single Audit Implementation Act. Both reports will state the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; the provisions of OMB Circular A-133; and the State Single Audit Implementation Act and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133 and the State Single Audit Implementation Act, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Mayor and Members of Town Council of Town of Marshville. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements or the Single Audit compliance 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 to issue reports, or may withdraw from this engagement.

Town of Marshville
Page Three

If during our audit we become aware that Town of Marshville is not subject to an audit in accordance with the Single Audit Act Amendments of 1996, the provisions of OMB Circular A-133, and the State Single Audit Implementation Act, we will conduct the audit only in accordance with the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, or U.S. generally accepted auditing standards, whichever is applicable.

Management Responsibilities

Management is responsible for the basic financial statements, schedule of expenditures of federal and State awards, and all accompanying information, as well as all representations contained therein. Management is also responsible for identifying all federal and State awards received and understanding and complying with the compliance requirements and for preparation of the schedule of expenditures of federal and State awards (including notes and noncash assistance received) in accordance with the requirements of OMB Circular A-133. As part of the audit, we will prepare a draft of your financial statements, schedule of expenditures of federal and State awards, and related notes. 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*. You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal and State awards, related notes, and any other nonaudit services we provide. You will be required to acknowledge in the written management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal and State awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal and State awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Management is responsible for (a) establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (b) following laws and regulations; (c) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (d) ensuring that management is reliable 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 in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

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

Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review during our fieldwork.

You are responsible for preparation of the schedule of expenditures of federal and State awards (including notes and noncash assistance received) in conformity with OMB Circular A-133 and the State Single Audit Implementation Act. You agree to include our report on the schedule of expenditures of federal and State awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal and State awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal and State awards that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal and State awards in accordance with OMB Circular A-133 and the State Single Audit Implementation Act; (2) you believe the schedule of expenditures of federal and State awards, including its form and content, is fairly presented in accordance with OMB Circular A-133 and the State Single Audit Implementation Act; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal and State awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly

Town of Marshville
Page Five

presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

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

With regard to using the auditors' report, you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents.

With regard to electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

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, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

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

Town of Marshville
Page Seven

objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 and the State Single Audit Implementation Act require that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Circular A-133 Compliance Supplement* and related addenda and in the *Audit Manual for Governmental Auditors in North Carolina* for the types of compliance requirements that could have a direct and material effect on each of Town of Marshville's major programs. The purpose of these procedures will be to express an opinion on Town of Marshville's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133 and the State Single Audit Implementation Act.

Engagement Administration, Fees, and Other

We understand that your employees will assist in preparing all cash or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings, if applicable. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal and State awards, summary schedule of prior audit findings, auditors' reports, and a corrective action plan) along with the Data Collection Form to the Federal Audit Clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

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

The audit documentation for this engagement is the property of J.B. Watson & Co., P.L.L.C. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a cognizant agency or its designee, a federal or State agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of J.B. Watson & Co., P.L.L.C. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

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

Audit Procedures - Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133 and the State Single Audit Implementation Act, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal and State award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, OMB Circular A-133, and the State Single Audit Implementation Act.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Town of Marshville's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the

Town of Marshville
Page Eight

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

We expect to begin our audit in July or August 2015 and to issue our report no later than October 31, 2015 (or December 1, 2015, if additional time is warranted). Deneal H. Bennett, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be \$14,250 plus \$100 per hour for any Single Audit procedures and/or year-end bookkeeping, if applicable. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to Town of Marshville 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,

J. B. Watson & Co., PLLC

J. B. Watson & Co., P.L.L.C.

RESPONSE:

This letter correctly sets forth the understanding of Town of Marshville.

Management signature: *Tom A. Blumenthal*

Title: TOWN Manager

Date: 03/02/2015

Governance signature: *John D. ...*

Title: Mayor

Date: 03/02/2015

Resolution 14/15 - 10

**TOWN OF MARSHVILLE RESOLUTION REQUESTING
STATE LOAN ASSISTANCE FOR WASTEWATER COLLECTION SYSTEM**

WHEREAS, The Federal Clean Water Act Amendments of 1987 and the North Carolina the Water Infrastructure Act of 2005 (NCGS 159G) have authorized the making of loans and grants to aid eligible units of government in financing the cost of construction of wastewater collection system project, and

WHEREAS, The Town of Marshville has need for and intends to reconstruct a wastewater collection system project described as Inflow Elimination Project, and

WHEREAS, The Town of Marshville intends to request state loan assistance for the project,

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

That Town of Marshville, the Applicant, will arrange financing for all remaining costs of the project, if approved for a State loan award.

That the Applicant will adopt and place into effect on or before completion of the project a schedule of fees and charges and other available funds which will provide adequate funds for proper operation, maintenance, and administration of the system and the repayment of all principal and interest on the debt.

That the governing body of the Applicant agrees to include in the loan agreement a provision authorizing the State Treasurer, upon failure of the Town of Marshville to make scheduled repayment of the loan, to withhold from the Town of Marshville any State funds that would otherwise be distributed to the local government unit in an amount sufficient to pay all sums then due and payable to the State as a repayment of the loan.

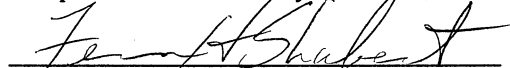
That the Applicant will provide for efficient operation and maintenance of the project on completion of construction thereof.

That Fern Shubert, Town Manager, the Authorized Official, and successors so titled, is hereby authorized to execute and file an application on behalf of the Applicant with the State of North Carolina for a loan to aid in the construction of the project described above.

That the Authorized Official, and successors so titled, is hereby authorized and directed to furnish such information as the appropriate State agency may request in connection with such application or the project: to make the assurances as contained above; and to execute such other documents as may be required in connection with the application.

That the Applicant has substantially complied or will substantially comply with all Federal, State, and local laws, rules, regulations, and ordinances applicable to the project and to Federal and State grants and loans pertaining thereto.

Adopted this the 2nd day of March, 2015.

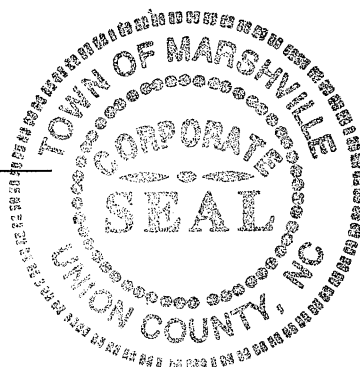


Fern Shubert, Town Manager

ATTEST:



Tonya Johnson, Town Clerk



CERTIFICATION BY RECORDING OFFICER

The undersigned duly qualified and acting Town Clerk for the Town Council of the Town of Marshville does hereby certify:

That the above/attached resolution is a true and correct copy of the resolution authorizing the filing of an application with the State of North Carolina, as regularly adopted at a legally convened meeting of the Marshville Town Council duly held on the 2nd day of March, 2015; and, further, that such resolution has been fully recorded in the journal of proceedings and records in my office.

IN WITNESS WHEREOF, I have hereunto set my hand this 2nd day of March, 2015.

A handwritten signature in cursive script, appearing to read "Tonya Johnson", is written over a horizontal line.

Tonya Johnson, Town Clerk

North Carolina Water/Wastewater Common Application Form

For use by ARC, CWMTF, DENR, DOC, and Rural Center applicants.

Agency Use Only

In an effort to streamline the application process, North Carolina funding agencies created this common application form for applicants to utilize when requesting water/wastewater grant/loan funds. Additional material required by each funding agency can be found in the appendices.

Guidelines:

- Fully complete each section of this application form
 - Be sure to include all additional information requested by involved funders (found in appendices)
- Please refer to appendices for the number of copies required by each agency.
 - If a project is requesting CWMTF and Rural Center funds, the fully executed common application form should be sent to both CWMTF and the Rural Center. In addition to the common application form, each agency should receive its additional requested material only. See individual agency guidelines for other material needed for each application.

Descriptive Project Title:

(Title should stay consistent with each agency request.)

Inflow Elimination Project

Indicate the status of this application:

- ☒ NEW APPLICATION
☐ REVISION
☐ RESUBMITTAL

• Former project title: _____

Select organization(s) involved in this request (check all that apply)

- ☐ ARC
Date submitted _____
- ☐ CWMTF
Date submitted _____
- ☒ DENR-CW
Date submitted _____
- ☐ DENR-DW
Date submitted _____
- ☐ DOC
Date submitted _____
- ☐ NCREDC
Date submitted _____

North Carolina Water/Wastewater Common Application Form

For use by ARC, CWMTF, DENR, DOC, and Rural Center applicants.

GENERAL INFORMATION

Legal Name of Applicant / Unit: Town of Marshallville County: Union
 Name of Chief Elected Official: Frank Deese Title: Mayor
 Name of Authorized Representative (if different from above): Fern H Shubert
 Title: Town Manager
 Mailing Address: 201 W Main St. Street Address: 201 W Main St.
 City: Marshallville State: NC Zip: 28103
 Primary Telephone(s): 704-624-2515 Fax: 704-424-0175
 Email: manager@marshallville.org Federal Tax ID #: 50-0001282

Type of Applicant (check those that apply):

- ☒ Municipality
 ☐ Water / Sewer District
 ☐ Joint Agency Pursuant to G.S. 160A-20
☐ County
 ☐ Metro Water / Sewer District
 ☐ Joint Agency Pursuant to G.S. 63-56
☐ Non Profit Water Corporation
 ☐ Water / Sewer Authority
 ☐ Sanitary District
☐ Other (be specific): _____

Application Prepared by:

Name: Fern H Shubert Title: Town Manager
 Primary Telephone: 704-320-7778 Fax: 704-424-0175
 Email: manager@marshallville.org
 Name of Engineering Firm: _____

Name of Engineer: _____

Mailing Address (if other than above): _____

City: _____ State: _____ Zip: _____

Primary Telephone: _____ Fax: _____

Email: _____ Federal Tax ID #: _____

PROJECT TYPE

Check all that apply:

- DRINKING WATER**
 Drinking Water Source ☐
 Drinking Water Treatment ☐
 Drinking Water Transmission/Distribution ☐
 Drinking Water Storage ☐
 Other: explain in project description ☐
 (including green projects)

- WASTEWATER**
 Wastewater Treatment ☐
 Wastewater Collection ☒
 Water Reclamation or Land Application facilities ☐
 Sewer System Rehab ☐
 Other: explain in project description ☐
 (including green projects)

Projected Construction START Date: _____ County(s) Served: Union (Part)

of NEW customers (connections)
TO BE SERVED by project

	Water	Wastewater
Residential	0	0
Business	0	0
Total(s)	0	0

of customers (connections) CURRENTLY served

	Water	Wastewater
Residential	1177	784
Business	224	159
Total(s)		

North Carolina Water/Wastewater Common Application Form

For use by ARC, CWMTF, DENR, DOC, and Rural Center applicants.

Project Description

Please provide a description of the project specifically addressing the details of each major activity (i.e. who, what, where, why and how). Indicate if this will be a phased construction project.

Rationale: (1 paragraph max)

- Problems and/or compliance issues that project will alleviate
- Local, regional and/or state need for project
- Critical circumstances or emergency situations that compel project to be funded

Benefits: (1 paragraph max)

- Results and accomplishments to be derived from project
- Other non-quantifiable benefits (e.g. partnership, improved standard of living, etc.)

Performance Measurement:

- Outputs (i.e. 1,000 LF of 8-inch PVC pipe)
- Outcomes (i.e. fully functioning line)
- Number of jobs created (see agency guidelines)

(Detail all quantifiable measures, including leveraged private investment resulting from the project.)

North Carolina Water/Wastewater Common Application Form

For use by ARC, CWMTF, DENR, DOC, and Rural Center applicants.

CERTIFICATION BY CHIEF ELECTED OFFICIAL/AUTHORIZED REPRESENTATIVE

The attached statements and exhibits are hereby made part of this application and the undersigned representative of the applicant certifies that the information in this application and the attached statements and exhibits is true, correct, and complete to the best of his/her knowledge and belief. He/She further certifies that:

- 1 as Authorized Representative, he/she has been authorized to file this application by formal action of the governing body;
- 2 the governing body agrees that if a grant and/or loan is awarded, the applicant will provide proper and timely submittal of all documentation requested by the Grantor Agency;
- 3 the governing body agrees to provide for proper maintenance and operation of the approved project after its completion;
- 4 the applicant has substantially complied with or will comply with all federal, state and local laws, rules and regulations and ordinances as applicable to this project;
- 5 the applicant will adopt and place into effect on or before the completion of the project a schedule of fees and charges which will provide for the adequate and proper operation, maintenance, administration and repayment of all principle and interest on loans of the project;
6. the applicant has followed proper accounting and fiscal reporting procedures, as evidenced by the applicant's most recent audit report, and that the applicant is in substantial compliance with provision of the general fiscal control laws of the State;
7. the project budget provided on page 4 of this North Carolina Water/Wastewater Common Application Form includes all funding requested from all sources of funding proposed for this project; and
8. the (Town or County), North Carolina is organized and chartered under the laws of North Carolina. All officials and employees are aware of, and in full compliance with NCGS 14-234, "Director of public trust contracting for his own benefit, participation in business transaction involving public funds; exemptions." (For units of local governments only.)



SIGNATURE OF CHIEF ELECTED OFFICIAL/AUTHORIZED REPRESENTATIVE

Franklin D. Deese

TYPED NAME

Mayor

TYPED TITLE

03/02/2015

DATE

Please note: ORIGINAL signatures are required for each agency application.