

# UPDATE



**Access for the Electronic Meeting**

**Via phone:** 1-646-558-8656

**Via web:**

<https://us06web.zoom.us/j/88434721622?pwd=REkrOWtWdWtYmtvM282c3RlUNUoOQQT09>

**Via Zoom App:**

Meeting ID: 884 3472 1622

Password: 865350

**June 27, 2022**

Virtual Meeting

704-821-8557

[www.stallingsnc.org](http://www.stallingsnc.org)

## Town Council Agenda

	Time	Item	Presenter	Action Requested/Next Step
	7:00 p.m.	Invocation Pledge of Allegiance Call the Meeting to Order	Wyatt Dunn, Mayor	NA
	7:05 p.m.	Public Comment	Wyatt Dunn, Mayor	NA
1.	7:15 p.m.	Consent Agenda A. 2021-22 Completed Project Funds Close Out B. ARPA Financial Policies (1) Cost Principles Policy (2) Eligible Use Policy C. Audit Contract for FY2022	Wyatt Dunn, Mayor	Approve Consent Agenda <i>(All items on the Consent Agenda are considered routine, to be enacted by one motion. If a member of the governing body requests discussion on of an item, the item will be removed from the Consent Agenda and considered separately.)</i>  <b>Motion:</b> I make the motion to: 1) Approve the Consent Agenda as presented; or 2) Approve the Consent Agenda with the following changes: _____.
2.	7:20 p.m.	Agenda Approval	Wyatt Dunn, Mayor	Approve agenda as written. <i>(ADD, IF APPLICABLE: with changes as described by Mayor Dunn)</i>  <b>Motion:</b> I make the motion to: 1) Approve the Agenda as presented; or 2) Approve the Agenda with the following changes: _____.
3.	7:22 p.m.	Street Maintenance A. Pavement Project List and Bidding B. Small Pavement Remediation Projects	Bo Conerly, Interim Town Engineer	A. Approval of project list and permission to bid B. Authorizing to bid and award small pavement contracts
4.	7:50 p.m.	Annexation 56 – Castlebridge Lane A. Certificate of Sufficiency B. Resolution Fixing the Public Hearing Date	Erinn Nichols, Asst. Town Mgr./Town Clerk	Adopt resolution
5.	7:55 p.m.	Adjournment	Wyatt Dunn, Mayor	Motion to adjourn



# MEMO

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To: Mayor and Council  
From: Marsha Gross, Finance Officer  
Via: Alex Sewell, Town Manager  
Date: 06-21-2022  
RE: **Close Out of Completed Capital Projects**

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Currently, the Town of Stallings has 5 capital project funds which include the following:

1. Stallings Municipal Park Capital Project Fund
2. Potter/Pleasant Plains Intersection Improvement Capital Project Fund
3. New Town Hall and Public Works Building Capital Project Fund
4. ARPA Capital Project Fund
5. SCIF Grant Capital Project Fund

In an effort to make our annual audits less cumbersome, the Town needs close out those projects that are completed. These projects include both the Stallings Municipal Park Capital Project Fund which has had no activity in the past 6 years and the New Town Hall and Public Works Building Capital Project Fund which was completed in 2020.

I have attached pages from the Town's FY2021 Audit Report which show the budgets and actual costs for both of these projects. There is no fund balance in either of the capital project funds, so there is no transfer back to the General Fund. These projects only need to be closed.

The close out ordinances are attached and staff is requesting Council to adopt both ordinances at the next council meeting scheduled for June 27, 2022 so that they will not be required to be in the FY2022 audit report.

**TOWN OF STALLINGS  
CAPITAL PROJECT BUDGET ORDINANCE  
CLOSE COMPLETED STALLINGS MUNICIPAL PARK CAPITAL  
PROJECT**

**WHEREAS**, the Town of Stallings adopted a Capital Project ordinance on 14<sup>th</sup> day of June, 2010~~(insert date if you have it)~~ pursuant to North Carolina General Statute §159-13.2 for the construction of Stallings Municipal Park; and

**WHEREAS, the Town** has completed the construction activities accounted for in the Stallings Municipal Park Capital Project and is in a position to close out the capital project fund; and

**WHEREAS**, any remaining funds in the Stallings Municipal Park Capital Project Fund need to be transferred into the General Fund;

**NOW, THEREFORE, BE IT RESOLVED** by the Town Council of the Town of Stallings, North Carolina, adjusts the appropriations in for the Stallings Municipal Park Capital Project, returns the funding to or funds the shortage from the General Fund and closes out the Stallings Municipal Park Capital Project Fund.

Adopted this 27<sup>th</sup> day of June, 2022.

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Wyatt Dunn, Mayor

Attest:

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Erinn Nichols, Town Clerk

Approved as to form:

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Melanie Cox, Town Attorney

**TOWN OF STALLINGS  
CAPITAL PROJECT BUDGET ORDINANCE  
CLOSE COMPLETED NEW TOWN HALL AND PUBLIC WORKS  
CAPITAL PROJECT**

**WHEREAS**, the Town of Stallings adopted a Capital Project ordinance on the 11<sup>th</sup> day of February, 2019(insert date if you have it) pursuant to North Carolina General Statute §159-13.2 for the construction of Town Hall and Public Works Building; and

**WHEREAS, the Town** has completed the construction activities accounted for in the New Town Hall Building and Public Works Building Capital Project and is in a position to close out the capital project fund; and

**WHEREAS**, any remaining funds in the New Town Hall and Public Works Capital Project Fund need to be transferred into the General Fund;

**NOW, THEREFORE, BE IT RESOLVED** by the Town Council of the Town of Stallings, North Carolina, adjusts the appropriations in for the New Town Hall and Public Works Building Capital Project, returns the funding to or funds the shortage from the General Fund and closes out the New Town Hall and Public Works Building Capital Project Fund.

Adopted this 27<sup>th</sup> day of June, 2022.

\_\_\_\_\_  
Wyatt Dunn, Mayor

Attest:

\_\_\_\_\_  
Erinn Nichols, Town Clerk

Approved as to form:

\_\_\_\_\_  
Melanie Cox, Town Attorney





# MEMO

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To: Mayor and Council  
From: Marsha Gross, Finance Officer  
Via: Alex Sewell, Town Manager  
Date: 06-20-2022  
RE: **ARPA Funds - Eligible Use and Cost Principles Policies**

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At the 03-14-2022 Council Meeting, Council approved using the \$5,145,370.24 the Town will receive in ARPA Funds as Revenue Replacement. The Grant Project Ordinance formalized this decision and provided documentation for staff to use in the Federal reporting requirements.

An additional requirement for using the ARPA Funds is that the Town must adopt an Eligible Use Policy and a Cost Principles Policy which provides guidance on the allowable uses and allowable costs for which the funds may be used.

Staff is requesting Council approve these policies which need to be adopted before the new fiscal year begins since we have included reimbursements to the General Fund using ARPA funds in the FY2023 Budget Ordinance.



**Town of Stallings – Allowable Costs and Cost Principals Policy for Expenditures of American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Funds by North Carolina Local Governments**

**WHEREAS** the Town of Stallings, has received an allocation of funds from the Coronavirus State and Local Fiscal Recovery Funds of H.R. 1319 American Rescue Plan Act of 2021 (ARP/CSLFRF); and

**WHEREAS** the funds may be used for projects within these categories, to the extent authorized by state law.

1. Support COVID-19 public health expenditures, by funding COVID-19 mitigation and prevention efforts, medical expenses, behavioral healthcare, preventing and responding to violence, and certain public health and safety staff;
2. Address negative economic impacts caused by the public health emergency, including economic harms to households, small businesses, non-profits, impacted industries, and the public sector;
3. Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic;
4. Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and,
5. Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.

**WHEREAS** the ARP/CSLFRF are subject to the provisions of the federal Uniform Grant Guidance, 2 CFR Sect. 200 (UG), as provided in the [Assistance Listing](#); and

**WHEREAS** the [Compliance and Reporting Guidance for the State and Local Fiscal Recovery Funds](#) provides, in relevant part:

**Allowable Costs/Cost Principles.** As outlined in the Uniform Guidance at 2 CFR Part 200, Subpart E regarding Cost Principles, allowable costs are based on the premise that a recipient is responsible for the effective administration of Federal awards, application of sound management practices, and administration of Federal funds in a manner consistent with the program objectives and terms and conditions of the award. Recipients must implement robust internal controls and effective monitoring to ensure compliance with the Cost Principles, which are important for building trust and accountability.

[ARP/CSLFRF] Funds may be, but are not required to be, used along with other funding sources for a given project. Note that [ARP/CSLFRF] Funds may not be used for a non-

Federal cost share or match where prohibited by other Federal programs, e.g., funds may not be used for the State share for Medicaid.

Treasury's Final Rule and guidance and the Uniform Guidance outline the types of costs that are allowable, including certain audit costs. For example, per 2 CFR 200.425, a reasonably proportionate share of the costs of audits required by the Single Audit Act Amendments of 1996 are allowable; however, costs for audits that were not performed in accordance with 2 CFR Part 200, Subpart F are not allowable. Please see 2 CFR Part 200, Subpart E regarding the Cost Principles for more information.

- a. Administrative costs: Recipients may use funds for administering the SLFRF program, including costs of consultants to support effective management and oversight, including consultation for ensuring compliance with legal, regulatory, and other requirements. Further, costs must be reasonable and allocable as outlined in 2 CFR 200.404 and 2 CFR 200.405. Pursuant to the [ARP/CSLFRF] Award Terms and Conditions, recipients are permitted to charge both direct and indirect costs to their SLFRF award as administrative costs. Direct costs are those that are identified specifically as costs of implementing the [ARP/CSLFRF] program objectives, such as contract support, materials, and supplies for a project. Indirect costs are general overhead costs of an organization where a portion of such costs are allocable to the [ARP/CSLFRF] award such as the cost of facilities or administrative functions like a director's office. Each category of cost should be treated consistently in like circumstances as direct or indirect, and recipients may not charge the same administrative costs to both direct and indirect cost categories, or to other programs. If a recipient has a current Negotiated Indirect Costs Rate Agreement (NICRA) established with a Federal cognizant agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals, then the recipient may use its current NICRA. Alternatively, if the recipient does not have a NICRA, the recipient may elect to use the de minimis rate of 10 percent of the modified total direct costs pursuant to 2 CFR 200.414(f).
- b. Salaries and Expenses: In general, certain employees' wages, salaries, and covered benefits are an eligible use of [ARP/CSLFRF] award funds; and

**WHEREAS** Subpart E of the UG dictates allowable costs and cost principles for expenditure of ARP/CSLFRF funds; and

**WHEREAS** Subpart E of the UG (specifically, 200.400) states that:

The application of these cost principles is based on the fundamental premises that:

- (a) The non-Federal entity is responsible for the efficient and effective administration of the Federal award through the application of sound management practices.



- (b) The non-Federal entity assumes responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award.
- (c) The non-Federal entity, in recognition of its own unique combination of staff, facilities, and experience, has the primary responsibility for employing whatever form of sound organization and management techniques may be necessary in order to assure proper and efficient administration of the Federal award.
- (d) The application of these cost principles should require no significant changes in the internal accounting policies and practices of the non-Federal entity. However, the accounting practices of the non-Federal entity must be consistent with these cost principles and support the accumulation of costs as required by the principles, and must provide for adequate documentation to support costs charged to the Federal award.
- (e) In reviewing, negotiating and approving cost allocation plans or indirect cost proposals, the cognizant agency for indirect costs should generally assure that the non-Federal entity is applying these cost accounting principles on a consistent basis during their review and negotiation of indirect cost proposals. Where wide variations exist in the treatment of a given cost item by the non-Federal entity, the reasonableness and equity of such treatments should be fully considered.
- (f) For non-Federal entities that educate and engage students in research, the dual role of students as both trainees and employees (including pre- and post-doctoral staff) contributing to the completion of Federal awards for research must be recognized in the application of these principles.
- (g) The non-Federal entity may not earn or keep any profit resulting from Federal financial assistance, unless explicitly authorized by the terms and conditions of the Federal award;

**BE IT RESOLVED** that the governing board of the Town of Stallings hereby adopts and enacts the following UG Allowable Costs and Cost Principles Policy for the expenditure of ARP/CSLFRF funds.

Adopted this is the 27<sup>th</sup> day of June, 2022.

Wyatt Dunn, Mayor

Attest:

Erinn Nichols, Town Clerk

Approved as to form:

Melanie Cox, Town Attorney

# Town of Stallings Allowable Costs and Costs Principles Policy

## I. ALLOWABLE COSTS AND COSTS PRINCIPLES POLICY OVERVIEW

[Title 2 U.S. Code of Federal Regulations Part 200](#), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, commonly called Uniform Guidance (UG), specifically Subpart E, defines those items of cost that are allowable, and which are unallowable. The tests of allowability under these principles are: (a) the costs must be reasonable; (b) they must be allocable to eligible projects under the Coronavirus State and Local Fiscal Recovery Funds of H.R. 1319 American Rescue Plan Act of 2021 (ARP/CSLFRF); (c) they must be given consistent treatment through application of those generally accepted accounting principles appropriate to the circumstances; and (d) they must conform to any limitations or exclusions set forth in these principles or in the ARP/CSLFRF grant award as to types or amounts of cost items. Unallowable items fall into two categories: expenses which are by their nature unallowable (e.g., alcohol), and unallowable activities (e.g., fund raising).

The Town of Stallings shall adhere to all applicable cost principles governing the use of federal grants. This policy addresses the proper classification of both direct and indirect charges to ARP/CSLFRF funded projects and enacts procedures to ensure that proposed and actual expenditures are consistent with the ARP/CSLFRF grant award terms and all applicable federal regulations in the UG.

Responsibility for following these guidelines lies with the Town Manager and Finance Officer, who are charged with the administration and financial oversight of the ARP/CSLFRF. Further, all local government employees and officials who are involved in obligating, administering, expending, or monitoring ARP/CSLFRF grant funded projects should be well versed with the categories of costs that are generally allowable and unallowable. Questions on the allowability of costs should be directed to the Finance Officer. As questions on allowability of certain costs may require interpretation and judgment, local government personnel are encouraged to ask for assistance in making those determinations.

## II. GENERAL COST ALLOWABILITY CRITERIA

All costs expended using ARP/CSLFRF funds must meet the following general criteria:

### 1. **Be necessary and reasonable for the proper and efficient performance and administration of the grant program.**

A cost must be *necessary* to achieve a project object. When determining whether a cost is necessary, consideration may be given to:

- Whether the cost is needed for the proper and efficient performance of the grant project.
- Whether the cost is identified in the approved project budget or application.
- Whether the cost aligns with identified needs based on results and findings from a needs assessment.

- Whether the cost addresses project goals and objectives and is based on program data.

A cost is *reasonable* if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision to incur the cost was made. For example, reasonable means that sound business practices were followed, and purchases were comparable to market prices. When determining reasonableness of a cost, consideration must be given to:

- Whether the cost is a type generally recognized as ordinary and necessary for the operation of the Town of Stallings or the proper and efficient performance of the federal award.
- The restraints or requirements imposed by factors, such as: sound business practices; arm's-length bargaining; federal, state, and other laws and regulations; and terms and conditions of the ARP/CSLFRF award.
- Market prices for comparable goods or services for the geographic area.
- Whether individuals concerned acted with prudence in the circumstances considering their responsibilities to the Town of Stallings, its employees, the public at large, and the federal government.
- Whether the Town of Stallings significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the ARP/CSLFRF award's cost.

- 2. Be allocable to the ARP/CSLFRF federal award.** A cost is allocable to the ARP/CSLFRF award if the goods or services involved are chargeable or assignable to the ARP/CSLFRF award in accordance with the relative benefit received. This means that the ARP/CSLFRF grant program derived a benefit in proportion to the funds charged to the program. *For example, if 50 percent of a local government program officer's salary is paid with grant funds, then the local government must document that the program officer spent at least 50 percent of his/her time on the grant program.*

If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then the costs may be allocated or transferred to benefitted projects on any reasonable documented basis. Where the purchase of equipment or other capital asset is specifically authorized by the ARP/CSLFRF, the costs are assignable to the Federal award regardless of the use that may be made of the equipment or other capital asset involved when no longer needed for the purpose for which it was originally required.

- 3. Be authorized and not prohibited under state or local laws or regulations.**

4. **Conform to any limitations or exclusions set forth in the principles, federal laws, ARP/CSLFRF award terms, and other governing regulations as to types or amounts of cost items.**
5. **Be consistent with policies, regulations, and procedures that apply uniformly to both the ARP/CSLFRF federal award and other activities of the Town of Stallings.**
6. **Be accorded consistent treatment.** A cost MAY NOT be assigned to a federal award as a direct cost and also be charged to a federal award as an indirect cost. And a cost must be treated consistently for both federal award and non-federal award expenditures.
7. **Be determined in accordance with generally accepted accounting principles (GAAP), unless provided otherwise in the UGG.**
8. **Be net of all applicable credits.** The term “applicable credits” refers to those receipts or reduction of expenditures that operate to offset or reduce expense items allocable to the federal award. Typical examples of such transactions are purchase discounts; rebates or allowances; recoveries or indemnities on losses; and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to and received by the local government related to the federal award, they shall be credited to the ARP/CSLFRF award, either as a cost reduction or a cash refund, as appropriate and consistent with the award terms.
9. **Be adequately documented.**

### III. SELECTED ITEMS OF COST

The UGG examines the allowability of fifty-five (55) specific cost items (commonly referred to as Selected Items of Cost) at 2 CFR § 200.420-.475.

The Town Manager and Finance Officer are responsible for determining cost allowability must be familiar with the Selected Items of Cost. The Town of Stallings must follow the applicable regulations when charging these specific expenditures to the ARP/CSLFRF grant. The Finance Officer will check costs against the selected items of cost requirements to ensure the cost is allowable and that all process and documentation requirements are followed. In addition, State laws, The Town of Stallings regulations, and program-specific rules may deem a cost as unallowable, and the Finance Officer must follow those non-federal rules as well.

Exhibit A identifies and summarizes the Selected Items of Cost.

### IV. DIRECT AND INDIRECT COSTS

Allowable and allocable costs must be appropriately classified as direct or indirect charges. It is essential that each item of cost be treated consistently in like circumstances either as a direct or an indirect cost.

*Direct costs* are expenses that are specifically associated with a particular ARP/CSLFRF-eligible project and that can be directly assigned to such activities relatively easily with a high degree of accuracy. Common examples of direct costs include salary and fringe benefits of personnel directly involved in undertaking an eligible project, equipment and supplies for the project,

subcontracted service provider, or other materials consumed or expended in the performance of a grant-eligible project.

*Indirect costs* are (1) costs incurred for a common or joint purpose benefitting more than one ARP/CSLFRF-eligible project, and (2) not readily assignable to the project specifically benefited, without effort disproportionate to the results achieved. They are expenses that benefit more than one project or even more than one federal grant. Common examples of indirect costs include utilities, local telephone charges, shared office supplies, administrative or secretarial salaries.

For indirect costs, the Town of Stallings may charge a 10 percent de minimis rate of modified total direct costs (MTDC). According to UGG Section 200.68 MTDC means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward (regardless of the period of performance the subawards under the award). MTDC EXCLUDES equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000.

## V. SPECIAL PROVISIONS FOR STATE AND LOCAL GOVERNMENTS

There are some special provisions of the UG that apply only to states, local governments, and Indian Tribes.

### § 200.444 General costs of government.

(a) For states, local governments, and Indian Tribes, the general costs of government are unallowable (except as provided in [§ 200.475](#)). Unallowable costs include:

- (1) Salaries and expenses of the Office of the Governor of a [state](#) or the chief executive of a [local government](#) or the chief executive of an [Indian tribe](#);
- (2) Salaries and other expenses of a [state](#) legislature, tribal council, or similar local governmental body, such as a county supervisor, city council, school board, etc., whether incurred for purposes of legislation or executive direction;
- (3) Costs of the judicial branch of a government;
- (4) Costs of prosecutorial activities unless treated as a direct cost to a specific program if authorized by statute or regulation (however, this does not preclude the allowability of other legal activities of the Attorney General as described in [§ 200.435](#)); and
- (5) Costs of other general types of government services normally provided to the general public, such as police, unless provided for as a direct cost under a program statute or regulation.

(b) For [Indian tribes](#) and Councils of Governments (COGs) (see definition for *Local government* in [§ 200.1](#) of this part), up to 50% of salaries and expenses directly attributable to managing and operating [Federal programs](#) by the chief executive and his or her staff can be included in the indirect cost calculation without documentation.

[NOTE THAT EXPENDITURES OF ARP/CSLFRF FUNDS IN THE REVENUE REPLACEMENT CATEGORY ARE EXPLICITLY AUTHORIZED IN THE FINAL RULE TO BE SPENT ON GENERAL GOVERNMENT SERVICES.]

**§ 200.416 COST ALLOCATION PLANS AND INDIRECT COST PROPOSALS.**

(a) For states, local governments and Indian tribes, certain services, such as motor pools, computer centers, purchasing, accounting, etc., are provided to operating agencies on a centralized basis. Since Federal awards are performed within the individual operating agencies, there needs to be a process whereby these central service costs can be identified and assigned to benefitted activities on a reasonable and consistent basis. The central service cost allocation plan provides that process.

(b) Individual operating agencies (governmental department or agency), normally charge Federal awards for indirect costs through an indirect cost rate. A separate indirect cost rate(s) proposal for each operating agency is usually necessary to claim indirect costs under Federal awards. Indirect costs include:

- (1) The indirect costs originating in each department or agency of the governmental unit carrying out Federal awards and
- (2) The costs of central governmental services distributed through the central service cost allocation plan and not otherwise treated as direct costs.

(c) The requirements for development and submission of cost allocation plans (for central service costs and public assistance programs) and indirect cost rate proposals are contained in appendices V, VI and VII to this part.

**§ 200.417 INTERAGENCY SERVICE.**

The cost of services provided by one agency to another within the governmental unit may include allowable direct costs of the service plus a pro-rated share of indirect costs. A standard indirect cost allowance equal to ten percent of the direct salary and wage cost of providing the service (excluding overtime, shift premiums, and fringe benefits) may be used in lieu of determining the actual indirect costs of the service. These services do not include centralized services included in central service cost allocation plans as described in Appendix V to Part 200.

## VI. COST ALLOWABILITY REVIEW PROCESS

### **PREAPPROVAL COST ALLOWABILITY REVIEW**

Before an ARP/CSLFRF-funded project is authorized, the Town Manager and Finance Officer must review the proposed cost items within an estimated project budget to determine whether they are allowable and allocable and whether cost items will be charged as direct or indirect

expenses. This review will occur concurrently with the review of project eligibility and *before* obligating or expending any ARP/CSLFRF funds.

- Local government personnel must submit proposed ARP/CSLFRF projects to Finance Officers for review. In addition to other required information, all proposed project submissions must delineate estimated costs by cost item. The submission must be made using the Town of Stallings ARPA Project Eligibility Determination and Documentation Worksheet.
- Along with a general review of project eligibility and conformance with other governing board management directives, Town Manager and Finance Director must review estimated costs for specific allowable cost requirements, budget parameters, indirect rates, fringe benefit rates, and those activities/costs that require pre-approval by the US Treasury. The project must be in compliance with the Town of Stallings Eligible Project Policy for the Expenditures of American Rescue Plan Act of 2021 Coronavirus State and Local Fiscal Recovery Funds.
- If a proposed project includes a request for an unallowable cost, the Town of Stallings will return the proposal to the requesting party for review and, if practicable, resubmission with corrected cost items.
- Once a proposed project budget is pre-approved by Town Manager and Finance Officer, the local government personnel responsible for implementing the project must conform actual obligations and expenditures to the pre-approved project budget.

#### **POST-EXPENDITURE COST ALLOWABILITY REVIEW**

Once an expenditure is incurred related to an eligible project, and an invoice or other demand for payment is submitted to the local government, the Town Manager and Town Clerk must perform a second review to ensure that actual expenditures comprise allowable costs.

- All invoices or other demands for payment must include a breakdown by cost item. The cost items should mirror those presented in the proposed budget for the project. If an invoice or other demand for payment does not include a breakdown by cost item, the Finance Officer will return the invoice to the project manager and/or vendor, contractor, or subrecipient for correction.
- The Finance Officer must review the individual cost items listed on the invoice or other demand for payment to determine their allowability and allocability.
- If all cost items are deemed allowable and properly allocable, the Finance Officer must proceed through the local government's normal disbursement process.

- If any cost item is deemed unallowable, the Finance Officer will notify the project management and/or vendor, contractor, or subrecipient that a portion of the invoice or other demand for payment will not be paid with ARP/CSLFRF funds. The Finance Officer may in their discretion, and consistent with this policy, allow an invoice or other demand for payment to be resubmitted with a revised cost allocation. If the local government remains legally obligated by contract or otherwise to pay the disallowed cost item, it must identify other local government funds to cover the disbursement. The Town of Stallings' governing board must approve any allocation of other funds for this purpose.
- The Finance Officer must retain appropriate documentation of budgeted cost items per project and actual obligations and expenditures of cost items per project.

## VII. COST TRANSFERS

Any costs charged to the ARP/CSLFRF federal award that do not meet the allowable cost criteria must be removed from the award account and charged to an account that does not require adherence to federal UGG or other applicable guidelines.

Failure to adequately follow this policy and related procedures could result in questioned costs, audit findings, potential repayment of disallowed costs and discontinuance of funding.



## EXHIBIT A

Selected Items of Cost	Uniform Guidance General Reference	Allowability
Advertising and public relations costs	2 CFR § 200.421	Allowable with restrictions
Advisory councils	2 CFR § 200.422	Allowable with restrictions
Alcoholic beverages	2 CFR § 200.423	Unallowable
Alumni/ae activities	2 CFR § 200.424	Not specifically addressed
Audit services	2 CFR § 200.425	Allowable with restrictions
Bad debts	2 CFR § 200.426	Unallowable
Bonding costs	2 CFR § 200.427	Allowable with restrictions
Collection of improper payments	2 CFR § 200.428	Allowable
Commencement and convocation costs	2 CFR § 200.429	Not specifically addressed
Compensation – personal services	2 CFR § 200.430	Allowable with restrictions; Special conditions apply (e.g., § 200.430(i)(5))
Compensation – fringe benefits	2 CFR § 200.431	Allowable with restrictions
Conferences	2 CFR § 200.432	Allowable with restrictions
Contingency provisions	2 CFR § 200.433	Unallowable with exceptions
Contributions and donations	2 CFR § 200.434	Unallowable (made by non-federal entity); not reimbursable but value may be used as cost sharing or matching (made to non-federal entity)
Defense and prosecution of criminal and civil proceedings, claims, appeals and patent	2 CFR § 200.435	Allowable with restrictions

infringements		
Depreciation	2 CFR § 200.436	Allowable with qualifications
Employee health and welfare costs	2 CFR § 200.437	Allowable with restrictions
Entertainment costs	2 CFR § 200.438	Unallowable with exceptions
Equipment and other capital expenditures	2 CFR § 200.439	Allowability based on specific requirement
Exchange rates	2 CFR § 200.440	Allowable with restrictions
Fines, penalties, damages and other settlements	2 CFR § 200.441	Unallowable with exceptions
Fund raising and investment management costs	2 CFR § 200.442	Unallowable with exceptions
Gains and losses on disposition of depreciable assets	2 CFR § 200.443	Allowable with restrictions
General costs of government	2 CFR § 200.444	Unallowable with exceptions
Goods and services for personal use	2 CFR § 200.445	Unallowable (goods/services); allowable (housing) with restrictions
Idle facilities and idle capacity	2 CFR § 200.446	Idle facilities - unallowable with exceptions; Idle capacity - allowable with restrictions
Insurance and indemnification	2 CFR § 200.447	Allowable with restrictions
Intellectual property	2 CFR § 200.448	Allowable with restrictions
Interest	2 CFR § 200.449	Allowable with restrictions
Lobbying	2 CFR § 200.450	Unallowable
Losses on other awards or contracts	2 CFR § 200.451	Unallowable (however, they are required to be included in the indirect cost rate base for

		allocation of indirect costs)
Maintenance and repair costs	2 CFR § 200.452	Allowable with restrictions
Materials and supplies costs, including costs of computing devices	2 CFR § 200.453	Allowable with restrictions
Memberships, subscriptions, and professional activity costs	2 CFR § 200.454	Allowable with restrictions; unallowable for lobbying organizations
Organization costs	2 CFR § 200.455	Unallowable except federal prior approval
Participant support costs	2 CFR § 200.456	Allowable with prior approval of the federal awarding agency
Plant and security costs	2 CFR § 200.457	Allowable; capital expenditures are subject to § 200.439
Pre-award costs	2 CFR § 200.458	Allowable if consistent with other allowabilities and with prior approval of the federal awarding agency
Professional services costs	2 CFR § 200.459	Allowable with restrictions
Proposal costs	2 CFR § 200.460	Allowable with restrictions
Publication and printing costs	2 CFR § 200.461	Allowable with restrictions
Rearrangement and reconversion costs	2 CFR § 200.462	Allowable (ordinary and normal)
Recruiting costs	2 CFR § 200.463	Allowable with restrictions
Relocation costs of employees	2 CFR § 200.464	Allowable with restrictions
Rental costs of real property and equipment	2 CFR § 200.465	Allowable with restrictions
Scholarships and student aid costs	2 CFR § 200.466	Not specifically addressed
Selling and marketing costs	2 CFR § 200.467	Unallowable with exceptions

Specialized service facilities	2 CFR § 200.468	Allowable with restrictions
Student activity costs	2 CFR § 200.469	Unallowable unless specifically provided for in the federal award
Taxes (including Value Added Tax)	2 CFR § 200.470	Allowable with restrictions
Termination costs	2 CFR § 200.471	Allowable with restrictions
Training and education costs	2 CFR § 200.472	Allowable for employee development
Transportation costs	2 CFR § 200.473	Allowable with restrictions
Travel costs	2 CFR § 200.474	Allowable with restrictions
Trustees	2 CFR § 200.475	Not specifically addressed



## **Town of Stallings Eligible Project Policy for the Expenditures of American Rescue Plan Act of 2021 Coronavirus State and Local Fiscal Recovery Funds**

**WHEREAS** the Town of Stallings, has received an allocation of funds from the Coronavirus State and Local Fiscal Recovery Funds of H.R. 1319 American Rescue Plan Act of 2021 (ARP/CSLFRF); and

**WHEREAS** US Treasury is responsible for implementing ARP/CSLFRF and has enacted a Final Rule outlining eligible projects; and

**WHEREAS** the funds may be used for projects within these categories, to the extent authorized by state law.

1. Support COVID-19 public health expenditures, by funding COVID-19 mitigation and prevention efforts, medical expenses, behavioral healthcare, preventing and responding to violence, and certain public health and safety staff;
2. Address negative economic impacts caused by the public health emergency, including economic harms to households, small businesses, non-profits, impacted industries, and the public sector;
3. Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic;
4. Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and,
5. Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet; and

**WHEREAS** the ARP/CSLFRF are subject to the provisions of the federal Uniform Grant Guidance, 2 CFR Part 200 (UG), as provided in the [Assistance Listing](#); and

**WHEREAS** US Treasury has issued a [Compliance and Reporting Guidance v.3.02-1 \(February 28, November 15, 2022\)](#) dictating implementation of the ARP/CSLFRF award terms and compliance requirements; and

**WHEREAS** the Compliance and Reporting Guidance states on page 6 that

Per 2 CFR Part 200.303, your organization must develop and implement effective internal controls to ensure that funding decisions under the SLFRF award constitute eligible uses of funds, and document determinations.

**BE IT RESOLVED** that the [~~Town of Stallings~~~~Local Government Name~~] hereby adopts and enacts the following Eligibility Determination Policy for ARP/CSLFRF funds.

### Eligibility Determination Policy for American Rescue Plan Act of 2021 Coronavirus State and Local Fiscal Recovery Funds

This policy defines the permissible and prohibited uses of the Coronavirus State and Local Fiscal Recovery Funds of H.R. 1319 American Rescue Plan Act of 2021 (ARP/CSLFRF) funds. It also outlines the procedures for determining how [Local Government Name] will spend its ARP/CSLFRF funds.

#### I. PERMISSIBLE USES OF ARP/CSLFRF FUNDING

US Treasury issued its [Final Rule](#) regarding use of ARPA funds on January 6, 2022. (The Final Rule is effective as of April 1, 2022. Until that date, a local government may proceed under the regulation promulgated by US Department of the Treasury in its [Interim Final Rule](#) or the Final Rule.) The Final Rule (and the Interim Final Rule) identify permissible uses of ARP/CSLFRF funds and certain limitations and process requirements. Local governments must allocate ARP/CSLFRF funds no later than December 31, 2024 and disburse all funding no later than December 31, 2026. Failure of an entity to expend all funds by December 31, 2026 will result in forfeiture of ARPA funds.

ARP/CSLFRF funds may be used for projects within the following categories of expenditures:

1. Support COVID-19 public health expenditures, by funding COVID-19 mitigation and prevention efforts, medical expenses, behavioral healthcare, preventing and responding to violence, and certain public health and safety staff;
2. Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, non-profits, impacted industries, and the public sector;
3. Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic;
4. Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and
5. Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet; and

#### II. PROHIBITED USES OF ARPA FUNDING

The ARP/CSLFRF and US Treasury's Final Rule prohibit certain uses of ARP/CSLFRF funds. Specifically, ARP/CSLFRF funds may not be used for projects within the following categories of expenditures:

1. To make a deposit into a pension fund that constitutes an extraordinary payment of an accrued, unfunded liability (Note that routine contributions as part of a payroll obligation for an eligible project are allowed.);
2. To borrow money or make debt service payments;
3. To replenish rainy day funds or fund other financial reserves;
4. To satisfy an obligation arising from a settlement agreement, judgment, consent decree, or judicially confirmed debt restricting in a judicial, administrative, or regulatory proceeding (There is an exception to this prohibition if the settlement or judgment requires the [Local Government Name] to provide services to respond to the COVID-19 public health emergency or its negative economic impacts or to provide government services, then the costs of those otherwise ARP/CSLFRF-eligible projects are allowed.);
5. For a project that includes a term or condition that undermines efforts to stop the spread of COVID-19 or discourages compliance with recommendations and guidelines in CDC guidance for stopping the spread of COVID-19;
6. In violation of the conflict-of-interest requirements imposed by the award terms and 2 CFR 200.318(c).
7. For any expenditure that would violate other applicable federal, state, and local laws and regulations.

The ~~{Town of Stallings Local Government Name}~~, and any of its contractors or subrecipients, may not expend any ARP/CSLFRF funds for these purposes.

### III. PROCEDURES FOR PROJECT APPROVAL

The following are procedures for ARP/CSLFRF project approvals. All ~~{Town of Stallings Local Government Name}~~ employees and officials must comply with these requirements.

1. Requests for ARP/CSLFRF funding, must be made in writing and include all the following using the attached Eligibility Determination and Documentation Worksheet:
  - a. Brief description of the project
  - b. Identification of ARP/CSLFRF Expenditure Category (EC) (A list of ECs in in the Appendix to the [US Treasury Compliance and Reporting Guidance](#).)
  - c. Required justifications for applicable projects, according to the requirements in the Final Rule. Employees or any applicant seeking ARPA funding should review the [Final Rule](#) and [Final Rule Overview](#) prior to submitting a proposal.
  - d. Proposed budget, broken down by cost item, in accordance with the Town of Stallings's Allowable Cost Policy.
  - e. A project implementation plan and estimated implementation timeline (All ARP/CSLFRF funds must be fully obligated by December 31, 2024, and fully expended by December 31, 2026.)
2. Requests for funding must be submitted to the Town Manager for approval. All requests will be reviewed by the Town Clerk for ARP/CSLFRF compliance and by the Finance Officer for allowable costs and other financial review.

3. No ARP/CSLFRF may be obligated or expended before final written approval by the Town Manager and adoption and approval by Town Council.
4. If a proposal does not meet the required criteria, it will be returned to the requesting party for revision and resubmittal.
5. Following approval, employees responsible for implementing the project must conform actual obligations and expenditures to the pre-approved project budget. Changes in project budgets must be approved by the Town Manager and may require a budget amendment before proceeding. Any delay in the projected project completion date shall be communicated to the Town Manager, Town Clerk and Finance Officer immediately.
6. The Finance Officer must collect and document required information for each EC, for purposes of completing the required Project and Expenditure reports. The Town Clerk must maintain written project requests and approvals, all supporting documentation, and financial information at least until December 31, 2031.

**Questions About the Policy:** Any questions about this policy should be referred to Alex Sewell, Town Manager, [asewell@stallingsnc.org](mailto:asewell@stallingsnc.org), 704-821-8557 who is in charge of administering, enforcing, and updating this policy.

Adopted this is the 27<sup>th</sup> day of June, 2022.

Wyatt Dunn, Mayor

Attest:

Erinn Nichols, Town Clerk

Approved as to form:

Melanie Cox, Town Attorney





**CENTRALINA**  
REGIONAL COUNCIL

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**ARPA Peer Consortium Meeting**

# Revenue Replacement - Salaries & Benefits

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Required Policies, Procedures, & Worksheets

# Salaries & Benefits - Required Policies

Grant Project  
Ordinance (Board  
adopted)

Civil Rights/Non-  
Discrimination  
Policy

Record Retention  
Policy

Conflict of Interest  
Policy

Eligible Use and  
Determination  
Policy

Cost  
Principles/Allowable  
Costs Policy

Pay Classification  
Policy (existing)

Written Benefits  
Policy (existing)

# S&B- Required Procedures & Worksheets

1. Eligibility Determination Documentation Worksheet  
(one time per project, up front)
2. Allowable Cost Review (up front and ongoing)
  1. Payroll records/register (quarterly)
  2. Timesheets (quarterly)
  3. Effort Certifications (annually)

# Eligible Use Determination Policy

- Required per UG 2 CFR § 200
- Complements the Eligibility Determination Documentation Worksheet
- Lays out the eligible use of ARPA funds and how your entity tracks expenditures and eligibility



# Eligibility Determination Documentation Worksheet

- NOT A POLICY!
- Complements the Eligible Use Determination Policy
- Done for each project
- Template provided by SOG
- Completed once, up front
- Can be completed with your monitoring team in 1:1 meetings

# Cost Principles/ Allowable Costs Policy

- Required per UG 2 CFR § 200
- Complements Allowable Cost Review
  - Documentation of a general review needed (could be as simple as a spreadsheet)
- Lays out internal controls and effective monitoring to ensure compliance with the Cost Principles
- Important for building trust and accountability
- Establish review processes for cost items within each ARP-eligible project
- Addresses direct vs. indirect costs charges
- Addresses specific cost items
  - UG has 55 specific cost items, some of which are allowed, some of which are allowed with limitations, and some of which are disallowed
  - Ex: compensation is an allowable costs ONLY IF their hours are properly documented quarterly or annually through Effort Certification Forms



# Allowable Cost Review

- NOT A POLICY!
- Complements the Cost Principles/Allowable Cost Policy
- Can be as simple as a spreadsheet
- Ensures all costs covered by ARPA are documented
- Salaries & Benefits – to be done quarterly
- Effort Certifications also to be done yearly for Salaries & Benefits
- Asset purchase or water rehab projects – to be done before every invoice
- Examples shared



# Timeline to Spending ARPA Funds



Step 1

Draft your Grant Project Ordinance

Step 2

Draft the required polices

Step 3

Adopt Grant Project Ordinance with your governing board and implement required policies

Step 4

Complete Eligibility Determination Documentation Worksheet for each project

Step 5

Conduct preliminary Allowable Cost Review

Step 6

Finance: Transfer to general government approved in grant ordinance

Funds can be spent!



\*Along the way you should be retaining all records and documenting everything!\*

## American Rescue Plan Act of 2021 Coronavirus State and Local Fiscal Recover Fund Project Request and Eligibility Determination

This document is to be completed by the person or persons requesting American Rescue Plan Act of 2021 Coronavirus State and Local Government Fiscal Recovery Fund monies. The request will proceed through the [LOCAL GOVERNMENT NAME HERE]'s review process. The requestor will receive notice if the project is approved, with instructions on how to proceed.

### BASIC INFORMATION AND DESCRIPTION

Program/Project Name:	
Program/Project Description:	
Responsible Department:	
Program/Project Manager Name:	
Total Amount Requested:	
Internal Account Code(s): (assigned by Finance)	
Treasury Expenditure Category Level:	Choose an item.
Treasury Expenditure Category:	Choose an item.

### ELIGIBILITY REVIEW

Please select appropriate ARP/CSLFRF Category below and complete the required information. Note that each requested project may only be associated with one of the following categories: 1. Public Health; 2. Negative Economic Impact; 3. Premium Pay; 4. Water, Sewer, Stormwater Infrastructure; 5. Broadband; or 6. Revenue Replacement (Government Services). Please complete all information in the applicable category and attach any required additional justifications and documentation.

<b>1. <u>Public Health</u></b>		
<b>A. Enumerated Uses/ Safe Harbors (Must select one)</b>		
<input type="checkbox"/> COVID-19 mitigation & prevention*	<input type="checkbox"/> Behavioral health care*	
<input type="checkbox"/> Medical expenses*	<input type="checkbox"/> Preventing & responding to violence*	
<input type="checkbox"/> <b>Not on Enumerated List (Must complete Box B.)</b>		
<i>*See detailed list of enumerated projects in each of these categories on pages 14-16 of the <a href="#">Overview of the Final Rule</a>.</i>		
<b>B. Written Justification (Please provide detailed responses to both these questions if checked "Not on Enumerated List" in Box A)</b>		
(1) What is the specific negative public health impact or harm experienced by an individual or a class?		
(2) How does proposed project address the negative public health impact or harm?		
<b>C. Is the project reasonably designed to benefit the individual or class that experienced a public health impact or harm?</b>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>D. Is the project related and reasonably proportional to the extent and type of public health impact or harm experienced?</b>	<input type="checkbox"/> Yes	<input type="checkbox"/> No

<b>E. Does proposed project involve a capital expenditure between \$1 million and \$10 million?</b>	<input type="checkbox"/> Yes – Proceed to Box F.	<input type="checkbox"/> No – Proceed to Box G.
<b>F. Is proposed project on enumerated list in Box A?</b> <i>*Written justification must include the following elements:</i> <ul style="list-style-type: none"> <li>• Describe the harm or need to be addressed;</li> <li>• Explain why a capital expenditure is appropriate; and</li> <li>• Compare the proposed capital expenditure to at least two alternative capital expenditures and demonstrate why the proposed capital expenditure is superior.</li> </ul>	<input type="checkbox"/> Yes – Record written justification* in file, but not required in Project & Expenditure Reports	<input type="checkbox"/> No – Record written justification* in file and include in Project & Expenditure Reports
<b>G. Does the proposed project involve a capital expenditure of \$10 million or more?</b>	<input type="checkbox"/> Yes – Record written justification* for file and include in Project & Expenditure Reports	<input type="checkbox"/> No – No further action required.

## 2. Negative Economic Impact

### A. Enumerated Beneficiaries (Must select one)

*\*See detailed list of enumerated beneficiaries and income on pages 17 & 19 of the [Overview of the Final Rule](#).*

#### Beneficiaries Who Experience Negative Economic Impact from the Pandemic

- Low-moderate income households or communities
- Household that experienced unemployment
- Households that experienced increased food or housing insecurity
- Households that qualify for the Children’s Health Insurance Program, Childcare Subsidies through the Child Care Development Fund Program, or Medicaid
- When providing affordable housing programs: households that qualify for the National Housing Trust Fund and Home Investment Partnerships Program
- When providing services to address lost instructional time in K-12 schools: any student that lost access to in-person instruction for a significant period
- Small business that experienced decreased revenue or gross receipts, increased costs, financial insecurity, or other financial challenges due to the pandemic
- Nonprofit the experienced decreased revenue, increased costs, financial insecurity, or other financial challenges due to the pandemic
- Travel, tourism, hospitality industries
- Other industry that experienced at least 8% employment loss from pre-pandemic levels or is experiencing comparable or worse economic impacts as national tourism, travel, and hospitality sector
- Local government

#### Beneficiaries Who Experienced Disproportionately Negative Economic Impact from the Pandemic

- Low-income households and communities
- Households residing in a Qualified Census Tract (QCT)
- Households that qualify for Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), Free- and Reduced-Price Lunch (NSLP) and/or School Breakfast (SBP) programs, Medicare Part D Low-Income Subsidies, Supplemental Security Income (SSI), Head Start and/or Early Head Start, Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), Section 8 Vouchers, Low-Income Home Energy Assistance Program (LIHEAP), and Pell Grants. For services to address educational disparities, Treasury will recognize Title I eligible schools as disproportionately impacted and responsive services that support the school generally or support the whole school as eligible.
- Small businesses operating in a Qualified Census Tract (QCT)
- Nonprofits operating in a Qualified Census Tract (QCT)

**Not on enumerated list (Must complete Box B.)**

### B. Written Justification (Provide detailed response to this question if proposed beneficiary not on enumerated list in Box A)

Define the group/class/geographical area that experienced a negative economic impact from the COVID-19 pandemic. Be specific in defining group/class/area and in defining the negative economic impact to the group/class/area.

**C. Enumerated / Safe Harbor Projects (Must Select One)**

**Projects for Negatively Economically Impacted**

Households & Communities

- Food assistance & food banks
- Emergency housing assistance: rental assistance, mortgage assistance, utility assistance, assistance paying delinquent property taxes, counseling and legal aid to prevent eviction and homelessness & emergency programs or services for homeless individuals, including temporary residences for people experiencing homelessness
- Health insurance coverage expansion
- Benefits for surviving family members of individuals who have died from COVID-19
- Assistance to individuals who want and are available for work, including job training, public jobs programs and fairs, support for childcare and transportation to and from a jobsite or interview, incentives for newly- employed workers, subsidized employment, grants to hire underserved workers, assistance to unemployed individuals to start small businesses & development of job and workforce training centers
- Financial services for the unbanked and underbanked
- Burials, home repair & home weatherization
- Programs, devices & equipment for internet access and digital literacy, including subsidies for costs of access
- Cash assistance
- Paid sick, medical, and family leave programs
- Assistance in accessing and applying for public benefits or services
- Childcare and early learning services, home visiting programs, services for child welfare- involved families and foster youth & childcare facilities
- Assistance to address the impact of learning loss for K-12 students (e.g., high-quality tutoring, differentiated instruction)
- Programs or services to support long-term housing security: including development of affordable housing and permanent supportive housing

Small Businesses

- Loans or grants to mitigate financial hardship, such as by supporting payroll and benefits, costs to retain employees, and mortgage, rent, utility, and other operating costs
- Technical assistance, counseling, or other services to support business planning

Nonprofits

- Loans or grants to mitigate financial hardship
- Technical or in-kind assistance or other services that mitigate negative economic impacts of the pandemic

Travel, Tourism, Hospitality Industry

**Projects for Disproportionately Negatively Economically Impacted**

Households & Communities

- Pay for community health workers to help households access health & social services
- Remediation of lead paint or other lead hazards
- Primary care clinics, hospitals, integration of health services into other settings, and other investments in medical equipment & facilities designed to address health disparities
- Housing vouchers & assistance relocating to neighborhoods with higher economic opportunity
- Investments in neighborhoods to promote improved health outcomes
- Improvements to vacant and abandoned properties, including rehabilitation or maintenance, renovation, removal and remediation of environmental contaminants, demolition or deconstruction, greening/vacant lot cleanup & conversion to affordable housing
- Services to address educational disparities, including assistance to high-poverty school districts & educational and evidence-based services to address student academic, social, emotional, and mental health needs
- Schools and other educational equipment & facilities

Small Businesses

- Rehabilitation of commercial properties, storefront improvements & façade improvements
- Technical assistance, business incubators & grants for start-up or expansion costs for small businesses
- Support for microbusinesses, including financial, childcare, and transportation costs

- Aid to mitigate financial hardship, such as supporting payroll costs, lost pay and benefits for returning employees, support of operations and maintenance of existing equipment and facilities
- Technical assistance, counseling, or other services to support business planning
- COVID-19 mitigation and infection prevention measures (see section Public Health)

Local Government

- Public safety, public health, and human services salaries/benefits, to extent responding to the COVID-19 public health emergency
- Restoring pre-pandemic employment levels
- Effective service delivery

Not on enumerated list (Must proceed to Box D.)

**D. Written Justification (Provide detailed response to this question if proposed project not on enumerated list in Box C.)**

- (1) What is the specific negative economic impact or harm caused or exacerbated by the pandemic?
- (2) How does the proposed project address the impact or harm?

<b>E. Is the project reasonably designed to benefit</b> the individual or class that experienced a public health impact or harm?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>F. Is the project related and reasonably proportional</b> to the extent and type of public health impact or harm experienced?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>G. Does proposed project involve a capital expenditure between \$1 million and \$10 million?</b>	<input type="checkbox"/> Yes – Proceed to H.	<input type="checkbox"/> No – Go to Box I.
<b>H. Is proposed project on enumerated list in Box C?</b> <i>*Written justification must include the following elements:</i> <ul style="list-style-type: none"> <li>• Describe the harm or need to be addressed;</li> <li>• Explain why a capital expenditure is appropriate; and</li> <li>• Compare the proposed capital expenditure to at least two alternative capital expenditures and demonstrate why the proposed capital expenditure is superior.</li> </ul>	<input type="checkbox"/> Yes – Record written justification* for file, but not required in Project & Expenditure Reports	<input type="checkbox"/> No – Record written justification* for file and include in Project & Expenditure Reports
<b>I. Does the proposed project involve a capital expenditure of \$10 million or more?</b>	<input type="checkbox"/> Yes – Record written justification* for file and include in Project & Expenditure Reports	<input type="checkbox"/> No – No further action needed

**3. Premium Pay**

Please provide description of project and attach any necessary documentation. Must conform with requirements in 31 CFR 35.6(c). (More details on this expenditure category are available [here.](#))

**4. Water, Sewer, Stormwater Infrastructure**

Please provide description of project and attach any necessary documentation. Must conform with requirements in 31 CFR 35.6(e)(1).

**5. Broadband Infrastructure**

Please provide description of project and attach any necessary documentation. Must conform with requirements in 31 CFR 35.6(e)(2).

**6. Revenue Loss**

This portion of ARP/CSLFRF funds may be used for the provision of government services. Please provide description of project and attach any necessary documentation. Note that water, sewer, stormwater, and broadband projects may be funded in this category, without having to meet all of the criteria specified in the other categories.

**PROHIBITIONS VERIFICATION:**

By checking these boxes, the [NAME REVIEWING PERSONNEL HERE] attests that the statements are true.

- |  |   |
|--|---|
| <input type="checkbox"/> Project does not contravene the statutory purpose of ARP, including program, service, or capital expenditure that includes a term or condition that undermines efforts to stop the spread of COVID-19 | <input type="checkbox"/> Complies with all state and federal laws and local ordinance |
| <input type="checkbox"/> No Conflict of Interest   | <input type="checkbox"/> No pension fund deposit                                      |
|  | <input type="checkbox"/> No borrowings or debt service                                |
|  | <input type="checkbox"/> No financial reserves  |

**JUSTIFICATION AND LEGAL REVIEW FOR STATE AUTHORITY:**

**Program Administration Information**

Proposed Project Budget, delineated by Cost Item for Allowable Cost Review

U.G. Provisions	Cost Items	Estimated Amount	Necessary/ Reasonable	% Allocable	Required Documentation
<a href="#">200.430</a>	Compensation		Choose an item.		
<a href="#">200.431</a>	Fringe Benefits		Choose an item.		
<a href="#">200.475</a>	Travel		Choose an item.		
<a href="#">200.439</a>	Equipment & Other Capital		Choose an item.		
<a href="#">200.453</a>	Materials & Supplies		Choose an item.		
200.318 & 200.92	Contractual Services & Subawards		Choose an item.		
<a href="#">200.459</a>	Consultants / Professional Services		Choose an item.		
<a href="#">200.465</a>	Occupancy (Rent & Utilities)		Choose an item.		
<a href="#">200.471</a>	Telecommunications		Choose an item.		
<a href="#">200.473</a>	Training & Education		Choose an item.		
<a href="#">200.413 (c)</a>	Direct Administrative Costs		Choose an item.		
	Add'l Cost Item		Choose an item.		
	Total Direct Costs		Choose an item.		
<a href="#">200.414</a>	Indirect Costs		Choose an item.		
<b>Total Project Budget</b>					

Program/Project #:  
Program/Project Short Name:

### Administrative Classification

<b>Administration Type</b>	<input type="checkbox"/> In-House	<input type="checkbox"/> Contractor/Vendor	<input type="checkbox"/> Sub-Recipient/Subaward
<a href="#">If Contractor/Vendor or Sub-recipient, has this been verified using the Classification Checklist?</a>	<input type="checkbox"/> Yes	<input type="checkbox"/> No	

Program Sub-Recipient and/or Contractor List:

Name	Tax ID #	Completion of Classification Checklist?	Contractor or Sub-Recipient	DUNS #/UEI	Date checked SAM.gov
		Choose an item.	Choose an item.		
		Choose an item.	Choose an item.		
		Choose an item.	Choose an item.		

### Key Project Dates

Due Date	Task Type	Task Description	Status
	Choose an item.		Choose an item.
	Choose an item.		Choose an item.
	Choose an item.		Choose an item.

Additional Suggested Materials for Attachment (as needed):

[Equity Worksheet,](#)

Risk Assessment

Monitoring Plan

Agreements

[Project & Expenditure Report Tracking Tool](#)



## Individual Time and Effort Certification

Uniform Guidance provisions, 2 CFR 200.430(i)(1), state that charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities;
- (iv) Encompass federally-assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- (v) Comply with the established accounting policies and practices of the non-Federal entity.

Where employees are expected to work solely (100%) on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared **at least annually** and will be signed by the employee or a supervisory official having first-hand knowledge of the work performed by the employee.

Employees working on multiple activities or cost objectives, must document their work according to the distribution of their salaries or wages through monthly personnel activity reports instead of semi-annual certifications.

Organization Name:	Town of TarHeel
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Employee Name:	Jane Smith
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Position/Title:	Police Chief
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Department:	Law Enforcement
-------------	-----------------

Performance Period Start Date:	March 3, 2021	Performance Period End Date:	March 31, 2022
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CSLFRF Project Name:	Law enforcement services
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CSLFRF Project ID #:	001
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\*Employee's Signature: \_\_\_\_\_ Date Signed: \_\_\_\_\_

\* I certify that 100% of my time during the period covered by this certification was spent performing duties and responsibilities for the federally funded cost object identified above.

\*\*Supervisor's Signature: \_\_\_\_\_ Date Signed: \_\_\_\_\_

\*\* I certify that I have first-hand knowledge of the activities performed by the employee identified above and that the employee worked solely on the federally funded cost objective identified above during the period covered by this certification.



# MEMO

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To: Mayor and Council  
From: Marsha Gross, Finance Officer  
Via: Alex Sewell, Town Manager  
Date: 06-21-2022  
RE: **Audit Contract for FY2022 Audit Report**

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The Town received the contract from Potter & Company, P.A. for the FY2022 audit. The estimated audit cost included in the FY2023 budgeted is \$26,000 which is below the new contract amount \$32,000. The contract amount includes the audit and financial statement preparation, but we will have additional hourly charges for any single audits that need to be completed on grant funds in excess of \$500,000. These hourly charges are estimated to be no more than \$2,500 to \$3,000. This increase is largely due to grant requirements, GASB changes and firm inflationary costs. The amount paid for the FY2021 audit was \$21,900 but the firm's actual cost based on their bill rates was \$40,000.

We have contacted area jurisdictions and the new contract is comparable to what other firms are charging.

Potter & Company has provided a professional job on the Town's audit and we feel that it is important to use them again this fiscal year due to timing. The FY2023 budget will require a budget amendment contingent upon Town approval which will be presented at the July 2022 Council meeting if needed.

**Recommended Action:** Management is requesting the approval of the audit contract with Potter & Company P.A. for the FY2022 audit at the next Council meeting on June 27, 2022.

The - of and	Governing Board Town Council
	Primary Government Unit Town of Stallings
	Discretely Presented Component Unit (DPCU) (if applicable) n/a

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

and	Auditor Name Potter & Company, P.A.
	Auditor Address 114 N. Church Street, Monroe NC 28112

*Hereinafter referred to as Auditor*

for	Fiscal Year Ending	Audit Report Due Date
	06/30/22	10/31/22

*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). The basic financial statements shall include budgetary comparison information in a budgetary comparison statement, rather than as RSI, for the General Fund and any annually budgeted Special Revenue funds.

2. At a minimum, the Auditor shall conduct the audit and render the report in accordance with GAAS. The Auditor shall perform the audit in accordance with *Government Auditing Standards* if the Governmental Unit expended \$100,000 or more in combined Federal and State financial assistance during the reporting period. The auditor shall perform a Single Audit if required by Title 2 US Code of Federal Regulations Part 200 *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) or the State Single Audit Implementation Act. 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 in accordance with the Uniform Guidance (§200.501), it is recommended that the Auditor and Governmental Unit(s) jointly agree, in advance of the execution of this contract, which party is responsible for submission of the audit and the accompanying data collection form to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512).

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

3. If an entity is determined to be a component of another government as defined by the group audit standards, the entity's auditor shall make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.
4. This contract contemplates an unmodified opinion being rendered. If during the process of conducting the audit, the Auditor determines that it will not be possible to render an unmodified opinion on the financial statements of the unit, the Auditor shall contact the LGC Staff to discuss the circumstances leading to that conclusion as soon as is practical and before the final report is issued. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.
5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, 2018 revision, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he/she has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of the most recent peer review report to the Governmental Unit(s) and the Secretary of the LGC prior to the execution of an audit contract. Subsequent submissions of the report are required only upon report expiration or upon auditor's receipt of an updated peer review report. If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit(s) without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.

If the audit engagement is not subject to *Government Accounting Standards* or if financial statements are not prepared in accordance with U.S. generally accepted accounting principles (GAAP) and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment to this contract or in an amendment.

6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to LGC Staff within four months of fiscal year end. If it becomes necessary to amend the audit fee or the date that the audit report will be submitted to the LGC, an amended contract along with a written explanation of the change shall be submitted to the Secretary of the LGC for approval.
7. It is agreed that GAAS include a review of the Governmental Unit's (Units') systems of internal control and accounting as same relate to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor shall make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his/her findings, together with his recommendations for improvement. That written report shall include all matters defined as "significant deficiencies and material weaknesses" in AU-C 265 of the *AICPA Professional Standards (Clarified)*. The Auditor shall file a copy of that report with the Secretary of the LGC.
8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's (Units') records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.
9. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit(s) until the invoice has been approved by the Secretary of the LGC. (This also includes any progress billings.) [G.S. 159-34 and 115C-447] All invoices for Audit work shall be submitted in PDF format to the Secretary of the LGC for approval. The invoice marked 'approved' with approval date shall be returned to

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

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

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

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

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

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

15. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the

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

16. If an approved contract needs to be modified or amended for any reason, the change shall be made in writing and pre-audited if the change includes a change in audit fee (pre-audit requirement does not apply to hospitals). This amended contract shall be completed in full, including a written explanation of the change, signed and dated by all original parties to the contract. It shall then be submitted to the Secretary of the LGC for approval. No change to the audit contract shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.

17. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit(s), shall be attached to this contract, and except for fees, work, and terms not related to audit services, shall be incorporated by reference as if fully set forth herein as part of this contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract shall take precedence. Engagement letter terms that conflict with the contract are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item 30 of this contract. Engagement letters containing indemnification clauses shall not be accepted by LGC Staff.

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

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

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

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

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

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

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

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

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

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

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

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

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

29. Information based on the audited financial statements shall be submitted to the Secretary for the purpose of identifying Financial Performance Indicators and Financial Performance Indicators of Concern. See 20 NCAC 03 .0502(c)(6).

30. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted (See Item 17 for clarification).

31. The process for submitting contracts, audit reports and invoices is subject to change. Auditors and units should use the submission process and instructions in effect at the time of submission. Refer to the N.C. Department of State Treasurer website at <https://www.nctreasurer.com/state-and-local-government-finance-division/local-government-commission/submitting-your-audit>

32. 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.

33. Modifications to the language and terms contained in this contract form (LGC-205) are not allowed.



**FEEES FOR AUDIT SERVICES**

1. For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct (as applicable) and *Governmental Auditing Standards, 2018 Revision*. Refer to Item 27 of this contract for specific requirements. The following information must be provided by the Auditor; contracts presented to the LGC without this information will be not be approved.

Financial statements were prepared by:  Auditor  Governmental Unit  Third Party

If applicable: Individual at Governmental Unit designated to have the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the non-attest services and accept responsibility for the results of these services:

<b>Name:</b> Marsha Gross	<b>Title and Unit / Company:</b> Finance Officer/Town of Stallings	<b>Email Address:</b> mgross@stallingsnc.org
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OR Not Applicable  (Identification of SKE Individual not applicable for GAAS-only audit or audits with FYEs prior to June 30, 2020.)

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

3. Prior to the submission of the completed audited financial report and applicable compliance reports subject to this contract, or to an amendment to this contract (if required) the Auditor may submit interim invoices for approval for services rendered under this contract to the Secretary of the LGC, not to exceed 75% of the billings for the unit's last annual audit that was submitted to the Secretary of the LGC. Should the 75% cap provided below conflict with the cap calculated by LGC Staff based on the billings on file with the LGC, the LGC calculation prevails. All invoices for services rendered in an audit engagement as defined in 20 NCAC .0503 shall be submitted to the Commission for approval before any payment is made. Payment before approval is a violation of law. (This paragraph not applicable to contracts and invoices associated with audits of hospitals).

**PRIMARY GOVERNMENT FEES**

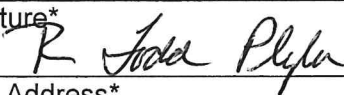
Primary Government Unit	Town of Stallings
Audit Fee	\$ 23,000
<b>Additional Fees Not Included in Audit Fee:</b>	
Fee per Major Program	\$ 225/hour
Writing Financial Statements	\$ 9,000
All Other Non-Attest Services	\$
<b>75% Cap for Interim Invoice Approval</b> <i>(not applicable to hospital contracts)</i>	\$ 16,200.00

**DPCU FEES (if applicable)**

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

**SIGNATURE PAGE**

**AUDIT FIRM**

Audit Firm* Potter & Company, P.A.	
Authorized Firm Representative (typed or printed)* R. Todd Plyler, CPA	Signature* 
Date* 06/14/22	Email Address* tplyler@gotopotter.com

**GOVERNMENTAL UNIT**

Governmental Unit* Town of Stallings	
Date Primary Government Unit Governing Board Approved Audit Contract* (G.S.159-34(a) or G.S.115C-447(a))	
Mayor/Chairperson (typed or printed)* Wyatt Dunn	Signature*
Date	Email Address wdunn@stallingsnc.org

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

**GOVERNMENTAL UNIT – PRE-AUDIT CERTIFICATE**

Required by G.S. 159-28(a1) or G.S. 115C-441(a1).  
Not applicable to hospital contracts.

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

Primary Governmental Unit Finance Officer* (typed or printed) Marsha Gross	Signature*
Date of Pre-Audit Certificate*	Email Address* mgross@stallingsnc.org

**SIGNATURE PAGE – DPCU  
(complete only if applicable)**

**DISCRETELY PRESENTED COMPONENT UNIT**

DPCU* n/a	
Date DPCU Governing Board Approved Audit Contract* (Ref: G.S. 159-34(a) or G.S. 115C-447(a))	
DPCU Chairperson (typed or printed)* n/a	Signature*
Date*	Email Address* n/a

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

**DPCU – PRE-AUDIT CERTIFICATE**

Required by G.S. 159-28(a1) or G.S. 115C-441(a1).  
Not applicable to hospital contracts.

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

DPCU Finance Officer (typed or printed)* n/a	Signature*
Date of Pre-Audit Certificate*	Email Address* n/a

Remember to print this form, and obtain all required signatures prior to submission.

**PRINT**



**POTTER & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS

June 14, 2022

Town of Stallings  
315 Stallings Road  
Stallings, North Carolina 28104

We are pleased to confirm our understanding of the services we are to provide for the Town of Stallings for the year June 30, 2022.

**Audit Scope and Objectives**

We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the disclosures, which collectively comprise the basic financial statements of the Town of Stallings as of and for the year ended June 30, 2022. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Town of Stallings' 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 the 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 Town of Stallings' RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Schedule of the Proportionate Share of the Net Pension Liability (Asset) – LGERS
3. Schedule of Contributions – LGERS
4. Schedule of Changes in Total Pension Liability – LEOSSA
5. Schedule of Total Pension Liability as a Percentage of Covered Payroll - LEOSSA

We have also been engaged to report on supplementary information other than RSI that accompanies the Town of Stallings' financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the

financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole in a separate written report accompanying our auditors' report on the financial statements.

1. Combining and Individual Fund Statements and Schedules
2. Individual fund budgetary schedules
3. Ad Valorem taxes schedules

In connection with our audit of the basic financial statements, we will read the following other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

1. Statistical Section

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditors' report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; 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. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the Town of Stallings and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that

achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste or abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or 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 an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement.

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

### **Audit Procedures – Internal Control**

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and to obtain evidence that is sufficient and appropriate

to provide a basis for our opinions. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. 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 and *Government Auditing Standards*.

### **Audit Procedures – Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Town of Stallings' compliance with provisions of applicable laws, regulations, contracts, and agreements, and grants. However, the objective of our audit 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*.

### **Other Services**

We will also assist in preparing the financial statements and related notes of the Town of Stallings in conformity with accounting principles generally accepted in the United States of America 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 statement 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.

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

### **Responsibilities of Management for the Financial Statements**

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free

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

Management is responsible for making all financial records and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). 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, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written 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 of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, or contracts or grant agreements that we report.

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



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

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

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

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request, and will locate any documents selected by us for testing.

We will provide copies of our reports to the Town of Stallings; 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 Potter & Company, P.A. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the Local Fiscal Management or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Potter & Company, 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 date or for any additional period requested by an oversight agency. If we are aware that a federal or state awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Todd Plyler is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. We expect to begin our audit in July 2022 and issue our reports no later than October 31, 2022.

The fee estimate is based upon anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee

estimate before we incur the additional costs. Our invoices for these fees will be submitted to the Local Government Commission as work progresses and will be payable upon approval by the Commission.

## Reporting

We will issue a written report upon completion of our audit of the Town of Stallings' financial statements. Our report will be addressed to the town council of the Town of Stallings. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditors' report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

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

We appreciate the opportunity to be of service to the Town of Stallings 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.

Sincerely,



Potter & Company, P.A.  
Certified Public Accountants

RESPONSE:

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

Management Signature: \_\_\_\_\_

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

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

Governance Signature: \_\_\_\_\_

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

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



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

To: The Owners of Potter & Company, P.A. and the Peer Review Committee of the North Carolina Association of Certified Public Accountants

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

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

### Firm's Responsibility

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

### Peer Reviewer's Responsibility

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

### Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act and audits of employee benefit plans. As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.



**DMJ & Co., PLLC**

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Member of CPAmerica, Inc.

## Opinion

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

Handwritten signature in cursive script that reads "DMG & Co., PLLC".

Certified Public Accountants  
Greensboro, North Carolina

June 27, 2019



# MEMO

To: **Mayor and Town Council**  
Via: Alex Sewell, Town Manager  
From: Bo Conerly, P.E. CFM, Interim Town Engineer  
Date: June 22, 2022  
RE: Town of Stallings Pavement Maintenance: 2022-2023 Budget Year

**Purpose:**

This memorandum provides background information on the Town of Stallings Pavement Management process, the approach to selecting the location and type of maintenance activities to occur in the 2022-2023 budget year, and the list of roadway segments to receive improvements in the 2022-2023 budget year.

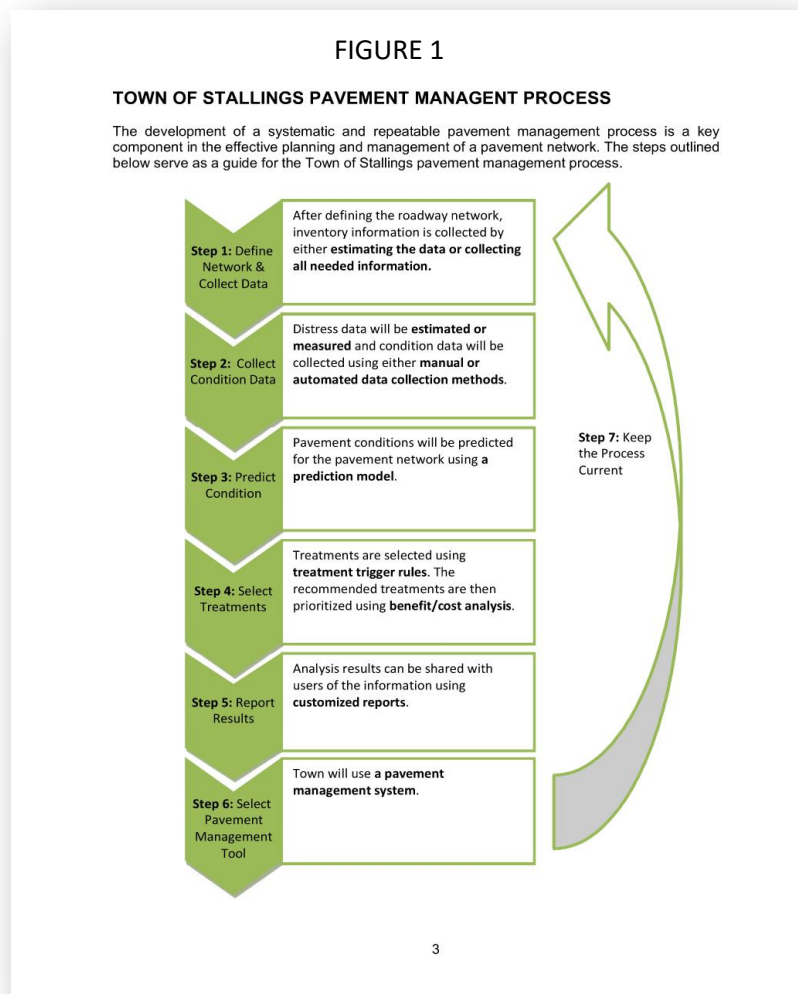
**Background:**

On September 27, 2021, the Engineering Department presented to the Town Council a proposed approach for the management of the Town's pavement maintenance activities. Pavement management was defined as:

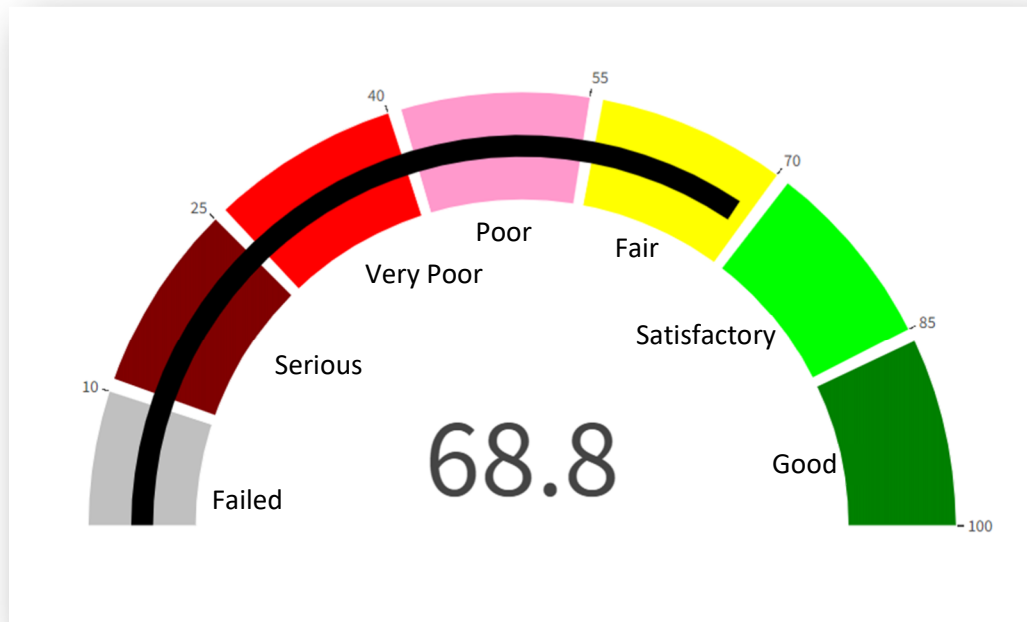
*A systematic method for routinely collecting, storing, and retrieving the kind of decision-making information needed to make maximum use of limited maintenance (and construction) dollars.*

The systematic method that was presented to the Town Council consisted of the steps shown in **FIGURE 1**.

The Town Council approved the approach that was presented, and the Engineering Department proceeded with the implementation of the pavement management process. Provided below is a summary of the process steps that have been completed to date:



1. Step 1 – Define Network and Collect Data: The Town’s roadway network was already defined prior to the September 27, 2022 meeting. The Town Planning and Engineering Department update the roadway inventory regularly to comply with the reporting requirements of the Powell Bill.
2. Step 2 – Collect Condition Data: The Town contracted with Kimley-Horn in the fall of 2021 to conduct a condition assessment of all roadways that are owned and maintained by the Town. Kimley-Horn worked with Town staff to collect data in the field and develop a Pavement Condition Index (PCI) value for each pavement segment. This step was completed in January of 2022 and the average PCI value for the Town’s roadway network is **68.8** which is below the goal average value of **70.0**.



3. Step 3 – Predict Future Condition: The Kimley-Horn Database for Roadway Inventory Visualization and Evaluation (DRIVE) software was used to predict the future condition of each roadway segment along with the timing of maintenance, the type of maintenance, and the estimated cost for each maintenance activity.
4. Step 4 – Select Treatments: A cost/benefit analysis was conducted through the use of the DRIVE software and a proposed treatment activity was selected for each pavement segment.
5. Step 5 – Report Results: Based on the analyses conducted through Step 4 and the approved 2022-2023 pavement maintenance budget, a report was generated that identified the roadway segments, proposed treatments, and anticipated costs for the 2022-2023 maintenance cycle. A report was also generated that identified the maintenance activities for the next five (5) years assuming the same budget is available for each year.

After completing step no. 5, the Engineering Department reviewed the proposed project segments and treatment options and made adjustments based on field observations and network connectivity. The final list that was prepared using an objective procedure and refined based on engineering judgment is included with this memo.

**Recommendation:** Staff seeks Council approval to move forward with the advertising of the 2022-2023 Town of Stallings Pavement Maintenance project for the pavement segments presented with this memo. Once the bids come in, the final roadway list (if updated based on the bid procedure) will be presented to the Town Council along with the recommendation to award the bid to the lowest qualified bidder.





**2022-2023 STALLING PAVEMENT MAINTENANCE  
PROJECT LIST**

NO.	NEIGHBORHOOD	STREET SEGMENT NAME	FROM	TO	AADT	SEGMENT LENGTH	PCI INDEX	TREATMENT
1	Brookfield	VICKIE LN	Matthews Indian Trail Rd.	Greenbrier Dr.	250	1277	46.9	Minor Rehabilitation
2	Buckingham	CASTLEMAINE DR	Colchester Ln.	Derbyshire Ln	500	469	19.9	Major Reconstruction
3	Callonwood	SARANDON DR	Clairborne Ct	Clairborne Ct	500	PATCH	77.9	Patch
4	Callonwood	SARANDON DR	Clairborne Ct	Clairborne Ct	500	279	77.9	Routine Maintenance
5	Callonwood	TABARD LN	Stonedown Ln	Drummond Ln	250	382	60.9	Preventive Maintenance
6	Chestnut Oaks	BUNGALOW DRIVE	Cedar Point Ave	Ivy Brook Pl	100	295	76.9	Routine Maintenance
7	Country Woods East	HAWTHORNE DR	Pecan Dr	Aspen Ln	300	147.5	76.9	Major Reconstruction
8	Country Woods East	HAWTHORNE DR	Pecan Dr	Aspen Ln	300	258	76.9	Routine Maintenance
9	Country Woods East	HAWTHORNE DR	Juniper Ct	Birch Ct	1200	870	61.9	Preventive Maintenance
10	Country Woods East	REDWOOD DR	Beech Ct	Cyprus Ct	700	924	47.9	Minor Rehabilitation
11	Country Woods East	REDWOOD DR	Lawyers Rd.	Beech Ct	700	316	42.9	Minor Rehabilitation
12	Country Woods East	REDWOOD DR	Cypus Ct	Hemlock Dr	700	1958	60.9	Preventive Maintenance
13	Curry Place	CURRY WAY	Wanda Dr	Wanda Dr	250	PATCH	60.9	Patch
14	Curry Place	CURRY WAY	Wanda Dr	Jody Dr	250	356	75.9	Routine Maintenance
15	Curry Place	CURRY WAY	Horizon Ct	Wanda Dr	250	462	60.9	Preventive Maintenance
16	Eastwood Forest	ANNE ST	E John St	Campus Ridge Rd	250	752	60.9	Preventive Maintenance
17	Eastwood Forest	AURORA BLVD	Woodstar Rd	Pleasant Plains Rd	350	1136	61.9	Preventive Maintenance
18	Emerald Lake	CHIP SHOT DR	Albatross Ln	Cul-de-sac	100	433	75.9	Routine Maintenance
19	Emerald Lake	DIVIT CT	Flagstick Dr	Cul-de-sac	100	145	75.9	Routine Maintenance
20	Emerald Lake	EMERALD LAKE DR	Flagstick Dr	Lawyers Rd	1700	226	47.9	Minor Rehabilitation
21	Emerald Lake	EMERALD LAKE DR	Bogey Ct	Caddy Ct	375	346	47.9	Minor Rehabilitation
22	Emerald Lake	EMERALD LAKE DR	Flagstick Dr	Caddy Ct	375	208	47.9	Major Reconstruction
23	Emerald Lake	FLAGSTICK DR	Wedge Ct	Wedge Ct	1000	PATCH	77.9	Patch
24	Emerald Lake	FLAGSTICK DR	Wedge Ct	Divit Ct	1000	270	77.9	Routine Maintenance
25	Emerald Lake	FLAGSTICK DR	Albatross Ln	Dogleg Ct	1000	776	80.9	Routine Maintenance
26	Emerald Lake	FLAGSTICK DR	Four Wood Dr	Golf View Ct	1000	613	60.9	Preventive Maintenance
27	Fairfield Plantation	BROOKGREEN TERRACE	Brownstone Ct	Brownstone Ct	NA	PATCH	NA	Patch
28	Fairfield Plantation	EDGEFIELD CT	Fairfield Dr	Woodland Ct	250	402	75.9	Routine Maintenance
29	Fairfield Plantation	GREENWAY DR	Stoney Ridge Rd	Steven Mill Rd	1000	PATCH	78.9	Patch
30	Fairfield Plantation	GREENWAY DR	Stoney Ridge Rd	Steven Mill Rd	1000	330	78.9	Routine Maintenance
31	Fairfield Plantation	LAKE DR	Fairfield Dr	Lawing Ct	250	384	75.9	Routine Maintenance
32	Fairfield Plantation	LAKE DR	Stoney Ridge Rd	Lawing Ct	250	304	75.9	Routine Maintenance
33	Fairfield Plantation	LAKE DR	Fairfield Dr	Fieldstone Dr	100	664	77.9	Routine Maintenance
34	Fairfield Plantation	OLD FARM CT	Stoney Ridge Rd	Cul-de-sac	100	115	75.9	Routine Maintenance
35	Forest Park	WHITE OAK LN	Cedarwood Ln	Cedarwood Ln	750	PATCH	NA	Patch
36	Forest Park	WHITE OAK LN	Tamarack Dr	Cupped Oak Dr	750	709	76.9	Routine Maintenance
37	Forest Park	WHITE OAK LN	Tamarack Dr	Cedarwood Ln	750	337	39.0	Major Reconstruction
38	Forest Park	WHITE OAK LN	Cedarwood Ln	Meadowbrook Dr	750	602	75.9	Routine Maintenance
39	Forest Park	WHITE OAK LN	Tamarack Dr	Cupped Oak Dr	500	709	76.9	Routine Maintenance
40	Forest Park	WHITE OAK LN	Forest Park Rd	Meadowbrook Dr	750	452	79.9	Routine Maintenance
41	Hunley Creek	HUNLEY RIDGE RD	Hunley Creek Dr	Mill House Ln	250	668	76.9	Routine Maintenance
42	Hunley Creek	HUNLEY RIDGE RD	Mill House Ln	Mill House Ln	200	1715	77.9	Routine Maintenance
43	Independence Village	CAROLYN LN	Scarlet Drive	Cul-de-sac	NA	421	76.0	Routine Maintenance
44	Independence Village	SCARLET ST	Carolyn Ln	Stallingswood Rd	100	955	77.9	Routine Maintenance
45	Independence Village	SCARLET ST	Stallings Rd.	Carolyn Ln	100	427	80.0	Routine Maintenance
46	Independence Village	STALLINGSWOOD RD	Stallings Rd.	Scarlet	100	1142	75.9	Routine Maintenance
47	Independence Village	STALLINGSWOOD RD	Scarlet	End	NA	296	83.0	Routine Maintenance



**2022-2023 STALLING PAVEMENT MAINTENANCE  
PROJECT LIST**

NO.	NEIGHBORHOOD	STREET SEGMENT NAME	FROM	TO	AADT	SEGMENT LENGTH	PCI INDEX	TREATMENT
48	Kerry Green	KERRY GREENS DR	Coatesdale Ln	Suttle Pl	1200	458	64.9	Preventive Maintenance
49	Kerry Green	WYNTREE CT	Kerry Greens Dr.	Suttle Pl	250	1534	61.9	Preventive Maintenance
50	Lakewood Knolls	LAKEWOOD DR	Sweetbriar Dr	Pleasant Plains Rd	200	947	77.9	Routine Maintenance
51	Lakewood Knolls	SWEETBRIAR DR	Old Monroe Rd	Drexel Dr	200	412	75.9	Routine Maintenance
52	Shannamara	BLARNEY COURT	948 Blarney Ct	948 Blarney Ct	NA	PATCH	NA	Patch
53	Shannamara	CAERNARFON LN	Killkenney Ct	Shannamara Dr	500	1169	60.9	Preventive Maintenance
54	Shannamara	INNISHMOOR CY	Tenby Ln	Cul-de-sac	100	219	75.9	Routine Maintenance
55	Shannamara	SHANNAMARA DR	Abergele Ln.	Strabane Dr.	200	575	46.9	Minor Rehabilitation
56	Shannamara	TULLAMORE CT	Clonmel Dr	Cul-de-sac	100	168	76.9	Routine Maintenance
57	Stallings Park	FLOWE DR	Drye Rd	Drye Rd	250	PATCH	75.9	Patch
58	Stallings Park	FLOWE DR	Smith Cir	Drye Rd	250	429	75.9	Routine Maintenance
59	Stevens Mill	MILLWRIGHT LN	Lawyers Rd.	Millbrook Ln	500	PATCH	79.9	Patch
60	Stevens Mill	MILLWRIGHT LN	Lawyers Rd.	Millbrook Ln	500	499	79.9	Routine Maintenance
61	Willowbrook	SHADY GROVE LN	Willowbrook Dr	Shadow Lake Ln	300	284	75.9	Routine Maintenance
62	Willowbrook	WILLOWBROOK DR	Bent Oak Dr	Stevens Mill Rd	600	237	45.9	Minor Rehabilitation
63	Willowbrook	WILLOWBROOK DR	Bent Oak Dr	White Locust Ct	600	447	77.9	Routine Maintenance



# MEMO

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To: **Mayor and Town Council**  
Via: Alex Sewell, Town Manager  
From: Bo Conerly, P.E. CFM, Interim Town Engineer  
Date: June 22, 2022  
RE: Town of Stallings Small Pavement Remediation Projects

---

## **Purpose:**

Each year the Town of Stallings funds a pavement maintenance project that addresses pavement repairs and treatment for longevity in specific locations identified through a prioritization process. Between these large annual pavement repair projects, the need for smaller repairs arise (i.e. potholes) that require equipment beyond what is available to the Town of Stallings Public Works Department. The purpose of this memorandum is to present an approach to addressing these smaller repairs in an expeditious manner instead of waiting until the annual pavement management project begins.

## **Challenges:**

The primary challenge with the smaller projects, such as a group of pothole repairs, is that contractors are busy with larger roadway projects and are not typically interested in investing the time required to submit formal bid documents for smaller projects. Also, getting more than one bid even through an informal bid process is often difficult.

## **Proposed Approach:**

Town policy indicates that any road construction/repair contract estimated to cost between \$20,000 and \$300,000 must follow the state's informal bidding requirements for construction contracts between \$30,000 and \$499,999. (*Town of Stallings Personnel Policy/Programs Volume II, Finance Policies, Bid Policies, Procedure, h*)3). Based on the University of North Carolina School of Government Bulletin titled *Local Government Purchasing and Contracting Update: Statutory Requirements and Local Policies*, "At least one – but preferably two or more – informal bids must be secured before the contract is awarded." Based on this, the Town can solicit bids through an informal process and can award the contract to the lowest responsive, responsible bidder even if only one (1) contractor submits a bid.

**Recommendation:** Staff seeks Council approval to move forward with the solicitation and award of bid for small pavement repair projects with a total project budget of not to exceed \$70,000 which includes a scenario where only one contractor submits a bid.



# Certificate of Sufficiency

To the Town Council of the Town of Stallings, North Carolina:

I, Erinn E. Nichols, Town Clerk, do hereby certify that I have investigated the petition for the voluntary annexation of parcel number 07099176 – Castlebridge Lane and have found as a fact that the said petition is signed by all owners of real property lying in the area described therein, in accordance with North Carolina General Statute 160A-31.

In witness whereof, I have hereunto set my hand and affixed the seal of the Town of Stallings, this the 20<sup>th</sup> day of June, 2022.

(SEAL)

---

Erinn E. Nichols, Town Clerk



## Resolution Fixing Date of Public Hearing on Question of Annexation Pursuant to N.C.G.S. 160A-31

**WHEREAS**, a petition requesting annexation of the area described herein has been received; and

**WHEREAS**, the Town of Stallings has by adopted a resolution directing the Town Clerk to investigate the sufficiency of the petition; and

**WHEREAS**, certification by the Town Clerk as to the sufficiency of the petition has been made;

**NOW, THEREFORE, BE IT RESOLVED** by the Town Council of the Town of Stallings that:

**Section 1.** The area proposed for voluntary annexation encompasses a portion of parcel number 07099176 - Castlebridge Lane and is described as follows:

**Parcel number:** 07099176; 15,652 sq. ft.

ALL THAT CERTAIN PIECE, PARCEL OR TRACT OF LAND LOCATED THEREON LYING, BEING SITUATED IN VANCE TOWNSHIP, UNION COUNTY, NORTH CAROLINA, SAID TRACT BEING LOT 84 OF MADISON RIDGE SUBDIVISION AS SHOWN IN PLAT CABINET F, FILE 349 RECORDED IN THE UNION COUNTY REGISTER OF DEEDS AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE EASTERLY MARGIN OF CASTLEBRIDGE LANE (50' PUBLIC RIGHT-OF-WAY) BEING THE COMMON CORNER OF LOT 83 AND LOT 84, MADISON RIDGE SUBDIVISION AS SHOWN IN PLAT CABINET F, FILE 349 RECORDED IN SAID REGISTRY; AND RUNS THENCE WITH THE EASTERLY MARGIN OF CASTLEBRIDGE LANE N 13-46-37 E 163.00 FEET TO A POINT ON THE SOUTHERLY MARGIN OF CAMERON COMMONS WAY (50' PUBLIC RIGHT-OF-WAY); THENCE WITH THE SOUTHERLY MARGIN OF CAMERON COMMONS WAY THE FOLLOWING TWO COURSES AND DISTANCES; 1) WITH A CURVE TO THE RIGHT HAVING A RADIUS OF 20.00 FEET, ARC LENGTH OF 31.42 FEET AND CHORD: N 58-46-37 E 28.28 FEET TO A POINT, 2) S 76-13-23 E 66.00 FEET TO A POINT BEING THE NORTHWESTERLY CORNER OF LOT 85, MADISON RIDGE SUBDIVISION AS SHOWN IN PLAT CABINET F, FILE 349 RECORDED IN SAID REGISTRY; THENCE WITH THE WESTERLY LINE OF LOT 85 S 13-46-37 W 183.00 FEET TO A POINT BEING THE SOUTHWESTERLY CORNER OF LOT 85 AND ON THE NORTHERLY LINE OF AFOREMENTIONED LOT 83; THENCE WITH THE NORTHERLY LINE OF LOT 83 N 76-13-23 W 86.00 FEET TO THE POINT AND PLACE OF BEGINNING CONTAINING 15,652 SQUARE FEET AS SHOWN IN PLAT CABINET F, FILE 349 RECORDED IN SAID REGISTRY ON NOVEMBER 17, 1998.

**Section 2.** A public hearing on the question of annexation will be held at the Town Hall at 7:00 p.m. on Monday, July 11, 2022.

**Section 3.** Notice of the public hearing shall be published in the Monroe Enquirer-Journal, a newspaper having general circulation in the Town of Stallings at least 10 days prior to the date of the public hearing.

Adopted this the 27<sup>th</sup> day of June, 2022.

---

Wyatt Dunn, Mayor

Attest:

---

Erinn E. Nichols, Town Clerk

Approved as to form:

---

Cox Law Firm, PLLC