

June 24, 2019

The Washington County Board of Commissioners met in a Special Called Meeting on Monday, June 24, 2019 at 6:00 PM in Commissioners' Room, 116 Adams Street, Plymouth, NC. Commissioners Johnson, Phelps, Riddick and Walker were present. Also present were County Manager/County Attorney Curtis Potter, Clerk to the Board Julie J. Bennett and Finance Officer Missy Dixon. Commissioner Sexton was unable to attend.

Chair Johnson called the meeting to order.

2018-19 YEAR END BUDGET AMENDMENTS/TRANSFERS: Ms. Dixon and Mr. Potter went over the 2018-19 year end budget amendments and transfers below.

Washington County  
**BUDGET AMENDMENT**

To: Board of Commissioners

BA #: 2019 - 131

From: Curtis Potter, County Manager  
Missy Dixon, Finance Officer

Date: June 24, 2019

RE: SS Transportation

Please authorize the finance officer to make the following budgetary adjustments:

Account Code	Description	Old	+ or (-)	New
10-3540-030	Gun Permits-State Portion	(6,020.00)	(625.00)	(6,645.00)
10-4310-612	Gun Permits-State Portion	7,575.00	625.00	8,200.00
<b>Sheriff</b>				
10-3490-000	DSS Administration Reimbursement	(1,983,307.00)	(2,000.00)	(1,985,307.00)
10-5400-372	SS Transportation-Volunteer Transportation-Medicaid	26,500.00	2,000.00	28,500.00
<b>SS Transportation</b>				
<b>Balanced:</b>		<b>(1,955,252.00)</b>	<b>-</b>	<b>(1,955,252.00)</b>

**Justification:**

*To book additional revenues received for Gun Permitting in the Sheriff's Office so that we can pay the final June bill that will be owed. Also, this amendment request is to increase revenues and expenditures for Volunteer Medicaid Transportation due additional funds needing to be spent to carry us through fiscal year end. These funds are reimbursed at 100% to Washington County.*

Approval Date: \_\_\_\_\_

Bd. Clerk's Init: \_\_\_\_\_

Initials:	
Batch #:	
Date:	

Washington County  
**BUDGET AMENDMENT**

To: Board of Commissioners

BA #: 2019 - 136

From: Curtis Potter, County Manager  
Missy Dixon, Finance Officer

Date: June 24, 2019

RE: General Fund/Airport

Please authorize the finance officer to make the following budgetary adjustments:

Account Code	Description	Old	+ or (-)	New
10-3990-000	Appropriated Fund Balance - GF	(285,626.00)	(10,000.00)	(295,626.00)
10-9800-039	Transfer to Airport Fund	70,098.00	10,000.00	80,098.00
<b>General Fund</b>				
39-2980-010	Transfer from General Fund	(70,098.00)	(10,000.00)	(80,098.00)
39-4530-999	Contingency	-	10,000.00	10,000.00
<b>Airport</b>				
<b>Balanced:</b>		<b>(285,626.00)</b>	<b>-</b>	<b>(285,626.00)</b>

**Justification:**

*To transfer monies from the General Fund Fund Balance to the Airport Fund. This transfer is being made due to a shortfall in revenue caused by a temporary cessation in Credit Card Collections. This interruption is expected to be corrected in the beginning of the next fiscal year. Out of an abundance of caution, this request is for a few thousand dollars more than may be needed as there is practically no airport fund balance to fall back on.*

Approval Date: \_\_\_\_\_

Bd. Clerk's Init: \_\_\_\_\_

Initials:

Batch #:

Date:

Washington County  
**BUDGET TRANSFER**

To: Board of Commissioners

BT #: 2019 - 116

From: Curtis Potter, County Manager  
Missy Dixon, Finance Officer

Date: May 29, 2019

RE: Facility Services

Please authorize the finance officer to make the following budgetary adjustments:

Account Code	Description	Old	+ or (-)	New
10-4265-330	Facility Services - Utilities-Electricity	105,000.00	(1,200.00)	103,800.00
10-4265-215	Facility Services - Maintenance & Repair Building	56,550.00	1,200.00	57,750.00
10-4265-332	Facility Services - Utilities-Water	41,000.00	(1,089.00)	39,911.00
10-4265-320	Facility Services - Communications	6,000.00	900.00	6,900.00
10-4265-601	Facility Services - Security System	1,825.00	114.00	1,939.00
10-4265-602	Facility Services - Contracted Services-Exterminating	6,750.00	75.00	6,825.00
<b>Facility Services</b>				
<b>Balanced:</b>		<b>217,125.00</b>	<b>-</b>	<b>217,125.00</b>

**Justification:**

*To transfer monies within Facility Services to cover costs to install handrails at elevator entrance of Courthouse and at the Inspections Office prior to year end. To transfer monies within Facility Services to cover higher than expected costs for communications, Security System charges and Exterminating.*

Approval Date: 5/30/19

Budget Officer's Initials: MD

Initials: MD

Batch #: 2019-116

Date: 5/30/19

Washington County  
**BUDGET TRANSFER**

To: Board of Commissioners

BT #: 2019 - 117

From: Curtis Potter, County Manager  
Missy Dixon, Finance Officer

Date: May 31, 2019

RE: Governing Board/Detention/Water Treatment

Please authorize the finance officer to make the following budgetary adjustments:

Account Code	Description	Old	+ or (-)	New
10-4110-380	Governing Board-Advertising	1,000.00	(371.00)	629.00
10-4110-200	Governing Board-Departmental Supplies	1,500.00	371.00	1,871.00
<b>Governing Board</b>				
10-4320-210	Detention-Uniforms	5,401.00	(500.00)	4,901.00
10-4320-200	Detention-Departmental Supplies	13,000.00	500.00	13,500.00
<b>Detention</b>				
35-7135-350	Water Treatment-Maintenance & Repair-Equipment	27,471.00	(1,600.00)	25,871.00
35-7135-600	Water Treatment-Utilities	28,000.00	1,600.00	29,600.00
<b>Water Treatment</b>				
<b>Balanced:</b>		<b>76,372.00</b>	<b>-</b>	<b>76,372.00</b>

**Justification:**

*To transfer monies within the Governing Board Budget and Detention to cover needed departmental supplies prior to fiscal year end. To transfer monies within Water Treatment to cover the costs of higher than expected utility bills.*

Approval Date: 5/31/19

Budget Officer's Initials: MD

Initials: MD

Batch #: 2019-117

Date: 5/31/19

Washington County  
**BUDGET TRANSFER**

To: Board of Commissioners

BT #: 2019 - 118

From: Curtis Potter, County Manager  
Missy Dixon, Finance Officer

Date: June 4, 2019

RE: Central Services/Facility Services/Soil & Water

Please authorize the finance officer to make the following budgetary adjustments:

Account Code	Description	Old	+ or (-)	New
10-8300-183	Central Services-Insurance-Health Increase	46,590.00	(8,525.00)	38,065.00
10-4265-540	Facilities-Capital Outlay-Equipment	20,760.00	8,525.00	29,285.00
<b>Central Services/Facility Services</b>				
10-6060-310	Soil & Water-Travel	1,500.00	(200.00)	1,300.00
10-6060-200	Soil & Water-Departmental Supplies	2,100.00	200.00	2,300.00
<b>Soil &amp; Water</b>				
<b>Balanced:</b>		<b>70,950.00</b>	<b>-</b>	<b>70,950.00</b>

Justification:

*To transfer monies from Central Services to Facility Services to cover the cost of an HVAC Unit at the Health Department. To transfer monies within Soil & Water to cover the costs to purchase end of year departmental supplies.*

Approval Date: 6/5/19

Budget Officer's Initials: MD

Initials:	MD
Batch #:	2019-118
Date:	6/5/19

Washington County  
**BUDGET TRANSFER**

To: Board of Commissioners

BT #: 2019 - 119

From: Curtis Potter, County Manager  
Missy Dixon, Finance Officer

Date: June 4, 2019

RE: Manager's Office/Tax Admin/Register of Deeds/TT/SRO Wash Co Union/SRO Creswell/SRO Pines/Soil & Water

Please authorize the finance officer to make the following budgetary adjustments:

Account Code	Description	Old	+ or (-)	New
10-4120-090	Managers Office - FICA Tax	13,240.00	(350.00)	12,890.00
10-4120-130	Managers Office - Unemployment Insurance	705.00	(346.00)	359.00
10-4120-010	Managers Office - Salaries & Wages - Regular	172,609.00	100.00	172,709.00
10-4120-100	Managers Office - Retirement	24,056.00	396.00	24,452.00
<b>Managers Office</b>				
10-4140-130	Tax Admin - Unemployment Insurance	1,175.00	(895.00)	280.00
10-4140-100	Tax Admin - Retirement	24,098.00	381.00	24,479.00
10-4140-180	Tax Admin - Group Insurance	34,738.00	514.00	35,252.00
<b>Tax Admin</b>				
10-4180-102	Register of Deeds - Reg of Deeds Supplemental Retirement	1,250.00	(470.00)	780.00
10-4180-130	Register of Deeds - Unemployment Insurance	470.00	(470.00)	-
10-4180-140	Register of Deeds - Workmens Comp	599.00	(26.00)	573.00
10-4180-600	Register of Deeds - Contracted Services	11,500.00	(1,000.00)	10,500.00
10-4180-010	Register of Deeds - Salaries & Wages - Regular	78,181.00	1,385.00	79,566.00
10-4180-100	Register of Deeds - Retirement	10,973.00	370.00	11,343.00
10-4180-101	Register of Deeds - 401(K) Contribution	2,369.00	18.00	2,387.00
10-4180-180	Register of Deeds - Group Insurance	13,147.00	193.00	13,340.00
<b>Register of Deeds</b>				
10-4210-130	Information Tech - Unemployment Insurance	235.00	(100.00)	135.00
10-4210-181	Information Tech - Group Insurance	8,575.00	100.00	8,675.00
<b>Information Technology</b>				
10-4311-130	SRO-Wash Co Union-Unemployment Insurance	235.00	(194.00)	41.00
10-4311-100	SRO-Wash Co Union-Retirement Expense	4,869.00	81.00	4,950.00
10-4311-101	SRO-Wash Co Union-401(K) Contribution	1,674.00	2.00	1,676.00
10-4311-180	SRO-Wash Co Union-Group Insurance	6,543.00	111.00	6,654.00
<b>SRO Washington Co Union</b>				
10-4313-130	SRO-Creswell-Unemployment Insurance	235.00	(235.00)	-
10-4313-140	SRO-Creswell-Workman's Compensation	2,419.00	(177.00)	2,242.00
10-4313-310	SRO-Creswell-Travel	500.00	(304.00)	196.00
10-4313-010	SRO-Creswell-Salaries & Wages-Regular	33,461.00	522.00	33,983.00
10-4313-100	SRO-Creswell-Retirement	4,869.00	81.00	4,950.00
10-4313-101	SRO-Creswell-401(K) Contribution	1,674.00	2.00	1,676.00
10-4313-180	SRO-Creswell-Group Insurance	6,543.00	111.00	6,654.00
<b>SRO Creswell</b>				
10-4317-090	SRO-Pines-FICA Tax	2,624.00	(130.00)	2,494.00
10-4317-130	SRO-Pines-Unemployment Insurance	235.00	(235.00)	-
10-4317-140	SRO-Pines-Workman's Compensation	2,479.00	(80.00)	2,399.00
10-4317-180	SRO-Pines-Group Insurance	6,553.00	(160.00)	6,393.00
10-4317-210	SRO-Pines-Uniforms	500.00	(500.00)	-
10-4317-310	SRO-Pines-Travel	500.00	(377.00)	123.00
10-4317-315	SRO-Pines-Training	500.00	(226.00)	274.00
10-4317-010	SRO-Pines-Salaries & Wages-Regular	34,297.00	1,340.00	35,637.00
10-4317-100	SRO-Pines-Retirement	4,991.00	294.00	5,285.00
10-4317-101	SRO-Pines-401(K) Contribution	1,715.00	74.00	1,789.00
<b>SRO Pines</b>				
10-6060-130	Soil & Water - Unemployment Insurance	235.00	(193.00)	42.00
10-6060-090	Soil & Water - FICA Tax	2,560.00	1.00	2,561.00
10-6060-100	Soil & Water - Retirement	4,651.00	75.00	4,726.00
10-6060-180	Soil & Water - Group Insurance	6,537.00	117.00	6,654.00
<b>Soil &amp; Water</b>				
<b>Balanced:</b>		529,379.00	-	529,379.00

Justification:

To transfer monies within the Manager's Office, Tax Admin, Register of Deeds, SRO Wash Co Union, SRO Pines, SRO Creswell and Soil & Water to cover year end payroll and benefits.

Approval Date: 6/5/19

Budget Officer's Initials:

Initials: [Signature]  
Batch #: 2019-119  
Date: 6/5/19

Washington County  
**BUDGET TRANSFER**

To: Board of Commissioners

BT #: 2019 - 120

From: Curtis Potter, County Manager  
Missy Dixon, Finance Officer

Date: June 4, 2019

RE: Emergency Management/Inspections & Planning/GIS/Veterans/Recreation

Please authorize the finance officer to make the following budgetary adjustments:

Account Code	Description	Old	+ or (-)	New
10-4330-130	Emergency Management-Unemployment Insurance	235.00	(190.00)	45.00
10-4330-100	Emergency Management-Retirement	8,984.00	142.00	9,126.00
10-4330-180	Emergency Management-Group Insurance	6,641.00	48.00	6,689.00
<b>Emergency Management</b>				
10-4350-185	Inspections & Planning-Unemployment Insurance	235.00	(143.00)	92.00
10-4350-182	Inspections & Planning-Retirement	4,633.00	73.00	4,706.00
10-4350-183	Inspections & Planning-Group Insurance	8,530.00	70.00	8,600.00
<b>Inspections &amp; Planning</b>				
10-4915-130	GIS-Unemployment Insurance	235.00	(219.00)	16.00
10-4915-100	GIS-Retirement Expense	5,189.00	112.00	5,301.00
10-4915-101	GIS-401(K) Contribution	1,120.00	8.00	1,128.00
10-4915-180	GIS-Group Insurance	6,365.00	99.00	6,664.00
<b>GIS</b>				
10-5155-130	Veteran's-Unemployment Insurance	100.00	(23.00)	77.00
10-5155-090	Veteran's-FICA Tax	763.00	23.00	786.00
<b>Veteran's</b>				
10-6120-130	Recreation-Unemployment Insurance	235.00	(115.00)	120.00
10-6120-100	Recreation-Retirement	5,853.00	85.00	5,938.00
10-6120-180	Recreation-Group Insurance	6,581.00	30.00	6,611.00
<b>Recreation</b>				
<b>Balanced:</b>		<b>55,899.00</b>	<b>-</b>	<b>55,899.00</b>

Justification:

*To transfer monies within the Emergency Management, Inspections & Planning, GIS, Veteran's and Recreation to cover year end payroll and benefits.*

Approval Date: 6/5/19

Budget Officer's Initials: MD

Initials: MD

Batch #: 2019.120

Date: 6/5/19



Washington County  
**BUDGET TRANSFER**

To: Board of Commissioners

BT #: 2019 - 121

From: Curtis Potter, County Manager  
Missy Dixon, Finance Officer

Date: June 4, 2019

RE: Airport/TTA

Please authorize the finance officer to make the following budgetary adjustments:

Account Code	Description	Old	+ or (-)	New
39-4530-130	Airport-Unemployment Insurance	235.00	(170.00)	65.00
39-4530-100	Airport-Retirement	5,373.00	92.00	5,465.00
39-4530-180	Airport-Group Insurance	6,571.00	78.00	6,649.00
<b>Airport</b>				
63-4960-090	TTA-Waterways Commission-Banners/Signage	500.00	(500.00)	-
63-4960-210	TTA-Historical Society-Fall Paddle	1,500.00	(693.00)	807.00
63-4960-299	TTA-Historical Society-Joint Museum Brochure	1,200.00	(1,200.00)	-
63-4960300	TTA-Waterways Commission-Joint Museum Brochure	1,200.00	(1,200.00)	-
63-4960-401	TTA-Brochure Reprint	7,000.00	(351.00)	6,649.00
63-4970-090	TTA-FICA Tax	1,185.00	(550.00)	635.00
63-4970-131	TTA-Unemployment Tax	250.00	(250.00)	-
63-4970-140	TTA-Workers Compensation	150.00	(56.00)	94.00
63-4970-180	TTA-Group Insurance	8,794.00	(200.00)	8,594.00
63-4960-200	TTA-NC Bear Festival	20,000.00	5,000.00	25,000.00
<b>TTA</b>				
<b>Balanced:</b>		<b>53,958.00</b>	<b>-</b>	<b>53,958.00</b>

**Justification:**

*To transfer monies within the Airport Fund to cover year end payroll and benefits. To transfer monies within TTA to contribute an additional \$5,000 to the NC Bear Fest Line as approved by the TTA Board on 4/23/19.*

Approval Date: \_\_\_\_\_

Budget Officer's Initials: \_\_\_\_\_

Initials: MD

Batch #: 2019-121

Date: 6/5/19

Washington County  
**BUDGET TRANSFER**

To: Board of Commissioners

BT #: 2019 - 122

From: Curtis Potter, County Manager  
Missy Dixon, Finance Officer

Date: June 4, 2019

RE: Central Services/Buildings/Landfill

Please authorize the finance officer to make the following budgetary adjustments:

Account Code	Description	Old	+ or (-)	New
10-8300-183	Central Services-Health Insurance Increase	38,065.00	(2,853.00)	35,212.00
10-4260-440	Buildings-Contracted Services-Courthouse Security	52,000.00	2,853.00	54,853.00
<b>Central Services/Buildings</b>				
33-7400-350	Landfill-Maintenance & Repair-Equipment	7,429.00	(154.00)	7,275.00
33-7400-315	Landfill-Training	354.00	154.00	508.00
<b>Landfill</b>				
<b>Balanced:</b>		<b>97,848.00</b>	<b>-</b>	<b>97,848.00</b>

**Justification:**

*To transfer monies from Central Services to Buildings to cover expenses for the Courthouse Security Contract through year end. To transfer monies within Landfill from Maintenance & Repair Equipment to Training to cover the costs for one of the employees to attend a training to keep their certification.*

Approval Date: 6/5/19

Budget Officer's Initials: MS

Initials: MS

Batch #: 2019-122

Date: 6/5/19

Washington County  
**BUDGET TRANSFER**

To: Board of Commissioners

BT #: 2019 - 123

From: Curtis Potter, County Manager  
Missy Dixon, Finance Officer

Date: June 6, 2019

RE: Communications

Please authorize the finance officer to make the following budgetary adjustments:

Account Code	Description	Old	+ or (-)	New
10-5911-315	Communications-Training	1,500.00	(66.00)	1,434.00
10-5911-260	Communications-Departmental Supplies	3,500.00	66.00	3,566.00
<b>Communications</b>				
<b>Balanced:</b>		<b>5,000.00</b>	<b>-</b>	<b>5,000.00</b>

Justification:

*To transfer monies within Communications to cover the costs of departmental supplies needed prior to year end.*

Approval Date: 6/6/19

Budget Officer's Initials: MD

Initials: MD

Batch #: 2019-123

Date: 6/6/19

Washington County  
**BUDGET TRANSFER**

To: Curtis Potter, County Manger  
Missy Dixon, Finance Officer

BT #: 2019 - 124

From: Lynn Swett, Admin Officer II/Assistant Director

Date: June 11, 2019

RE: SS Economic Support

Please authorize the finance officer to make the following budgetary adjustments:

Account Code	Description	Old	+ or (-)	New
10-5380-376	SS Economic Support-Title IV-Foster Care	75,000.00	(4,950.00)	70,050.00
10-5380-011	SS Economic Support-In-Home Services (100%)	75,000.00	4,950.00	79,950.00
<b>SS Economic Support</b>				
<b>Balanced:</b>		<b>150,000.00</b>	<b>-</b>	<b>150,000.00</b>

**Justification:**

*To transfer monies within SS Economic Support as a result of additional allocations in the amount of \$4,500. There is a 10% match to these funds so as a result we are moving \$4,950. These funds are needed to maintain nursing services to our CAP/DA Clients. This additional funding will cover the current services as provided to our disabled adults with no decrease in services through year end.*

Approval Date: 6/12/19

Budget Officer's Initials: MS

Initials: MS

Batch #: 2019-124

Date: 6/12/19

Washington County  
**BUDGET TRANSFER**

To: Board of Commissioners

BT #: 2019 - 125

From: Curtis Potter, County Manager  
Missy Dixon, Finance Officer

Date: June 6, 2019

RE: Tax Admin/TTA

Please authorize the finance officer to make the following budgetary adjustments:

Account Code	Description	Old	+ or (-)	New
10-4140-341	Tax Admin-Advertising	3,475.00	(120.00)	3,355.00
10-4140-511	Tax Admin-Contracted Serv-File Storage	480.00	120.00	600.00
<b>Tax Admin</b>				
63-4970-390	TTA-Dues & Subscriptions	3,050.00	(2,500.00)	550.00
63-4960-400	TTA-Contract-FPIS-Brochure Dist	1,600.00	(802.00)	798.00
63-4960-401	TTA-Brochure Reprint	6,649.00	(289.00)	6,360.00
63-4970-370	TTA-Marketing & Advertising-Admin	12,222.00	3,591.00	15,813.00
<b>TTA</b>				
<b>Balanced:</b>		<b>27,476.00</b>	<b>-</b>	<b>27,476.00</b>

**Justification:**

*To transfer monies within Tax Admin to cover the costs of file storage through year end. To transfer monies within TTA per request of TTA Director to cover costs of Marketing and Advertising through year end.*

Approval Date: 6/6/19

Budget Officer's Initials: MD

Initials: MD

Batch #: 2019125

Date: 6/12/19

Washington County  
**BUDGET TRANSFER**

To: Curtis Potter, County Manger  
Missy Dixon, Finance Officer

BT #: 2019 - 126

From: Lynn Swett, Admin Officer II/Assistant Director

Date: June 12, 2019

RE: SS Transportation

Please authorize the finance officer to make the following budgetary adjustments:

Account Code	Description	Old	+ or (-)	New
10-5400-200	SS Transportation-DOT Grant-Office Supplies	3,322.00	(300.00)	3,022.00
10-5400-320	SS Transportation-Communications	4,500.00	(750.00)	3,750.00
10-5400-250	SS Transportation-Maintenance & Repair-Vehicle	41,500.00	1,050.00	42,550.00
<b>SS Transportation</b>				
<b>Balanced:</b>		<b>49,322.00</b>	<b>-</b>	<b>49,322.00</b>

**Justification:**

*To transfer monies within SS Transportation to Vehicle Maintenance & Repair in anticipation of fuel and repair costs through the end of the fiscal year. We are also increasing a contract to cover the cost of the camera installation in the new bus. Due to unexpected repair costs to cameras, the funds in this line will not be enough to cover the remaining WEX bill and bills for transit repair. This transfer will not effect revenues as this is a transfer between lines at the same reimbursable rate.*

Approval Date: 6/12/19

Budget Officer's Initials: MS

Initials: MS

Batch #: 2019-126

Date: 6/12/19

Washington County  
**BUDGET TRANSFER**

To: Board of Commissioners

BT #: 2019 - 127

From: Curtis Potter, County Manager  
Missy Dixon, Finance Officer

Date: June 12, 2019

RE: Detention Center

Please authorize the finance officer to make the following budgetary adjustments:

Account Code	Description	Old	+ or (-)	New
10-4320-140	Detention-Workman's Comp	29,374.00	(879.00)	28,495.00
10-4320-250	Detention-Inmate Trust Account Reconciliation	-	879.00	879.00
<b>Detention Center</b>				
		<b>Balanced:</b>		
		29,374.00	-	29,374.00

Justification:

*To transfer monies within Detention to cover the costs for a payment to the Inmate Trust Fund that is needed to reconcile old deposits. Missy has been working with McDaniel's (the inmate software company) to get these old issues corrected.*

Approval Date: 6/12/19

Budget Officer's Initials: MS

Initials: MS

Batch #: 2019-127

Date: 6/12/19

Washington County  
**BUDGET TRANSFER**

To: Board of Commissioners

BT #: 2019 - 128

From: Curtis Potter, County Manager  
Missy Dixon, Finance Officer

Date: June 12, 2019

RE: Washington EMS

Please authorize the finance officer to make the following budgetary adjustments:

Account Code	Description	Old	+ or (-)	New
37-4330-999	EMS-Contingency	130,902.00	(3,400.00)	127,502.00
37-4330-250	EMS-Diesel Fuel	34,000.00	3,400.00	37,400.00
<b>EMS</b>				
<b>Balanced:</b>		<b>164,902.00</b>	<b>-</b>	<b>164,902.00</b>

Justification:

*To transfer monies within Washington EMS to diesel fuel to cover costs through year end.*

Approval Date: 6/12/19

Budget Officer's Initials: ES

Initials:	<u>mp</u>
Batch #:	<u>2019-128</u>
Date:	<u>6/12/19</u>



Washington County  
**BUDGET TRANSFER**

To: Board of Commissioners

BT #: 2019 - 129

From: Curtis Potter, County Manager  
Missy Dixon, Finance Officer

Date: June 13, 2019

RE: Senior Center

Please authorize the finance officer to make the following budgetary adjustments:

Account Code	Description	Old	+ or (-)	New
10-5150-380	Senior Center Trips	15,551.00	(4,280.00)	11,271.00
10-5150-330	Senior Center - Utilities-Gas	7,500.00	(720.00)	6,780.00
10-5150-257	Senior Center - Departmental Supplies-Crafts/Ceramics	2,000.00	1,000.00	3,000.00
10-5150-260	Senior Center - Departmental Supplies	1,500.00	1,000.00	2,500.00
10-5150-351	Senior Center - Maintenance & Repair-Equipment	-	500.00	500.00
10-5150-600	Senior Center - Contracted Services	4,416.00	1,400.00	5,816.00
10-5150-601	Senior Center - Schedules Plus	900.00	1,100.00	2,000.00
<b>Senior Center</b>				
		<b>Balanced:</b>	<b>31,867.00</b>	<b>-</b>
				<b>31,867.00</b>

**Justification:**

*To transfer monies back to several lines that monies were moved from to cover the costs of the Bus for the Senior Center trip until EDTAP Monies could be reimbursed. Also, to move \$720 from the Utilities line to the trip line to cover the over expenditure that occurred.*

Approval Date: 6/13/19

Budget Officer's Initials: MD

Initials: MD

Batch #: 2019-129

Date: 6/13/19

Washington County  
**BUDGET TRANSFER**

To: Board of Commissioners

BT #: 2019 - 130

From: Curtis Potter, County Manager  
Missy Dixon, Finance Officer

Date: June 13, 2019

RE: Sheriff

Please authorize the finance officer to make the following budgetary adjustments:

Account Code	Description	Old	+ or (-)	New	
10-4310-140	Sheriff-Workman's Comp	50,449.00	(3,517.00)	46,932.00	
10-4310-181	Sheriff-Group Insurance	133,201.00	(3,783.00)	129,418.00	
10-4310-250	Sheriff-Supplies-Vehicles	48,000.00	7,300.00	55,300.00	
<b>Sheriff</b>					
		<b>Balanced:</b>	<b>231,650.00</b>	<b>-</b>	<b>231,650.00</b>

**Justification:**

*To transfer monies within the Sheriff's Office to cover the costs of fuel for the vehicles through to the fiscal year end.*

Approval Date: 6/13/19

Budget Officer's Initials: MD

Initials: MD

Batch #: 2019-130

Date: 6/13/19

Washington County  
**BUDGET TRANSFER**

To: Curtis Potter, County Manger  
Missy Dixon, Finance Officer

BT #: 2019 - 132

From: Lynn Swett, Admin Officer II/Assistant Director

Date: June 17, 2019

RE: SS Economic Support/SS Transportation

Please authorize the finance officer to make the following budgetary adjustments:

Account Code	Description	Old	+ or (-)	New
10-5380-377	SS Economic Support-State Foster Home Care	41,500.00	(2,250.00)	39,250.00
10-5400-250	SS Transportation-Maintenance & Repair-Vehicle	42,550.00	2,250.00	44,800.00
<b>SS Economic Support/SS Transportation</b>				
Balanced:		<b>84,050.00</b>	-	<b>84,050.00</b>

**Justification:**

*To transfer monies within DSS to the Vehicle Repair & Maintenance Line in anticipation of fuel and repair costs through fiscal year end. We are also ending two contracts on this line to cover the cost of anticipated bills. This transfer will not effect revenues as this is a transfer between lines reimbursable at the same rate.*

Approval Date: 6/18/19

Budget Officer's Initials: MSD

Initials: MS

Batch #: 2019-132

Date: 6/18/19

Washington County  
**BUDGET TRANSFER**

To: Board of Commissioners

BT #: 2019 - 133

From: Curtis Potter, County Manager  
Missy Dixon, Finance Officer

Date: June 17, 2019

RE: Tax Admin/Sheriff/Emergency Management/Inspections & Planning

Please authorize the finance officer to make the following budgetary adjustments:

Account Code	Description	Old	+ or (-)	New
10-4140-315	Tax Admin-Training	2,850.00	(150.00)	2,700.00
10-4140-310	Tax Admin-Travel	1,850.00	150.00	2,000.00
<b>Tax Admin</b>				
10-4310-380	Sheriff-Advertising	250.00	(250.00)	-
10-4310-330	Sheriff-Postage	1,500.00	250.00	1,750.00
<b>Sheriff</b>				
10-4330-260	Emergency Mgmt-Departmental Supplies	3,792.00	(500.00)	3,292.00
10-4330-315	Emergency Mgmt-Training	3,200.00	(100.00)	3,100.00
10-4330-350	Emergency Mgmt-Maintenance & Repair-Equipment	2,500.00	(100.00)	2,400.00
10-4330380	Emergency Mgmt-Advertising	150.00	(100.00)	50.00
10-4350-260	Inspections & Planning-Departmental Supplies	800.00	(200.00)	600.00
10-4350-311	Inspections & Planning-Travel	800.00	(200.00)	600.00
10-4350-353	Inspections & Planning-Maintenance & Repair-Vehicle	650.00	(100.00)	550.00
10-4350-601	Inspections & Planning-Contracted Services-Building Inspector	25,000.00	1,300.00	26,300.00
<b>Emergency Mgmt/Inspections &amp; Planning</b>				
<b>Balanced:</b>		<b>43,342.00</b>	<b>-</b>	<b>43,342.00</b>

**Justification:**

*To transfer monies within tax to cover the costs of vehicle repair and maintenance through fiscal year end. To transfer monies within the Sheriff's Office to cover the costs of postage through fiscal year end. To transfer monies from Emergency Management to Inspections & Planning to cover the costs associated with paying the Contracted Building Inspector through fiscal year end.*

Approval Date: 6/18/19

Budget Officer's Initials: MD

Initials: MD

Batch #: 2019-133

Date: 6/18/19

Washington County  
**BUDGET TRANSFER**

**To:** Board of Commissioners

**BT #: 2019 - 134**

**From:** Curtis Potter, County Manager  
Missy Dixon, Finance Officer

**Date:** June 17, 2019

**RE:** SRO-Pines/E911

Please authorize the finance officer to make the following budgetary adjustments:

Account Code	Description	Old	+ or (-)	New
10-4317-260	SRO Pines - Departmental Supplies	200.00	(59.00)	141.00
10-4317-180	SRO Pines - Group Insurance	6,393.00	(25.00)	6,368.00
10-4317-315	SRO Pines - Training	274.00	84.00	358.00
<b>SRO Pines</b>				
69-9100-200	E911-Departmental Supplies	2,538.00	(150.00)	2,388.00
69-9100-310	E911-Training	2,035.00	(100.00)	1,935.00
69-9100-321	E911-Communications-911 Backup	11,500.00	250.00	11,750.00
<b>E911</b>				
<b>Balanced:</b>		<b>22,940.00</b>	<b>-</b>	<b>22,940.00</b>

**Justification:**

*To transfer monies within SRO Pines to pay for the cost of training registration prior to year end. To transfer monies within E911 to cover the costs of the Point-to-Point telephone line through fiscal year end.*

Approval Date: 6/17/19

Budget Officer's Initials: MD

Initials:	MD
Batch #:	2019-134
Date:	6/18/19

Washington County  
**BUDGET TRANSFER**

To: Board of Commissioners

BT #: 2019 - 135

From: Curtis Potter, County Manager  
Missy Dixon, Finance Officer

Date: June 18, 2019

RE: Tax Admin

Please authorize the finance officer to make the following budgetary adjustments:

Account Code	Description	Old	+ or (-)	New
10-4140-315	Tax Admin - Training	2,700.00	(21.00)	2,679.00
10-4140-310	Tax Admin - Travel	2,000.00	21.00	2,021.00
<b>Tax Admin</b>				
		<b>Balanced:</b>		
		4,700.00	-	4,700.00

Justification:

*To transfer monies within tax to cover the costs of fuel for the jeep through fiscal year end.*

Approval Date: 6/18/19

Budget Officer's Initials: ESP

Initials: ESP

Batch #: 2019-135

Date: 6/18/19

**Commissioner Phelps made a motion to approve the abovementioned Budget Amendments and Transfers. Commissioner Riddick seconded, motion passed with 4 ayes. (Commissioner Sexton was not in attendance.)**

AUDITOR CONTRACT: Mr. Potter spoke to the Board about the contract with Thompson, Price, Scott, Adams & Co., P.A. below. There will be a \$1,000 penalty every day they are late. Commissioner Walker asked if the County is anticipating having to pay them extra since they have a possible increase in the contract. Mr. Potter said that it is in there in case laws/statutes change and additional items have to be done.

Commissioner Phelps asked what the total cost of the contract is. Mr. Potter replied that the cost is \$50,250.

Commissioner Phelps said he doesn't feel that the \$1,000/day late is much incentive for them to get the County its audit on time. Chair Johnson said the Albemarle Commission uses Thompson, Price, Scott, Adams & Co., P.A. and they have done a good job for them. Ms. Dixon said she talked with Caswell County, who also uses them, and said their audit has never been late.

Discussion ensued as to how to really make sure the County's audit is not late this year. Mr. Potter explained that sometimes it has been late due to the items needed from DSS.

**COUNTY OF WASHINGTON**  
**BOARD OF COMMISSIONERS**

COMMISSIONERS:  
TRACEY A. JOHNSON, CHAIR  
JENNIFER C. RIDDICK, VICE-CHAIR  
D. COLE PHELPS  
WILLIAM "BILL" R. SEXTON, JR.  
JULIUS WALKER, JR.



POST OFFICE BOX 1007  
PLYMOUTH, NORTH CAROLINA 27962  
OFFICE (252) 793-5823 FAX (252) 793-1183

ADMINISTRATION STAFF:  
CURTIS S. POTTER  
COUNTY MANAGER/ COUNTY ATTORNEY  
cpotter@washconc.org

JULIE J. BENNETT, CMC, NCCCC  
CLERK TO THE BOARD  
jbennett@washconc.org

**AGENDA ITEM MEMO**

<b>MEETING DATE:</b>	June 24 <sup>th</sup> , 2019	<b>MEMO Date:</b>	June 20, 2019	<b>ITEM:</b>
<b>SUBJECT:</b>	FY20 Audit Schedule & Contract			
<b>DEPARTMENT:</b>	Finance			
<b>FROM:</b>	Curtis S. Potter, County Manager/County Attorney (CM/CA)			
<b>ATTACHMENTS:</b>	A- Thompson Price FY20 Audit Proposal with Revised Timeline (12pgs) B- Thompson Price 6/18/19 Cover Letter & Proposed FY19 Audit Contract & Engagement Letter			

**PURPOSE:** To obtain Board Approval of the proposed FY19 Audit Contract with Thompson, Price, Scott, Adams & Co., P.A. ("TPSA") to conduct the FY19 Audit during the fall of 2019

**BACKGROUND:** At its June 3<sup>rd</sup>, 2019 BOCC Meeting staff was directed to negotiate and bring back to the BOCC for its approval a proposed contract with TPSA as the preferred audit firm to conduct Washington County's FY19 audit.

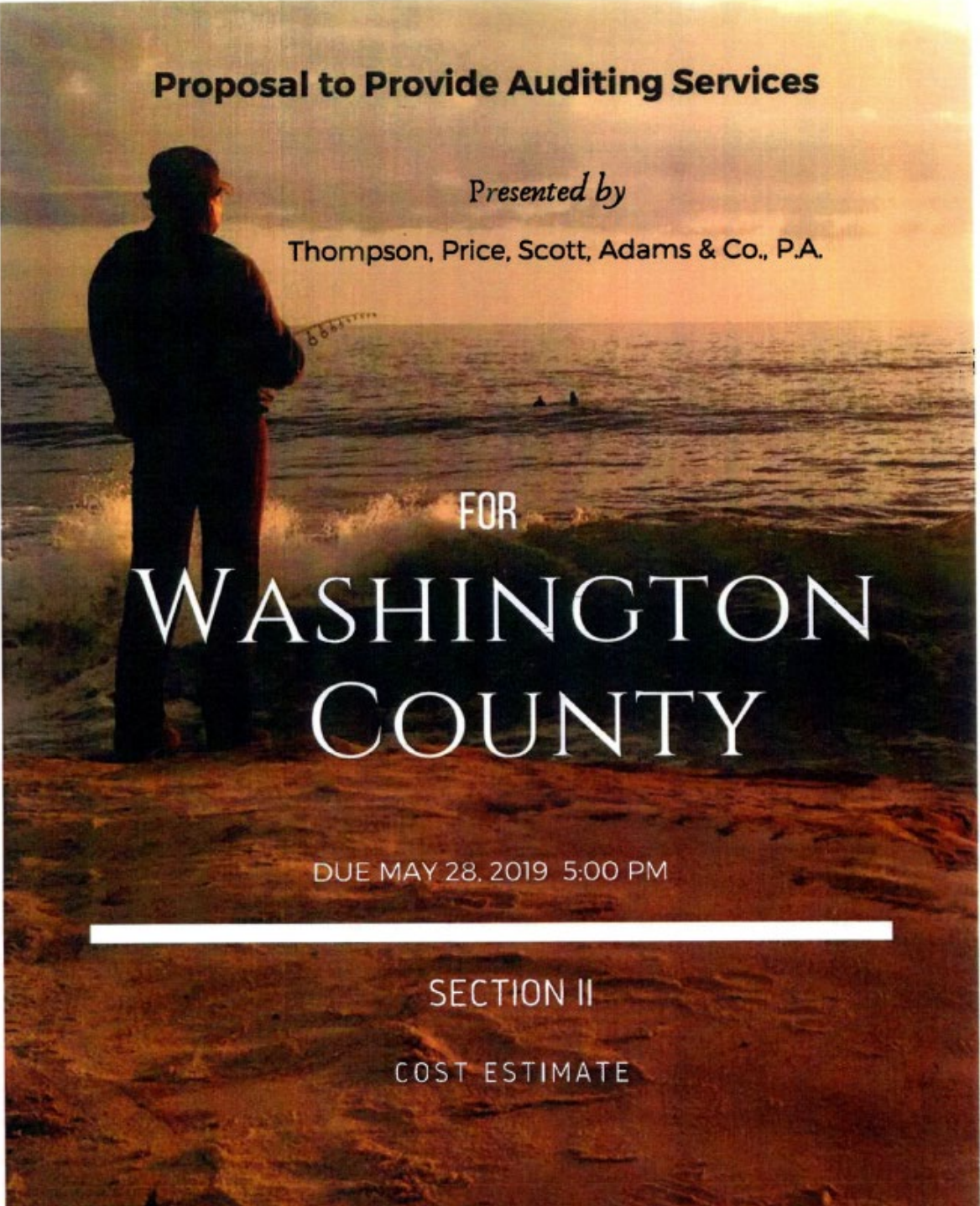
**ANALYSIS:** Staff discussed the originally proposed audit timeline with TPSA and mutually agreed that the revised timeline (see attached) would be more realistic and achievable. Staff also discussed the desire to include a monetary penalty clause in the standard contract terms as directed by Commissioner Phelps. TPSA agreed to include the same penalty language which it has previously agreed to include with one other county at their request that provides for \$1,000 penalty for each 30 days the audit is late if TPSA is at fault.

**FINANCIAL IMPACT:** \$50,250 total proposal quote of which \$3,500 is to be paid from the TTA fund, and the remaining \$46,750 to be paid from the general fund within the Finance Department Budget.

**RECOMMENDATION(S):**

1. Approve the attached contract and engagement letter.



A person in silhouette is fishing on a beach at sunset. The person is standing on the sand, holding a fishing rod. The ocean is in the background with waves breaking. The sky is a mix of orange, yellow, and blue. The overall mood is peaceful and serene.

**Proposal to Provide Auditing Services**

*Presented by*

Thompson, Price, Scott, Adams & Co., P.A.

FOR

WASHINGTON  
COUNTY

DUE MAY 28, 2019 5:00 PM

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SECTION II

COST ESTIMATE

**WASHINGTON COUNTY  
RESPONSE TO RFP FOR AUDIT SERVICES  
SECTION II  
COST ESTIMATE**

**SUBJECT:**

**WASHINGTON COUNTY, NORTH CAROLINA  
PROPOSAL FOR AUDITING SERVICES**

**SECTION II:**

**Cost Estimate**

**FIRM:**

**THOMPSON, PRICE, SCOTT, ADAMS & CO., PA**

**PO Box 398  
Whiteville, NC 28472  
910-642-2109 (phone)  
910-642-0447**

**CONTACT PERSON:  
Alan W. Thompson**

**DATE OF SUBMISSION:  
March 28, 2019 5:00 PM**



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CERTIFIED PUBLIC ACCOUNTANTS  
CONSULTANTS AND TAX ADVISORS

**Thompson, Price, Scott, Adams & Co, P.A.**

P.O. Box 398  
1626 S Madison Street  
Whiteville, NC 28472  
Telephone (910) 642-2109  
Fax (910) 642-5958

Alan W. Thompson, CPA  
R. Bryon Scott, CPA  
Gregory S. Adams, CPA

May 14, 2019

County of Washington  
Attn: Mr. Curtis Potter, County Manager  
116 Adams St.  
Plymouth, NC 27962

Re: Audit Proposal for Washington County

Dear Mr. Potter:

Thank you for the opportunity to submit a bid to perform the audit for Washington County.

Alan Thompson, the engagement partner signing this letter, is entitled to represent the firm, empowered to submit the proposal, and authorized to sign a contract with Washington County.

Our fee to perform Washington County's annual base audit is \$42,500.00. The fee for the TTA Component Audit is \$4,250.00, and the fee for assisting in the preparation of the Financial Statement and AFIR is \$3,500.00, making the total audit price \$50,250.00. These prices are for the year ending June 30, 2019. Any additional services will be billed at \$120.00 per hour. Washington County reserves the option to renew the audit services contract for an additional two years, in increments of one year, under the same terms, charges and conditions as contained in the original contract.

Again, we are very grateful for the opportunity to submit our bid and we would be delighted to answer any further questions that you might have in relationship to our proposal.

Respectfully Yours,

Alan Thompson, CPA

Members  
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***1. Type of audit program used (tailor-made, standard government, or standard commercial)***

Our firm uses PPC audit programs which enables us to tailor the program to the County. In addition the firm uses CCH's engagement for analytics and as its paperless solution.

***2. Use of statistical sampling.***

The Auditor uses statistical sampling for tests of compliance, tests of internal control, and disbursement testing. The Auditor typically uses a sample size of 60.

***3. Use of information systems audit specialists.***

The Auditor is not aware of the need for the use of computer audit specialists in the engagement. However, if we determine that a computer audit specialist is needed, we have in house IT available.

***4. Organization of audit team and the approximate time spend on the audit by each member.***

The audit team will consist of one partner (another partner from the Wilmington office will be available to assist if needed), the audit manager, and three senior audit personnel. The engagement partner and/or audit manager will be on site 90% of the time. The remainder of listed staff will be there 100% of the time.

Alan W. Thompson	CPA, Engagement Partner
Greg Adams	CPA, Partner (available if needed)
Brandy Turbeville	CPA, Audit Manager- oversees both financial and compliance audits
Ronnie Creech	Senior Staff- assists in financial audit testing
Stuart Hill	Senior Staff –assists in financial audit testing
Ann Weeks	Senior Staff (Retired County Finance Officer) – compliance auditor



***5. Information that will be contained in the management letter.***

The Auditor will issue a management letter to the County after completion of the audit and assist management in implementing recommendations, as is practical. We will also provide an informal letter addressed to the Finance Director with any efficiency, internal control, or accounting improvements that could be made based on the audit staff's observation during fieldwork, if necessary. All information would be discussed with the Finance staff prior to issuance.

***6. Assistance expected from the government's staff, if other than outlined in the RFP.***

The Auditor expects no assistance outside the RFP.

***7. Tentative schedule for completing the audit within the specified deadlines of the RFP.***

See Following Page.



**Tentative Schedule for Completion of Audit**

<p><b><u>Interim Audit Work</u></b></p> <p>July-Aug. (1 week)</p>	<p>To be completed by August 15, 2019</p> <ol style="list-style-type: none"> <li>1. Prepare all confirmation and obtain appropriate personnel signatures.</li> <li>2. Begin preliminary fieldwork to include:             <ol style="list-style-type: none"> <li>a. Review of internal control procedures.</li> <li>b. Testing internal control procedures.</li> <li>c. Assembling necessary permanent file documents.</li> <li>d. Perform compliance tests of those programs subject to single audit.</li> </ol> </li> </ol>
<p><b><u>Detailed Audit Plan</u></b></p>	<p>To be delivered to the County by July 31, 2019.</p>
<p><b><u>Fieldwork</u></b></p> <p>Sept.-Oct. (1-2 weeks)</p>	<p>Year-end fieldwork will begin in mid-September and be completed by October 10, 2019.</p> <p>An agreed upon post-closing trial balance will exist by October 31, 2019.</p> <p>Finish all fieldwork, present the client representation letter and attorney legal letter to the County.        Required journal entries will be submitted to Finance Officer no later than October 31, 2019.</p>
<p><b><u>Preliminary Report &amp; Exit Conference</u></b></p>	<p>Draft Report will be prepared and exit conference held no later than October 31, 2019.</p>
<p><b><u>Final Report</u></b></p>	<p>Final report will be delivered no later than November 15, 2019</p>

Requested copies of the audit will be provided once the audit has been approved by the LGC.

This **tentative** schedule is based on receiving timely information from the finance staff to aid in the preparation of the audit report.

Entrance Conferences, Progress Reporting, and Exit Conferences will be scheduled once the contract is signed and executed.

Audit report presentation will be at the convenience of the manager and the board.





*8. Specify costs using the format below for the audit year of FY19 (July 1, 2018 to June 30, 2019). For the two audit years that follow, list the estimated costs. The cost for the audit year ending June 30, 2019 is binding, while the two years are estimated costs. Cost estimates must indicate the basis for the charges and whether the amount is a "not-to-exceed" amount. The scope of audit and cost presented should include all approved pronouncements at the date of this mailing. Although some pronouncement will not be in effect until after the first year of the audit, estimates for future years should include pronouncements that will become effective during the contract period. The County may require the auditor's assistance to comply with these reporting requirements.*

(See following Page)



Washington County  
 Proposal to Provide Auditing Services

**A. Personnel Costs – Base Audit**

	<u>Standard</u>	<u>On-site</u>	<u>Year-end</u>	<u>Work in</u>	
	<u>Rate per Hour</u>	<u>Interim Work</u>	<u>On-site Work</u>	<u>Auditor's Office</u>	<u>Total</u>
Partners	\$ 110.00	30	30	35	\$ 10,450.00
Managers	\$ 90.00	65	65	90	19,800.00
Senior Staff	\$ 75.00	65	65	90	16,500.00
Less: Discount					<u>(4,250.00)</u>
Sub-Total					42,500.00
Financial Statemen & AFIR Preparation					3,500.00
TTA Component Audit					<u>4,250.00</u>
Total					<u><u>\$ 50,250.00</u></u>

**Our total fee for the base audit will not exceed \$42,500.00, for the preparation of the financial statement and AFIR our fee will not exceed \$3,500.00, and our fee for the TTA Component Audit our fee will not exceed \$4,250.00. The total combined fee is \$50,250.00.** Any other services to be rendered outside the scope of the RFP will be billed separately at \$120.00 per hour.

- B. No travel costs.
- C. No supplies costs.
- D. Other costs: If we incur any costs in obtaining required audit evidence (such as bank confirmations), we will bill separately, after getting prior approval from the County.
- E. We estimate that our fees for the two additional years would be as follows:

FY 2020	\$ 50,250.00	FY2021	\$50,250.00
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*9. Please list any other information the firm may wish to provide.*

The Auditor does not wish to provide any additional information at this time.

*10. Please include the Summary of Audit Costs Sheet with your proposal.*

See next page.

SUMMARY OF AUDIT COSTS SHEET FOR Thompson, Price, Scott, Adams & Co., P.A.

	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>
1. Base Audit			
Includes Personnel costs, travel, and on-site work	\$ <u>42,500.00</u>	\$ <u>42,500.00</u>	\$ <u>42,500.00</u>
2. TTA Component Audit			
Includes Personnel costs, travel, and on-site work	\$ <u>4,250.00</u>	\$ <u>4,250.00</u>	\$ <u>4,250.00</u>
3. Financial Statement & AFIR Prep Assistance	\$ <u>3,500.00</u>	\$ <u>3,500.00</u>	\$ <u>3,500.00</u>
4. Extra Audit Services if Required			
\$ <u>120.00</u> per hour	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
5. Other (explain)			
_____	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
_____			
_____			
6. Other (explain)			
_____	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
_____			
_____			
TOTAL	\$ <u>50,250.00</u>	\$ <u>50,250.00</u>	\$ <u>50,250.00</u>



*Thompson, Price, Scott, Adams & Co, P.A.*

P.O. Box 398

1626 S Madison Street

Whiteville, NC 28472

Telephone (910) 642-2109

Fax (910) 642-5958

Alan W. Thompson, CPA

R. Bryon Scott, CPA

Gregory S. Adams, CPA

June 18, 2019

Ms. Missy Dixon  
Washington County  
PO Box 1007  
120 Adams Street  
Plymouth, NC 27962

Dear Ms. Dixon,

We have enclosed two copies of the audit contract and engagement letter for the 6/30/19 audit. Once the contract has been approved by the board and signed, please return one copy to us so that we can forward it to the LGC. The other copy is for your records.

Please be sure to fill in page 7 and page 8 of the contract in its entirety, including the date the board approved the contract. If you do not have an audit committee or internal audit function be sure to write in "N/A" in those boxes.

Should you have any questions, please give me a call at (910) 642-2109.

Thanks,

Alan Thompson

Members

American Institute of CPAs - N.C. Association of CPAs - AICPA Division of Firms

The	Governing Board <b>BOARD OF COMMISSIONERS</b>
of	Primary Government Unit <b>WASHINGTON COUNTY</b>
and	Discretely Presented Component Unit (DPCU) (if applicable) <b>WASHINGTON TRAVEL AND TOURISM AUTHORITY</b>

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

and	Auditor Name <b>THOMPSON, PRICE, SCOTT, ADAMS &amp; CO, P.A.</b>
	Auditor Address <b>1626 SOUTH MADISON STREET, WHITEVILLE, NC 28472</b>

*Hereinafter referred to as Auditor*

for	Fiscal Year Ending <b>06/30/19</b>	Audit Report Due Date <b>10/31/19</b>
-----	---------------------------------------	--

*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).

**County and Multi-County Health Departments:** The Office of State Auditor will require Auditors of these Governmental Units to perform agreed upon procedures (AUPs) on eligibility determination on certain programs. Both Auditor and Governmental Unit agree that Auditor shall complete and report on these AUPs on

eligibility determination as required by OSA and in accordance with the instructions and timeline provided by OSA.

3. If an entity is determined to be a component of another government as defined by the group audit standards, the entity's auditor shall make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.

4. This contract contemplates an unmodified opinion being rendered. If during the process of conducting the audit, the Auditor determines that it will not be possible to render an unmodified opinion on the financial statements of the unit, the Auditor shall contact the 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*, 2011 revisions, 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. 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. 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(s) shall pay to the Auditor, upon approval by the Secretary of the LGC, 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 12).

10. 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.

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(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.

12. If the audit firm is required by the NC State Board, the NCACPA Peer Review Committee, or the Secretary of the LGC to have a pre-issuance review of its audit work, there shall be a statement in the engagement letter indicating the pre-issuance review requirement. There also shall be a statement that the Governmental Unit(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.

13. The Auditor shall submit the report of audit in PDF format to LGC Staff 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.

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 LGC Staff.

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 modified or amended to include the increased time, compensation, or both as may be agreed upon by the Governing Board and the Auditor.

15. If an approved contract needs to be modified or amended for any reason, the change shall be made in writing, on the Amended LGC-205 contract form and pre-audited if the change includes a change in audit fee (pre-audit requirement does not apply to charter schools). 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.

16. 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 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 26 of this contract. Engagement letters containing indemnification clauses shall not be accepted by LGC Staff.

17. Special provisions should be limited. Please list any special provisions in an attachment.

18. A separate contract should not be made for each division to be audited or report to be submitted. If a DPCU is subject to the audit requirements detailed in the Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not to be issued and the DPCU is included in the primary government audit, the DPCU shall be named along with the parent government on this audit contract. DPCU Board approval date, signatures from the DPCU Board chairman and finance officer also shall be included on this contract.

19. The contract shall be executed, pre-audited (pre-audit requirement does not apply to charter schools), and physically signed by all parties including Governmental Unit(s) and the Auditor, then submitted in PDF format to the Secretary of the LGC.

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

21. 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.

22. 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.

23. 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.

24. 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.

25. 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.

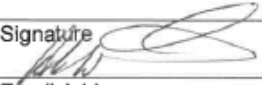
26. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted (See Item 16 for clarification).

27. 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/slg/Pages/Audit-Forms-and-Resources.aspx>.

28. 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.

SIGNATURE PAGE

AUDIT FIRM

Audit Firm THOMPSON, PRICE, SCOTT, ADAMS & CO, P.A.	
Authorized Firm Representative (typed or printed) ALAN W. THOMPSON	Signature 
Date 06/18/19	Email Address alanthompson@tpsacpas.com

GOVERNMENTAL UNIT

Governmental Unit WASHINGTON COUNTY	
Date Primary Government Unit Governing Board Approved Audit Contract (Ref. G.S. 159-34(a) or G.S. 115C-447(a)) X	
Mayor/Chairperson (typed or printed) X	Signature X
Date X	Email Address X

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

GOVERNMENTAL UNIT – PRE-AUDIT CERTIFICATE

(Pre-audit certificate not required for charter schools)

Required by G.S. 159-28(a1) or G.S. 115C-441(a1)

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) X	Signature X
Date of Pre-Audit Certificate X	Email Address X

### FEEES FOR AUDIT SERVICES

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

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, 9, and 12 for details on other allowable and excluded fees.

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 below. 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. Should the 75% cap provided below conflict with the cap calculated by LGC staff based on the prior year audit fee on file with the LGC, the LGC calculation prevails.

**20 NCAC 03 .0505: All invoices for services rendered in an audit engagement as defined in 20 NCAC 3 .0503 shall be submitted to the Commission for approval before any payment is made. Payment before approval is a violation of law.**

#### PRIMARY GOVERNMENT FEES

Primary Government Unit	WASHINGTON COUNTY
Audit	\$42,500
Writing Financial Statements	\$3,500
All Other Non-Attest Services	\$0
75% Cap for Interim Invoice Approval	\$34,500.00

#### DPCU FEES (If applicable)

Discretely Presented Component Unit	WASHINGTON TRAVEL AND TOURISM AUTHORITY
Audit	\$3750
Writing Financial Statements	\$500
All Other Non-Attest Services	\$0
75% Cap for Interim Invoice Approval	\$3,187.50



*Thompson, Price, Scott, Adams & Co, P.A.*

P.O. Box 398  
1626 S Madison Street  
Whiteville, NC 28472  
Telephone (910) 642-2109  
Fax (910) 642-5958

Alan W. Thompson, CPA  
R. Bryon Scott, CPA  
Gregory S. Adams, CPA

June 18, 2019

Washington County  
PO Box 1007  
Plymouth, North Carolina 27962

To Management and Those Charged With Governance:

We are pleased to confirm our understanding of the services we are to provide the Washington County for the year ended June 30, 2019. We will audit the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of the Washington County as of and for the year ended June 30, 2019. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Washington County's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Washington County'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.
2. Law Enforcement Officers' Special Separation Allowance Schedule of Total Pension Liability (Asset) and Schedule of Total Pension Liability (Asset) as a Percentage of Covered-Employee Payroll
3. Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of County Contributions – LGERS
4. Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of County Contributions – ROD
5. Schedule of Proportionate Share of the County's Net OPEB Liability and Contributions – Retiree Health Benefit Fund

We have also been engaged to report on supplementary information other than RSI that accompanies the Washington County'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 will provide an opinion on it in relation to the financial statements as a whole:

1. Schedule of Expenditures of Federal and State Awards.
2. Combining and Individual Fund Financial Statements, Budgetary Schedules, and Other Schedules

Members

American Institute of CPAs - N.C. Association of CPAs - AICPA Division of Firms

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

1. Introductory and Statistical Schedules (prepared for Comprehensive Annual Financial Report presentation)

Our responsibility for other information included in documents containing the entity's audited financial statements and auditors' report does not extend beyond the financial information identified in the report. We have no responsibility for determining whether such other information contained in these documents is properly stated.

#### **Audit Objectives**

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with 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. 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 over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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 Uniform Guidance 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 the Uniform Guidance. Both reports will state that 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; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, 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 Board of Commissioners and management of Washington County. 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 circumstances occur related to the condition of your records, the availability of sufficient appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

#### **Audit Procedures-General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable 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 entity or to acts by management or employees acting on behalf of the entity. 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 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 (if material), 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 also require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

#### **Audit Procedures-Internal Controls**

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

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

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

#### **Audit Procedures-Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Washington County's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. Accordingly, we will express no such opinion. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures

described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of Washington County's major programs. The purpose of these procedures will be to express an opinion on Washington County's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

#### **Other Services**

We will also assist in preparing the financial statements, schedule of expenditures of federal and State awards, and related notes of Washington County in conformity with U.S. generally accepted accounting principles and the Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of expenditures of federal awards, and related notes services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

#### **Management Responsibilities**

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

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) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

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

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts 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 entity 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 the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review by June 30, 2019.



We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing. We will schedule the engagement based in part on deadlines, working conditions, and the availability of your key personnel. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If for whatever reason your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate. We will not undertake any accounting services (including but not limited to reconciliation of accounts and preparation of requested schedules) without obtaining approval through a written change order or additional engagement letter for such additional work.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. 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' report 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 the Board; 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 Thompson, Price, Scott, Adams & Co., P.A. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request in a timely manner to Oversight Agencies (or its designee), a federal agency provided 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 Thompson, Price, Scott, Adams & Co., P.A. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

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

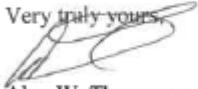
We expect to begin our audit by approximately June 30, 2019 and to issue our reports no later than December 1, 2019. Alan Thompson is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, should not exceed \$50,250. Also, any excessive additional fees incurred in obtaining required audit evidence (i.e. bank confirmations) will be billed directly to the Board. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. However, if we are not able to complete the audit as agreed upon in the Request for Proposal and it is determined to be the fault of the auditor (i.e. not because of delays in obtaining confirmations from the State, required actuary reports, etc), there will be a \$1,000 penalty for every 30 days the audit is late. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit.

The Office of State Auditors has requested significant changes to the Single Audit process to include removing direct benefits from the Schedule of Federal and State Awards. Since this will be a new process for everyone, we cannot adequately estimate the amount of additional time that may be required to perform Single Audit testing under the new guidelines. If additional programs are required to be tested that have not been identified as major programs for testing in previous years, additional fees may be charged at standard hourly rates. 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. However, we believe our contract as it is will be sufficient to cover but we do want to reserve the right to discuss this issue.

We appreciate the opportunity to be of service to the Washington County 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,



Alan W. Thompson, CPA  
Thompson, Price, Scott, Adams & Co., P.A.


RESPONSE:

This letter correctly sets forth the understanding of the Washington County.

 Management signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

 Governance signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

CC: Board of Commissioners

**Commissioner Phelps made a motion to approve the auditor contract with Thompson, Price, Scott, Adams & Co., P.A. Commissioner Riddick seconded; motion carried with 4 ayes. (Commissioner Sexton was not in attendance.)**

Chair Johnson mentioned that she, Commissioner Riddick and Mr. Potter attended a Think Tank Community Meeting. There was discussion on the County needing a strategic plan. They also discussed having other activities (rather than just basketball and football) in the County. Ms. Bunny Sanders discussed her idea of changing the funding of Recreation to 50% from Plymouth, 25% from Roper and 25% from Creswell. Mr. Potter also said they wanted a strategic plan for the TTA.

At 6:10 PM, with no further business to discuss, **Commissioner Riddick made a motion to adjourn. Commissioner Phelps seconded, motion carried unanimously.**

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Tracey A. Johnson  
Chair

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Julie J. Bennett, CMC, NCCCC  
Clerk to the Board