

LAW AND FINANCE MEETING  
Wednesday, July 31, 2013  
1:00 PM in Council Chambers

The Law and Finance Committee met on Wednesday, July 31, 2013 at 1:00 P.M. in Council Chambers at City Hall. The following people were present:

Law and Finance Committee:

Mayor Cornelia Olive	Mayor Pro Tem Sam Gaskins
Council Member Rebecca Wyhof	Council Member Jimmy Haire
Council Member Walter H. McNeil, Jr.	Council Member L. I. (Poly) Cohen
Council Member Charles Taylor	Council Member James Williams
City Manager Hal Hegwer	Deputy City Clerk Janice Cox
City Attorney Susan Patterson	

Absent: City Clerk Bonnie D. White

Mayor Olive called the meeting to order.

Consider Grant Project Ordinance Amendment – Sanford Farmers Site Infrastructure Cloverleaf Cold Storage – (Exhibit A)

Public Works Administrator Laura Spivey stated that this is a grant project amendment transferring one line item to another line item within the budget.

Consider Ordinance Amending the Annual Operating Budget of the City of Sanford FY 2013-2014 – (Exhibit B)

Community Development Manager Karen Kennedy explained that this is a project budget ordinance amending the operating budget for the Youth Council funds. At the end of the fiscal year, they usually have a balance that they have to re-appropriate. In addition, they have not appropriated the Race-to-Read proceeds for the past two years. The total appropriation is \$6,175.

Council Member Haire asked how many students were involved. Mrs. Kennedy stated that there are three as of today because they lost some students with graduation. The program is promoted through the school and word of mouth by participating students. Ninth through twelfth grade students are eligible. Local schools, including private schools, are recruited. The mayor has spoken to them. Meetings are the second Monday at 4:00 and they do need transportation. The Youth Council was started after following the Chamber of Commerce's youth leadership program in 2007. The city received a grant through a civic education consortium that funded two paid interns for the summer to work for the city and the county learning about government and government processes. They produced a citizen's guide to the agencies in Lee County. They did a program called We Both Read through Wal-Mart grant funds. They purchased a book for every first grader in Lee County, and the Youth Council members read to children at Deep River School. They have done the Race to Read for two years.

Mayor Olive shared that a class is being introduced into the high school curriculum whereby students will be introduced to the same things as the Youth Council. Mrs. Kennedy explained that the program developed out of ideas some council members brought back from a conference.

Consider Amendment to Annual Audit Contract – (Exhibit C)

Finance Director Melissa Cardinali explained she would take this item and the next item together. In August and September, the Finance Department is focused very heavily on the audit process. Mrs. Cardinali stated that most of that responsibility falls on her shoulders and Mrs. Kelly's shoulders. With Mrs. Cardinali's departure, the finance staff will be stretched quite a bit in the next few months. They have discussed this situation with the audit manager. The most productive option appears to be to increase the scope of the audit contract. The Comprehensive Annual Financial Report, CAFR, has historically been produced completely in house. The help of the audit firm can be enlisted. Temporary staff, not being familiar with that kind of information, would have difficulty pulling higher level financial reports together. Our staff would still be responsible for pulling the basic financial information together and for the accuracy of that information, but then the auditors would come in and pull the report, itself, together. It would then have to be reviewed by Mrs. Kelly before it is submitted to the Department of State Treasurer for final approval. This amendment appropriates \$6,000 of Contingency Funds to increase the scope of the audit contract. Thus, the audit contract would be increased from \$32,000 to \$38,000.

Consider Ordinance Amending the Annual Operating Budget of the City of Sanford FY 2013-2014 - (Exhibit D)

This amendment appropriates \$6,000 of Contingency Funds to increase the scope of the audit contract as described in the above item.

Consider Ordinance Amending the Annual Operating Budget of the City of Sanford FY 2013-2014- (Exhibit E)

Assistant Director of Finance Beth Kelly explained that this amendment is our typical re-appropriation entry for projects that were budgeted in last fiscal year, but were not completed as of June 30. See Exhibit E for a breakdown.

Consider Tree Ordinance – (Exhibit F)

Downtown Development Manager II David Montgomery stated that this tree ordinance was recommended by staff and the Appearance Commission. The impetus for doing this was to establish a Tree City USA program. Mr. Montgomery believes it is another step in improving the image and quality of life in Sanford.

He explained the four criteria as set out by Tree City USA. One, you must have a tree board or department. Staff recommends that the Appearance Commission serve as a tree board in addition to their Appearance Commission duties. Those duties are outlined in the ordinance. Two, an annual budget of at least \$2 per capita is required. With our population somewhere between 29,000 and 30,000 people, that cost comes to between \$57,000 and \$60,000. We already well exceed the criteria. We have city horticulturists and staff who do lots of landscaping. We have the leaf and limb pickup and the grinding of those to be used by the

public. Three, having an Arbor Day observance proclamation is required. We have done that for the last two years with tree plantings in East Sanford and at the golf course. Fourth, there must be an actual tree ordinance. He is requesting to rescind the language in the current tree ordinance in Section 32.4 and create its own individual section as Section 33 to be exclusively the tree ordinance.

This ordinance only impacts public trees in the city's rights-of-way and public property and private trees that are causing obstruction on the city's rights-of-way or property. The regulations are waived during an emergency. Utility companies are exempt providing they follow the national standards. Mr. Montgomery stated that he has met with Progress Energy directly and they are very comfortable with this language. It encourages the city to replace any removed trees with an appropriate tree for that area or one in another area owned by the city. The main duty of the Tree Commission will be to make recommendations to council about specific trees on corridors. New development is covered under this with reference to the Sanford-Broadway-Lee County UDO, Sections 7.7 and 7.8.

Mayor Olive asked if it covered clear cutting under new development. City Manager Hegwer stated that there is some coverage in the UDO regarding clear cutting. Council Member Charles Taylor asked if under Authority of the City, the city needed to make any disclosure of this to the state because the state maintains roads throughout the city, as well. Mr. Montgomery stated that it could be added in that section. Council Member Wyhof stated that she serves as a liaison to the Appearance Commission and they have been working on the Tree City designation for awhile. They are excited and happy to serve as that tree board and would appreciate the council's support on passing the tree ordinance so that we can get the last step completed in order to be considered for a Tree City USA designation.

Mayor Pro Tem Gaskins stated that in two places the proposed tree ordinance references Section 28-36. He asked for information on Section 28-36. Mr. Montgomery stated it had to do with disposal, but he would get that information for Mr. Gaskins. General Services Director Tim Shaw stated that Section 28-36 deals with the volume that residents can put out.

Consider Early Retirement and Incentive Program – Ordinance Amending the Annual Operating Budget of the City of Sanford FY 2013-2014 – (Exhibit G)

City Manager Hegwer stated the final deadline to apply for this program is tomorrow. At this point seven employees have expressed intent to participate in the early retirement program if council sees fit to approve moving forward. The program would provide savings to the City of Sanford. We would be able to hire in at typically lower salaries. The benefit levels would be lower at the beginning level. Mr. Hegwer's recommendation will be to replace all the positions except one staff assistant position in the General Fund. In the Utility Fund, all the positions would need to be replaced. There is a budget amendment before council for an outlay of additional funds to appropriate out of Fund Balance that would be a one-time commitment to get through with existing budget in order to pay out what would be necessary under the program, with savings to be realized going forward. From the General Fund, there is a payout of \$59,000 and \$66,000 in the Utility Fund. Most of the savings will be in the General Fund, estimated to be about \$50,000 per year. In the Utility Fund, the savings will be about \$25,000. One other

employee is expected to come in under the deadline. Mr. Hegwer recommended moving forward with the early retirement incentive program.

Council Member Taylor stated his support of the program and wished the participating individuals well. He stated that he believed council should keep to the plan of what they offered in the beginning.

Mr. Hegwer recommended getting very serious in conversations with the county soon to talk about how we can take advantage of employees being in the right place. We have employees in some departments under Mr. Bridwell's supervision that are in three locations. The county moved out of the building and it is hard to look at savings when you are operating out of three buildings. He stated they were still in negotiations over our contracts with the county.

#### Other Business

Council Member Haire stated that inspections might want to ride down Chisholm Street and look at the WSW smokestack which is starting to bulge out toward Chisholm Street and could possibly fall into the street. He stated there are still some Waste Management carts to be picked up. There have been complaints about carts not being emptied on the assigned date. Mr. Hegwer stated citizens could call city hall with that information.

General Services Director Tim Shaw stated that the Public Works staff will take the complaints. They will get the information to Waste Management about the carts that still need to be picked up. The city picks up bulk trash and Waste Industries picks up from the city. He stated that Waste Industries is looking into a transfer station here. By early spring, that might be ready to go. Waste Industries has a representative who comes by on a routine basis to ask about issues we may have. They have a computer program whereby we can type in work orders and we deal with them by email and telephone, as well.

Mayor Olive stated that she had heard that their target date was February to have a transfer station here up and functioning and if that is not going to happen, we need to have a talk with them because that's creating more work for our people. Mr. Shaw stated that we are adjusting to it, but it will take a little while to get the paperwork, permits, etc. completed. Mayor Olive stated the need to watch their timetable. Council Member McNeil stated that when they were here they stated they would have a transfer station up July 1 and next spring is a long time away.

Council Member Haire reported that the Jonesboro merchants may request the city to do away with the two-hour parking limit on Main Street now that the new parking lot is open in the back. Representative Mike Stone called to say he is okay with that. Mr. Haire has received calls asking about voting early on the bond issues. He has been thanked by an employee for the \$500 bonus, but he has had calls asking how the city can afford to give the \$500 distribution with the loss of tax income and has a tight budget. People on a fixed income are having trouble affording additional expenses.

Council Member Wyhof complimented the corridor welcome signs that have gone up, but the old signs are still there. She asked if they would be removed. Downtown Development Manager II David Montgomery stated that they would be removed.

Mayor Olive extended council's condolences to Public Works Administrator Laura Spivey and her family for the sudden loss of Mike Thomas.

Closed Session

City Attorney Susan Patterson stated that a motion was needed to go into closed session in accordance with NCGS 143-318.11(a)(3) to consult with an attorney employed by the public body in order to preserve the attorney-client privilege.

Council Member Charles Taylor made the motion to go into closed session; seconded by Mayor Pro Tem Sam Gaskins, the motion passed unanimously.

Return to Regular Session and Adjournment

Upon motion made and seconded in Closed Session, council returned to regular session. Having no further business to conduct, the regular session was adjourned upon motion of Council Member Poly Cohen; seconded by Mayor Pro Tem Sam Gaskins, the motion passed unanimously.

Respectfully submitted,

  
Cornelia P. Olive, Mayor

ATTEST:

  
Janice Cox, Deputy City Clerk

**Grant Project Ordinance Amendment  
Sanford Farmers Site Infrastructure  
Cloverleaf Cold Storage**

Law & Finance  
7.31.13  
Exhibit A

BE IT ORDAINED by the City Council of the City of Sanford, North Carolina that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following grant project ordinance number 2012-36 and 2012-50 are hereby amended:

Section 1: The project authorized is: (1) to make a performance based site infrastructure construction loan to Cloverleaf Cold Storage Company with the source of the loan being a North Carolina Rural Center grant; (2) make a direct payment toward site infrastructure improvements with the source of local funds being Cloverleaf Cold Storage Company, and (3) project application preparation and administration with Cloverleaf Cold Storage being the source of local funding.

Section 2: The officers of this unit are hereby directed to proceed with the grant project within the terms of the grant documents, the rules and regulations of the North Carolina Rural Economic Development Center, and the budget contained herein.

Section 3: The following amounts are appropriated for the project:

**Transfer from the following account:**

**Transfer to the following account:**

Application Preparation and Grant Administration	\$1,625	Cloverleaf Cold Storage site infrastructure	\$1,625
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Section 4: The Finance Officer is hereby directed to maintain within the Grant Project Fund sufficient specific detailed accounting records to satisfy the requirements of the grantor agency, the grant agreement(s) and federal and state regulations.

Section 5: Reimbursement requests should be made to the grantor agency in an orderly and timely manner.

Section 6: The Finance Officer is directed to report quarterly on the financial status of each project element in Section 4 and on the total grant revenues received or claimed.

Section 7: The Finance Officer is directed to include detailed analysis of past and future costs and revenues of this grant project in every budget submission made to this council.

Section 8: Copies of this grant project ordinance shall be furnished to the Clerk to the City Council and the Finance Officer for direction in carrying out this project.

ADOPTED this the 6th day of August, 2013.

\_\_\_\_\_  
Cornelia P. Olive, Mayor

ATTEST:

\_\_\_\_\_  
Bonnie D. White, City Clerk

\_\_\_\_\_  
Susan C. Patterson, City Attorney

**AN ORDINANCE AMENDING THE ANNUAL OPERATING BUDGET  
OF THE CITY OF SANFORD FY 2013-2014**

BE IT ORDAINED by the City Council of the City of Sanford, North Carolina in regular session assembled.

Section 1: The following amounts are hereby amended to ordinance 2013-28 per G. S. 159-15 for the continued operation of the City of Sanford, its government, and activities for the balance of the fiscal year 2013-2014.

**GENERAL FUND  
APPROPRIATION OF FUNDS**

<b>REVENUES</b>			<b>EXPENDITURES</b>		
100045 54000	Appropriated Fund Balance	6,175	10054900 00000	Community Development	6,175
<b>Total Appropriation</b>		<u><u>\$ 6,175</u></u>			

Section 2. This ordinance shall be in full force and effective from and after the date of its adoption.

ADOPTED this, the 6th day of August, 2013.

\_\_\_\_\_  
Cornelia P. Olive, Mayor

ATTEST:

\_\_\_\_\_  
Bonnie D. White, City Clerk

\_\_\_\_\_  
Susan C. Patterson, City Attorney

**2013-2014 BUDGET ORDINANCE AMENDMENT**

**GENERAL FUND**

**Appropriation of Funds** - results in increasing of budget

**Revenues**

Appropriated Fund Balance	6,175	To appropriate fund balance for item described below
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**Expenditures**

Community Development	6,175	To re-appropriate youth council funds not expended at year end (\$1,605) and budget Race-to-Read program revenue received over the past two years to be used for the youth council program (\$4,570)
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Financial Services Department  
P.O. Box 3729  
Sanford, NC 27331-3729

(919) 775-8214  
FAX: (919) 775-5084

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## CITY OF SANFORD

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**Date:** July 29, 2013  
**To:** City Council  
**Cc:** Hal Hegwer, City Manager  
**From:** Melissa C. Cardinali, Financial Services Director  
**RE:** Amendment to Annual Audit Contract

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As you are aware, August and September have the Financial Services department focused on the annual audit process. However, with my departure, staff will be stretched to achieve all that is required during this time.

Beth Kelly and I have discussed the situation with the audit manager. Based on these discussions, it appears the most productive option is to enlist assistance from the audit firm and expand the scope of their contract.

While the comprehensive annual financial report (CAFR) has historically been done in house, it is certainly not the only way to achieve the same result. However, it is virtually impossible to bring in temporary staff that is capable of pulling together high level reports and financial information for an entity with which they are unfamiliar.

The finance staff will still have a lot of work to accomplish. All financial statement data must be recorded and verified by city staff. Once that is done, the audit firm will pull the details together into the final report format. Beth will then be responsible for reviewing the final product prior to submission to the NC Department of State Treasurer for final approval.

This approach will move the final audit fieldwork back to the end of September and will increase the audit fee \$6,000. Additionally, it will allow finance staff to continue working with minimal interruption and provide some support to Beth Kelly during a critical time. A budget amendment is included if Council desires to move forward in this direction.

**AMENDED**

LGC-205 (Rev. 2012)

**CONTRACT TO AUDIT ACCOUNTS**  
Of City of Sanford, NC  
Governmental Unit

On this 26th day of July, 2013, Martin Starnes & Associates, CPAs, P.A.  
Auditor

730 13th Avenue Drive SE, Hickory, NC

Mailing Address

\_\_\_\_\_, hereinafter referred to as  
the Auditor, and City Council of City of Sanford, NC, hereinafter referred  
Governing Board Governmental Unit  
to as the Governmental Unit, agree as follows:

1. The Auditor shall audit all statements and disclosures required by generally accepted accounting principles and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit for the period beginning July 1, 2012, and ending June 30, 2013. The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion will be rendered in relation to (as applicable) the governmental activities, the business-type activities, the aggregate discretely presented component units, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types).
2. At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with generally accepted auditing standards. The Auditor shall perform the audit in accordance with *Government Auditing Standards* if required by the State Single Audit Implementation Act, as codified in G.S. 159-34. If required by OMB Circular A-133 and the State Single Audit Implementation Act, the auditor shall perform a Single Audit. This audit and all associated workpapers may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the LGC. If the audit and/or workpapers are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners.
3. This contract contemplates an unqualified opinion being rendered. If financial statements are not prepared in accordance with generally accepted accounting principles (GAAP), or the statements fail to include all disclosures required by GAAP, please provide an explanation for that departure from GAAP in an attachment.
4. This contract contemplates an unqualified opinion being rendered. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract
5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, July 2007 revisions, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of their most recent peer review report regardless of the date of the prior peer review report to the Governmental Unit and the Secretary of the Local Government Commission prior to the execution of the audit contract. (See Item 22) If the audit firm received a peer review rating other than pass, the auditor shall not contract with any Local Government Units without first contacting the Secretary of the Local Government Commission for a peer review analysis that may result in additional contractual requirements.  
  
If the audit engagement is not subject to *Government Accounting Standards*, the Auditor shall provide an explanation as to why in an attachment.
6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to the SLGFD within four months of fiscal year end. Audit report is due on: October 31, 2013. If it becomes necessary to amend this due date or the audit fee, an amended contract along with a written explanation of the delay must be submitted to the Secretary of the Local Government Commission for approval.
7. It is agreed that generally accepted auditing standards include a review of the Governmental Unit's systems of internal control and accounting as the systems relate to accountability of funds, adherence to budget requirements, and adherence to law requirements. In addition, the Auditor will make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his findings, together with his recommendations for improvement. That written report must include all matters defined as "significant deficiencies and material weaknesses" in AU 325 of the *AICPA Professional Standards*. The Auditor shall file a copy of that report with the Secretary of the Local Government Commission.
8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the Local Government Commission. This includes annual or special audits, agreed upon procedures related to Internal Control, bookkeeping or other assistance necessary to prepare the Unit's records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit until the invoice has been approved by the Secretary of the Local Government Commission. (This also includes any progress billings.) [G.S. 159-34 and 115C-447] The process for invoice approval has changed. All invoices for Audit work must be submitted by email in PDF format to the Secretary of the Local Government Commission for approval. The invoices must be emailed to: [lgc.invoices@nctreasurer.com](mailto:lgc.invoices@nctreasurer.com)

Email Subject line should read "unit name – invoice. The PDF invoice marked approved with approval date will be returned by email to the Auditor for them to present to the Local Government Unit for payment. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.

9. In consideration of the satisfactory performance of the provisions of this agreement, the Governmental Unit shall pay to the Auditor, upon approval by the Secretary of the Local Government Commission, the following fee, which includes any cost the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (Federal and State grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts:

Year-end bookkeeping assistance – [For audits subject to Government Auditing Standards, this is limited to bookkeeping services permitted by revised Independence Standards] \_\_\_\_\_

Audit \$33,000

Preparation of the annual financial statements \$6,000

Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) auditors may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees above. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year audit fee. **The 75% cap for interim invoice approval for this audit contract is \$29,250**

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

The Local Government Commission's process for submitting contracts, audit reports and Invoices are subject to change. Auditors should use the submission process in effect at the time of submission.

In addition, if the North Carolina Office of the State Auditor designates certain programs to be audited as major programs, a turnaround document and a representation letter addressed to the State Auditor shall be submitted to the Local Government Commission.

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 Local Government Commission, this agreement may be varied or changed to include the increased time and/or compensation as may be agreed upon by the Governing Board and the Auditor.
15. If an approved contract needs to be varied or changed for any reason, the change must be made in writing, signed and dated by all parties and pre-audited if the change includes a change in audit fee. This document and a written explanation of the change must be submitted by email in PDF format to the Secretary of the Local Government Commission for approval. The portal address to upload your amended contract and Letter of explanation documents is <http://nctreasurer.slgfd.leapfile.net> No change shall be effective unless approved by the Secretary of the Local Government Commission, the Governing Board, and the Auditor.

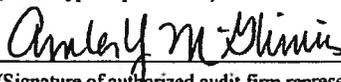
16. Whenever the Auditor uses an engagement letter with the client, Item 17 is to be completed by referencing the engagement letter and attaching a copy of the engagement letter to the contract to incorporate the engagement letter into the contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract will control. Engagement letter terms are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item 22 of this contract. Engagement letters containing indemnification clauses will not be approved by the Local Government Commission.
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. A separate contract must be executed for each component unit which is a local government and for which a separate audit report is issued.
19. The contract must be executed, pre-audited, physically signed by all parties and submitted in PDF format including unit and auditor signatures to the Secretary of the Local Government Commission. The current portal address to upload your contractual documents is <http://nctreasurer.slgfd.leapfile.net> Electronic signatures are not accepted at this time. Included with this contract are instructions to submit contracts and invoices for approval as of March 5, 2012. These instructions are subject to change. Please check the NC Treasurer's web site at [www.nctreasurer.com](http://www.nctreasurer.com) for the most recent instructions.
20. The contract is not valid until it is approved by the Local Government Commission. The staff of the Local Government Commission shall notify the unit and auditor of contract approval by email. The audit should not be started before the contract is approved.
21. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the Local Government Commission.
22. All of the above paragraphs are understood and shall apply to this agreement, except the following numbered paragraphs shall be deleted: (See Item 16.)
23. All communications regarding Audit contract requests for modification or official approvals will be sent to the email Addresses provided in the following areas.

**Audit Firm Signature:**

Firm Martin Starnes & Associates, CPAs, P.A.

By Amber Y. McGhinnis, Audit Manager

(Please type or print name)

  
 (Signature of authorized audit firm representative)

**Email Address of Audit Firm:**

amcghinnis@martinstarnes.com

Date July 26, 2013

**Unit Signatures:**

By Cornelia P. Olive, Mayor

(Please type or print name and title)

(Signature of Mayor/Chairperson of governing board)

Date \_\_\_\_\_

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

\_\_\_\_\_

**Unit Signatures (continued):**

By N/A  
 (Chair of Audit Committee- please type or print name)

\_\_\_\_\_  
 (Signature of Audit Committee Chairperson)

Date N/A  
 (If unit has no audit committee, this section should be marked "N/A.")

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

Melissa C. Cardinali, Financial Services Director  
 Governmental Unit Finance Officer (Please type or print name)

\_\_\_\_\_  
 (Signature)

**Email Address of Finance Officer**

melissa.cardinali@sanfordnc.net

Date \_\_\_\_\_

**(Preaudit Certificate must be dated.)**



**Koonce, Wooten & Haywood, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

## SYSTEM REVIEW REPORT

May 22, 2012

Martin, Starnes & Associates, CPAs, PA and the  
Peer Review Committee, North Carolina Association  
of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Martin, Starnes & Associates, CPAs, PA (the firm) in effect for the year ended December 31, 2011. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Martin, Starnes & Associates, CPAs, PA, in effect for the year ended December 31, 2011, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Martin, Starnes & Associates, CPAs, PA has received a peer review rating of *pass*.

*Koonce, Wooten & Haywood, LLP*

Koonce, Wooten & Haywood, LLP

**Raleigh**  
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Post Office Box 17906  
Raleigh, North Carolina 27619

919 752 9255  
919 752 8937 FAX

**Durham**  
3511 Shannon Road  
Suite 100  
Durham, North Carolina 27707

919 354 2554  
919 489 8153 FAX

**Pittsboro**  
10 Sanford Road  
Post Office Box 1399  
Pittsboro, North Carolina 27312

919 542 6000  
919 542 5764 FAX

**AN ORDINANCE AMENDING THE ANNUAL OPERATING BUDGET  
OF THE CITY OF SANFORD FY 2013-2014**

BE IT ORDAINED by the City Council of the City of Sanford, North Carolina in regular session assembled.

Section 1: The following amounts are hereby amended to ordinance 2013-28 per G. S. 159-15 for the continued operation of the City of Sanford, its government, and activities for the balance of the fiscal year 2013-2014.

**GENERAL FUND  
TRANSFER OF FUNDS**

**Transfer from the Following Accounts:**

**Transfer to the Following Accounts:**

10016650 69900	Contingency	6,000	10014410 00000 Finance	6,000
	<b>Total Appropriation</b>	<b><u>\$ 6,000</u></b>		

Section 2. This ordinance shall be in full force and effective from and after the date of its adoption.

ADOPTED this, the 6th day of August, 2013.

\_\_\_\_\_  
Cornelia P. Olive, Mayor

ATTEST:

\_\_\_\_\_  
Bonnie D. White, City Clerk

\_\_\_\_\_  
Susan C. Patterson, City Attorney

## 2013-2014 BUDGET ORDINANCE AMENDMENT

### GENERAL FUND

Transfer from the Following Funds - results in decreasing of budget

Contingency	6,000	To transfer contingency funds required to offset expenditures as described below
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**Transfer to the Following Funds - results in increasing of budget**

Finance	6,000	To budget funds for additional audit fees required
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**AN ORDINANCE AMENDING THE ANNUAL OPERATING BUDGET  
OF THE CITY OF SANFORD FY 2013-2014**

BE IT ORDAINED by the City Council of the City of Sanford, North Carolina in regular session assembled.

Section 1: The following amounts are hereby amended to ordinance 2013-28 per G. S. 159-15 for the continued operation of the City of Sanford, its government, and activities for the balance of the fiscal year 2013-2014.

**GENERAL FUND  
APPROPRIATION OF FUNDS**

<b>REVENUES</b>			<b>EXPENDITURES</b>	
100045 54000	Appropriated Fund Balance	86,912	10025100 00000 Police	14,119
			10014410 00000 Finance	5,000
			10035600 00000 Street	11,815
			10035610 00000 Street Capital	39,058
			10015000 00000 Public Building	16,920
<b>Total Appropriation</b>		<b><u>\$ 86,912</u></b>		

**UTILITY FUND  
APPROPRIATION OF FUNDS**

<b>REVENUES</b>			<b>EXPENDITURES</b>	
300045 54000	Retained Earnings	11,843	30097220 00000 PW Administration	7,643
			30098180 00000 Water Capital Improvements	4,200
<b>Total Appropriation</b>		<b><u>\$ 11,843</u></b>		

Section 2. This ordinance shall be in full force and effective from and after the date of its adoption.

ADOPTED this, the 6th day of August, 2013.

\_\_\_\_\_  
Cornelia P. Olive, Mayor

ATTEST:

\_\_\_\_\_  
Bonnie D. White, City Clerk

\_\_\_\_\_  
Susan C. Patterson, City Attorney

## 2013-2014 BUDGET ORDINANCE AMENDMENT

### GENERAL FUND

**Appropriation of Funds** - results in increasing of budget

#### Revenues

Appropriated Fund Balance	86,912	To re-appropriate funds earmarked for expenditures that were not complete at June 30, 2013
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#### Expenditures

**To re-appropriate funds not expended at June 30, 2013 for the following items:**

Police	13,951	Purchase of ammunition and vest plates
Police	168	2010 JAG grant funds
Finance	5,000	Design of potential park project
Street	11,815	Patching repairs
Street Capital	39,058	Paving projects
Public Building	16,920	Greenway parking lot project

### UTILITY FUND

**Appropriation of Funds** - results in increasing of budget

#### Revenues

Retained Earnings	11,843	To re-appropriate funds earmarked for expenditures that were not complete at June 30, 2013
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#### Expenditures

**To re-appropriate funds not expended at June 30, 2013 for the following items:**

PW Administration	7,643	Jordan Lake Partnership
Water Capital Improvements	4,200	Hydrant installation on Douglas Drive

## Sanford, North Carolina Code of Ordinances

### Municode

#### ~~Sec. 32-4. Cutting trees on street.~~

(a)

~~*Permit required; supervision of work.* It shall be unlawful for any person to cut, dig up, disfigure or mar any tree or shrubbery upon the streets of the city without first obtaining from the public works director a permit to do so. Upon the issuance of a permit, any cutting shall be under the direction of the public works director.~~

(b)

~~*Disposal of trimmings.* It shall be unlawful for any person to place or allow to be placed any tree trimmings or shrubbery trimmings on any street or sidewalk, except as provided on street right of way by section 28-36~~

*(Code 1985, § 99.05; Ord. No. 2000-09, 2-15-2000)*

## CITY OF SANFORD TREE ORDINANCE

### **Sec. 33 – 1. Short title.**

This article shall be referred to and cited as the Sanford Tree Ordinance.

### **Sec. 33–2. Purpose.**

- A. It is the purpose of this chapter to preserve, protect and promote the health, safety and general welfare of the public, by providing for the regulation of the planting, maintenance and removal of trees located on the right-of-way of any street, roadway, easement, city park or other public areas owned or controlled by the city.
- B. It is the intent of this chapter to encourage the protection of the tree canopy of the city by providing for the removal of trees on public land when they obscure streetlights, or constitute a hazard to pedestrian or vehicular traffic or otherwise endanger the public health, safety or welfare.

### **Sec. 33-3. Reserved.**

### **Sec. 33-4. Removal or Pruning of Trees.**

- A. ***Permit required: supervision of work.*** Except as provided herein, it shall be unlawful to cut, dig up, disfigure or mar any tree or shrubbery upon the

streets of the city without first obtaining from the city manager or his designee a permit to do so. Upon the issuance of a permit, any cutting shall be under the direction of the city manager or his designee and conform to ANSI A300 Standards.

- B. *Disposal of trimmings.*** It shall be unlawful for any person to place or allow to be placed any tree trimmings or shrubbery trimmings on any street or sidewalk, except as provided on street right-of-way by section 28-36.
- C. *Authority of city.*** The city reserves the right to prune or remove any tree on any city property, public street or right-of-way which is necessary to permit the proper maintenance or improvement of the public property, street or public utility without the issuance of any permit. Pruning shall be done in accordance with ANSI A300 Standards.
- D. *Dead or diseased trees.*** The city may remove any dead or diseased tree from the public street or right-of-way without the issuance of any permit.
- E. *Private trees, plants, shrubs or vegetation which so overhang any public sidewalk or street.*** The city may remove or prune any private tree parts, plants, shrubs or vegetation which so overhang any public sidewalk or street which are growing thereon (or adjacent thereto) in such a manner as to obstruct or impair the free and full use of the sidewalk or street by the public, either directly or by obstructing traffic or vision, obstructing or shading streetlights, or obstructing the view of traffic signs or site distances.
- F. *Emergencies.*** In the case of emergencies, such as windstorms, ice storms, fire or other disasters, the requirements of this chapter shall be waived so as to allow private or public work to restore order in the city to be carried out.
- G. *Exemption of Utility Companies.*** The provisions of this article are not applicable to and enforceable against any utility company performing vegetation maintenance near and around its utility lines and related facilities; provided, however, any utility company performing such vegetation maintenance should do so in accordance with ANSI A300 Standards.

**Sec. 33-5. Reserved.**

**Sec. 33-6. Preservation of tree canopy.**

When removal of a tree from the public right-of-way is necessary, it is encouraged that a new tree should be planted. If conditions are not favorable in

the area where the tree was removed, in the discretion of the city manager or his designee, a new tree should be planted on public property at an alternate location.

**Sec. 33-7. Tree Commission.**

The City of Sanford Appearance Commission shall serve as the Sanford Tree Commission. The Tree Commission shall research and recommend to the City Council varieties and species of trees and possible locations where replacement trees could be planted on public property to enhance the appearance of the city and to assist in preserving the city's tree canopy. A list of tree species to be and not be planted shall be maintained by the Tree Commission. The tree plantings shall be done in accordance with ANSI A300 Standards.

**Sec. 33-8. Street Tree Standards for New Development.** Reference Section 7.7 and Section 7.8 of the Sanford-Broadway-Lee County Unified Development Ordinance.

**Sec. 33-9. Reserved.**

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Section 1: The following amounts are hereby amended to ordinance 2013-28 per G. S. 159-15 for the continued operation of the City of Sanford, its government, and activities for the balance of the fiscal year 2013-2014.

**GENERAL FUND  
 APPROPRIATION OF FUNDS**

<b>REVENUES</b>			<b>EXPENDITURES</b>		
100045 54000	Appropriated Fund Balance	59,000	10045650 00000	Solid Waste	8,000
			10025100 00000	Police	32,000
			10014200 00000	Administration	7,000
			10016650 66032	Other Post Employment Benefits	12,000
<b>Total Appropriation</b>		<b><u>\$ 59,000</u></b>			

**GENERAL FUND  
 TRANSFER OF FUNDS**

**Transfer from the Following Accounts:**

**Transfer to the Following Accounts:**

10016650 69900	Contingency	7,700	10014250 00000	Human Resources	7,700
<b>Total Appropriation</b>		<b><u>\$ 7,700</u></b>			

**UTILITY FUND  
 APPROPRIATION OF FUNDS**

<b>REVENUES</b>			<b>EXPENDITURES</b>		
300045 54000	Retained Earnings	66,336	30094200 00000	UF Administration	11,000
			30098120 00000	WWTP	40,000
			30096650 66032	Other Post Employment Benefits	15,336
<b>Total Appropriation</b>		<b><u>\$ 66,336</u></b>			

Section 2. This ordinance shall be in full force and effective from and after the date of its adoption.

ADOPTED this, the 6th day of August, 2013.

\_\_\_\_\_  
 Cornelia P. Olive, Mayor

ATTEST:

\_\_\_\_\_  
 Bonnie D. White, City Clerk

\_\_\_\_\_  
 Susan C. Patterson, City Attorney

## 2013-2014 BUDGET ORDINANCE AMENDMENT

### GENERAL FUND

#### Appropriation of Funds - results in increasing of budget

##### Revenues

Appropriated Fund Balance	59,000	To appropriate fund balance for items described below
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##### Expenditures

Solid Waste	8,000	Funds required for early retirement incentive package
Police	32,000	Funds required for early retirement incentive package
Administration	7,000	Funds required for early retirement incentive package
Other Post Employment Benefits	12,000	Funds required for early retirement incentive package

### GENERAL FUND

#### Transfer from the Following Funds - results in decreasing of budget

Contingency	7,700	To transfer contingency funds required to offset expenditures as described below
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#### Transfer to the Following Funds - results in increasing of budget

Human Resources	7,700	To budget retirement celebrations
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### UTILITY FUND

#### Appropriation of Funds - results in increasing of budget

##### Revenues

Retained Earnings	66,336	To appropriate retained earnings for item described below
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##### Expenditures

UF Administration	11,000	Funds required for early retirement incentive package
WWTP	40,000	Funds required for early retirement incentive package
Other Post Employment Benefits	15,336	Funds required for early retirement incentive package