



CASWELL COUNTY

Board of Commissioners Agenda

Regular Meeting
Historic Courthouse

September 16, 2024
6:30 p.m.

Welcome

1. Moment of Silent Prayer Chairman Jefferies
2. Pledge of Allegiance
3. PCC Presentation Antonio Foster/Dr. Senegal
4. **Public Hearing FY 26 Community Transportation Program,
Capital 5310 and Capital Call for Project Grant Applications** Melissa Williamson
5. **Public Hearing Accessory Dwelling Units Ordinance** Jason Watlington
6. **Public Comments** Chairman Jefferies

Each speaker will speak from the podium, and begin their remarks by giving their name and stating whether or not they are residents of the county. Comments will be directed to the full board. Speaker comments are limited to a maximum of three (3) minutes during the public comment period. Speakers must be courteous in their language and presentation. Personal attacks will not be tolerated. The Board of Commissioners or the Administration will not provide responses during Public Comments period or in the same meeting.

7. Recognitions

Agenda

8. **Approval of Agenda** Chairman Jefferies
9. **Approval of Consent Agenda** Chairman Jefferies
 - a. September 3, 2024 Regular Meeting Minutes

Action Items

10. ABC Board Working Capital Request Mike Reagan
11. Arts Council Mural Karen Williamson
12. FY 23 Audit Contract Date Change Scott Meszaros
13. Reclassification of Finance Director Position (Tabled until Future Date)
14. Budget Amendments Sheriff's Department (Tabled until Future Date)

County Manager Updates

Commissioner Comments

Announcements and Upcoming Events

- September 28, 2024 Bright Leaf Hoedown
- October 7, 2024 Board of Commissioners Meeting at 6:30 p.m. at the Historic Courthouse

Closed Session

To consider the qualifications, competence, performance, character, fitness, conditions of appointment, or conditions of initial employment of an individual public officer or employee or prospective public officer or employee, which is hereby acknowledged NCGS 143-318.11 (a) (6).

Adjournment

Meeting Date: September 16, 2024



AGENDA FORM

TO: Caswell County Board of Commissioners

FROM: Melissa Williamson, Deputy Co. Manager & Director

SUBJECT: Public Hearing FY 26 Community Transportation Program,
Capital 5310 and Capital Call for Project Grant Applications

BACKGROUND INFORMATION:

Caswell County Area Transportation System is required to complete the Community Transportation Grant Application, Capital 5310 and Capital Call for Project Grant Applications for FY26 by October 4, 2024.

STAFF RECOMMENDATION, IF APPLICABLE:

Melissa Williamson, Director recommends that CATS applies for these grants to support the services provided.

RECOMMENDED ACTION/MOTION:

Recommendation is for the Board of Commissioners to adopt the Section 5311 CTP Application, Capital 5310 and Capital Call for Projects Program and resolution and put to a vote to adopt the resolution.

FISCAL IMPACT:

No impact. FY26 Funding Opportunity.

ATTACHMENTS:

- Public Hearing Notice
- Public Transportation Program Resolution
- FY26 Local Share Certification for Funding

This agenda form has been reviewed by:	Initial & Date
County Manager	<i>[Signature]</i>
Finance Director	<i>Melissa A. Miller</i>
County Attorney	
Department Head (s)	<i>Melissa Williamson</i>
Clerk	9-6-24



CASWELL COUNTY
Area Transportation System

To: The Caswell County Board of Commissioners
From: Melissa Williamson, Director of CATS *MW*
Date: September 5, 2024
RE: FY 26 Community Transportation Program, Capital 5310, and Capital Call for Project Grant Applications

Caswell County Area Transportation System is required to complete the Community Transportation Grant Application and the Capital Call for Project Grant Applications for fiscal year 2025-2026 by October 4, 2024.

We are required to hold a Public Hearing on the proposed projects to allow members of the community the opportunity to comment on the transportation needs and the grant applications. The Public Hearing will be held at the Board of Commissioners meeting on September 16, 2024.

We are requesting four replacement buses, tablets for buses, office furniture in the FY 2026 Capital grant application. We are requesting Administrative funding in the 5311 CTP application.

The Capital 5310 purchase of service's objective is to provide transportation services that meet the special needs of elderly persons and person with disabilities to who mass transportation services are unavailable, insufficient or inappropriate.

We need to have a motion made by a Board member and seconded by another Board member for the adoption of the Section 5311 CTP Application and Capital Call for Projects Program and resolution and put to a vote to duly adopt the resolution. Our grant is due to PTD by October 4, 2024. Please note that if the standard language included in the Resolution provided by PTD is altered or changed in any way we will be required to submit a new Resolution. The requirement to submit a new Resolution may result in a delay in approval of our CTP grant application and funding availability.

All local matching funds required are transportation dollars. No ad valorem tax dollars are required for the operation of CATS. CATS is operating as a stand-alone enterprise fund.

Thank you for your cooperation in this matter.

UNIFIED GRANT APPLICATION

PUBLIC HEARING NOTICE

Section 5311 (ADTAP), 5310, 5339, 5307 and applicable State funding, or combination thereof.

This is to inform the public that a public hearing will be held on the proposed Caswell County Community Transportation Program Application to be submitted to the North Carolina Department of Transportation no later than October 4, 2024. The public hearing will be held on September 16, 2024 at 6:30PM before the (governing board) Caswell County Board of Commissioners at the Historic Court House located 144 Court Square, Yanceyville NC 27379.

Those interested in attending the public hearing and needing either auxiliary aids and services under the Americans with Disabilities Act (ADA) or a language translator should contact Melissa Williamson on or before September 13, 2024, at telephone number 336-694-1424 Ext 2 or via email at mwilliamson@caswellcountync.gov.

The Community Transportation Program provides assistance to coordinate existing transportation programs operating in Caswell County as well as provides transportation options and services for the communities within this service area. These services are currently provided using demand response. Services are rendered by CATS fleet.

The total estimated amount requested for the period July 1, 2025 through June 30, 2026.

NOTE: Local share amount is subject to State funding availability.

<u>Project</u>	<u>Total Amount</u>	<u>Local Share</u>
5311 Administrative	\$ 138,869.00	\$ 20,830.00 (15%)
5311 Operating	\$	\$ (50%)
Combined Capital	494,297.00	\$ 49,431.00 (10%)
5310 Capital Purchase of Service	\$ 20,000	\$ 2,000.00 (10%)
Other _____	\$	\$ (%)
Other _____	\$	\$ (%)
TOTAL PROJECT	\$ 653,166.00	\$ 72,261.00

Total Funding Request

Total Local Share

This application may be inspected at Caswell County Area Transportation System from 8:00 AM – 5:00 PM. Written comments should be directed to Melissa Williamson before September 13, 2024.

End of Notice

Note: AN ORIGINAL COPY of the published Public Hearing Notice must be attached to a signed Affidavit of Publication. **Both the Public Hearing Notice and the Affidavit of Publication** must be submitted with the grant application.

UNIFIED GRANT APPLICATION

PUBLIC TRANSPORTATION PROGRAM RESOLUTION

FY26 RESOLUTION

Section 5311 (including ADTAP), 5310, 5339, 5307 and applicable State funding, or combination thereof.

Applicant seeking permission to apply for Public Transportation Program funding, enter into agreement with the North Carolina Department of Transportation, provide the necessary assurances and the required local match.

A motion was made by (*Board Member's Name*) _____ and seconded by (*Board Member's Name or N/A, if not required*) _____ for the adoption of the following resolution, and upon being put to a vote was duly adopted.

WHEREAS, Article 2B of Chapter 136 of the North Carolina General Statutes and the Governor of North Carolina have designated the North Carolina Department of Transportation (NCDOT) as the agency responsible for administering federal and state public transportation funds; and

WHEREAS, the North Carolina Department of Transportation will apply for a grant from the US Department of Transportation, Federal Transit Administration and receives funds from the North Carolina General Assembly to provide assistance for rural public transportation projects; and

WHEREAS, the purpose of these transportation funds is to provide grant monies to local agencies for the provision of rural, small urban, and urban public transportation services consistent with the policy requirements of each funding source for planning, community and agency involvement, service design, service alternatives, training and conference participation, reporting and other requirements (drug and alcohol testing policy and program, disadvantaged business enterprise program, and fully allocated costs analysis); and

WHEREAS, the funds applied for may be Administrative, Operating, Planning, or Capital funds and will have different percentages of federal, state, and local funds.

WHEREAS, non-Community Transportation applicants may apply for funding for "purchase-of-service" projects under the Capital Purchase of Service budget, Section 5310 program.

WHEREAS, (*Legal Name of Applicant*) Caswell County hereby assures and certifies that it will provide the required local matching funds; that its staff has the technical capacity to implement and manage the project(s), prepare required reports, obtain required training, attend meetings and conferences; and agrees to comply with the federal and state statutes, regulations, executive orders, Section 5333 (b) Warranty, and all administrative requirements related to the applications made to and grants received

UNIFIED GRANT APPLICATION

from the Federal Transit Administration, as well as the provisions of Section 1001 of Title 18, U. S. C.

WHEREAS, the applicant has or will provide all annual certifications and assurances to the State of North Carolina required for the project;

NOW, THEREFORE, be it resolved that the (Authorized Official's Title)* County Manager of (Name of Applicant's Governing Body) Caswell County Board of Commissioners is hereby authorized to submit grant application (s) for federal and state funding in response to NCDOT's calls for projects, make the necessary assurances and certifications and be empowered to enter into an agreement with the NCDOT to provide rural, small urban, and urban public transportation services.

I (Certifying Official's Name)* Carla Smith (Certifying Official's Title) Clerk to the Board do hereby certify that the above is a true and correct copy of an excerpt from the minutes of a meeting of the (Name of Applicant's Governing Board) Caswell County Board of Commissioners duly held on the 16th day of September, 2024.

Signature of Certifying Official

***Note that the authorized official, certifying official, and notary public should be three separate individuals.**

*Seal Subscribed and sworn to me
(date)*

*Notary Public **

Printed Name and Address

*My commission expires
(date)*

Affix Notary Seal Here

UNIFIED GRANT APPLICATION

FY26 LOCAL SHARE CERTIFICATION FOR FUNDING

Caswell County
(Legal Name of Applicant)

Requested Funding Amounts

Project	Total Amount	Local Share**
5311 Administrative	\$ <u>138,869</u>	\$ <u>20,830</u> (15%)
5311 Operating (No State Match)	\$ _____	\$ _____ (50%)
5310 Operating (No State Match)	\$ _____	\$ _____ (50%)
Combined Capital	\$ <u>494,297</u>	\$ <u>49,431</u> (10%)
Mobility Management	\$ _____	\$ _____ (10%)
5310 Capital Purchase of Service	\$ <u>20,000</u>	\$ <u>2,000</u> (10%)
ConCPT	\$ _____	\$ _____ (50%)
Capital Cost of Contracting	\$ _____	\$ _____ (%)
Traveler's Aid	\$ _____	\$ _____ (50%)
_____	\$ _____	\$ _____ (%)
_____	\$ _____	\$ _____ (%)
_____	\$ _____	\$ _____ (%)

Funding programs covered are 5311, 5310, 5339 Bus and Bus Facilities, 5307 (Small fixed route, regional, and consolidated urban-rural systems)

TOTAL	\$ <u>653,166</u>	\$ <u>72,261</u>
	Total Funding Requests	Total Local Share

****NOTE: Applicants should be prepared for the entire Local Share amount in the event State funding is not available.**

The Local Share is available from the following sources:

Source of Funds	Apply to Grant	Amount
<u>Enterprise Funds</u>	<u>5311 Admin</u>	\$ <u>20,830.00</u>
<u>Enterprise Funds</u>	<u>Combined Capital</u>	\$ <u>49,431.00</u>
<u>ROAP E&D</u>	<u>5310 Purchase of Service</u>	\$ <u>2,000.00</u>
_____	_____	\$ _____
_____	_____	\$ _____
TOTAL		\$ <u>72,261.00</u>

**** Fare box revenue is not an applicable source for local share funding**

UNIFIED GRANT APPLICATION

I, the undersigned representing (*Legal Name of Applicant*) **Caswell County** do hereby certify to the North Carolina Department of Transportation, that the required local funds for the FY2025 Community Transportation Program and 5307 Governors Apportionment will be available as of **July 1, 2025**, which has a period of performance of July 1, 2025 – June 30, 2026.

Signature of Authorized Official

Scott Meszaros

Type Name and Title of Authorized Official

September 16, 2024

Date



AGENDA FORM

TO: Caswell County Board of Commissioners

FROM: Jason Watlington, Caswell County Planning Director

SUBJECT: Proposed NEW Accessory Dwelling Unit Ordinance

BACKGROUND INFORMATION:

The State of North Carolina has passed a bill to allow more affordable options for housing. This bill mandates all county's and municipalities to allow this type of housing. This bill that you will read about in the following, offers the state's recommendations, however allows each county to apply additional rules and modify to allow the ordinance to adhere to it's existing zoning rules and regulations.

RECOMMENDED ACTION/MOTION:

Recommendation is for the Board of Commissioners to consider to approve

FISCAL IMPACT:

NA

ATTACHMENTS:

- Introduction to Accessory Dwelling Units (ADU's)
- House Bill 409
- Article, ADU's in North Carolina
- New Ordinance

This agenda form has been reviewed by:	Initial & Date
Town Manager	
Finance Director	
Town Attorney	
Department Head (s)	
Town Clerk	

INTRODUCTION TO ACCESSORY DWELLING UNIT (ADU)

On October 1, 2023 State Legislation, in an effort to promote diversity in housing options, passed House Bill 409 that required all local governments to allow the addition of an ADU, Accessory Dwelling Unit to be built or placed along side of a primary dwelling. The bill explicitly prohibits local authorities from imposing traditional zoning or ordinance constraints or requirements. Local governments must permit the establishment of at least one ADU per lot.

An ADU can be attached or detached from the primary dwelling. For the purpose of this ordinance, we will be regulating detached ADU's. The ADU must have a bedroom, bathroom, and kitchen. The ADU must comply with the NC Residential Building Code and the Fire Prevention Code. Local governments are allowed however to set certain standards. Through researching other NC counties one of the more common standards is the construction type and size. The bill states that the ADU must be less square feet than the primary dwelling, therefore we can specifically set a minimum and maximum square footage.

The bill does not suggest any particular construction type other than it must comply with the Building and Fire Code.

Other conditions of the bill include:

- May be connected to the primary dwelling's well, septic, and power, if the existing is adequate.
- May be used as rental
- Only 1 ADU per dwelling

The Planning Board has set the county's requirements to include:

Beside each rule you will see how our proposed rules relate to the State's rules

"CASWELL" suggest a Planning Board Rule

"SAME" suggest where the ordinance follows State Rule

- Construction Type – State does not regulate
 - Stick Built
 - Modular
 - Off Site stick built
 - Must have Engineer Stamp
 - Interior must be unfinished
- Maximum 800 square feet – CASWELL, State suggest 75% of the primary dwellings heated square feet
- Only 1 ADU per lot - SAME
- Property owner must own both, however may rent out - SAME
- ADU can be sold however must be removed from the property. -CASWELL
- 1 Acre minimum site however must have 1 Acre plus 30,000 square feet if a new septic is required (1.75 Acres) - CASWELL
- Minimum 10' from primary dwelling and placed behind the front building line of primary dwelling. - CASWELL
- Must be on a permanent foundation. - CASWELL
- Comply with county setbacks. - SAME
- Shall not be an RV, includes Park Models. - CASWELL
- For ADU's in the HYCO Lake Zoning District, the ADU would be required to have a special use permit with supplemental regulations. Currently Garage Apartments fall under this requirement - CASWELL
- This Ordinance shall not take precedent over subdivision restrictive covenants or homeowner's association guidelines. – SAME

PART IX ACCESSORY DWELLING UNIT (ADU)

SECTION 9.81. PURPOSE

The purpose of this section is to regulate and guide the development of an accessory dwelling unit (ADU) in order to promote the public health, safety, and general welfare of the citizens of Caswell County. More specifically these regulations shall ensure safety, adequate spacing, setbacks, utilities, density, and housing type.

SECTION 9.82. APPLICATION AND REGULATIONS

Accessory Dwelling Units can be attached to the homes as an addition or garage apartment or they can be detached from the primary dwelling, located on the same lot as the primary dwelling. The following rules apply;

9.82.1. The following are allowed to be used as an accessory dwelling unit/guesthouse

9.82.1.1. A site-built structure, an engineered off-site built structure that is delivered as open construction, meaning no finished interior walls, or modular home. All shall meet all applicable sections of the NC Residential Building Code.

9.82.1.2. Shall not be a mobile home or recreational vehicle (RV)

9.82.2. The accessory dwelling unit must be on a permanent foundation

9.82.2.1. The foundation or skirting must follow existing ordinance requirements

9.82.3. The gross floor area of the accessory dwelling shall be no less than 450 square feet and not greater than 800 square feet.

9.82.4. Only one (1) accessory dwelling unit per single lot.

9.82.5. Property owner must own both the primary dwelling and the accessory dwelling and reside in one of the dwellings. Owner may rent either dwelling.

9.82.6. Must comply with all Building Codes and Environmental Health Services requirements for on-site wastewater disposal and well regulations or be served by public water and sewer utilities.

9.82.6.1. May be served by existing utilities from the primary dwelling if these utilities have adequate capacity.

9.82.6.2. Must comply with the county's 1 acre minimum lot size. If the ADU requires it's own septic system, on a lot less than 2 acres, the multi-family housing rule will apply. An additional 30,000 square feet will be required to accommodate an additional septic field.

9.82.7. Shall be a minimum of 10' from primary dwelling unit.

9.82.8. Must comply with the existing setback rules.

9.82.9. Cannot be sold apart from the primary dwelling unless the ADU is removed from the site.

9.82.10. May share the driveway and parking of primary dwelling.

9.82.11. Must be sited behind the plane of the front façade of primary dwelling.

9.82.12. This ordinance shall not take precedent over subdivision restrictive covenants or homeowner's association guidelines.

9.82.13. Accessory Dwelling Units in the HYCO Lake Zoning District must conform to Article 5.

9.82.14. Accessory Dwelling Units are not allowed on properties located in a historic preservation district nor on properties designated as a National Historic Landmark.

DEFINITION (to be placed in Appendix A)

Accessory Dwelling Unit

Self-contained home that is attached or detached from the primary dwelling and located on the same lot as the principle dwelling, consisting of a bathroom, kitchen, and one bedroom.

Planning Board Consistency Statement for Accessory Dwelling Unit (ADU Proposed Ordinance)

Pursuant to NC General Statute 160D-604(d), the Caswell County Planning Board finds that the attached proposed ordinance to Article 9 of the UDO is consistent with the existing regulations because it requires similar setback distances and minimum lot requirements. This ordinance also somewhat adheres to the State Fire Marshalls Office on allowed construction types for a permanent residence. Furthermore this particular residential housing option is mandated by the State of North Carolina effective October 2023, per House Bill 409.



HOUSE BILL 409: Regulation of Accessory Dwelling Units.

2023-2024 General Assembly

Committee:		Date:	April 25, 2023
Introduced by:	Reps. Winslow, Alston, Tyson, G. Brown	Prepared by:	Billy Godwin and Erika Churchill,
Analysis of:	Third Edition		Staff Attorneys

OVERVIEW: House Bill 409 would require local governments to allow at least one accessory dwelling (ADU) unit for each single-family detached dwelling in areas zoned for residential use.

[As introduced, this bill was identical to S374, as introduced by Sens. Moffitt, Mayfield, which is currently in Senate Rules and Operations of the Senate.]

CURRENT LAW: Local governments are required to consider temporary family health care structures as a permitted accessory use under local zoning regulations. The structure must be used to provide care for and be occupied by a mentally or physically impaired person under the care of a family caregiver. The structure must also be assembled off-site, be less than 300 square feet, comply with the State Building Code, and not be placed on a permanent foundation. Placement of the structure does not require a special use permit nor is it subject to any other zoning requirements beyond those imposed by the local government on other authorized accessory use structures except those enumerated above. The setback requirements are the same as for the primary structure and it may be required to connect to public utilities. The structure must be removed within 60 days of the date in which the mentally or physically impaired person is no longer receiving or in need of the caregiver's assistance. G.S. 160D-915.

BILL ANALYSIS: House Bill 409 would require local governments to allow at least one ADU for each single-family detached dwelling in areas zoned for single-family residential use. An ADU would be defined as an attached or detached residential structure that is used in connection with or that is accessory to a primary single family detached dwelling and that has less total square footage than the primary single family detached dwelling. The ADU would have conform to the Residential Building Code for One- and Two-Family Dwellings and could be built or sited before, during, or after the primary dwelling has been constructed. In the permitting of ADUs, local governments would be prohibited from:

- (1) Requiring owner-occupancy of the ADU.
- (2) Requiring placement in a conditional zoning district.
- (3) Establishing minimum parking requirements or other ADU parking restrictions.
- (4) Prohibiting ADU connection to the primary dwelling unit's existing utilities, unless capacity is insufficient to serve both dwellings.
- (5) Charging fees greater than those charged for single-family detached dwellings.

The local government could require the ADU to meet a setback that is the lesser of either 10 feet or the setback required for lots in the same zoning classification.

Jeffrey Hudson
Director



Legislative Analysis
Division
919-733-2578

House Bill 409

Page 2

The requirement to allow ADU's would not apply to any of the following:

- The validity or enforceability of private covenants or other contractual agreements among property owners related to dwelling type restrictions.
- Properties located in a historic preservation district.
- Properties designated as a National Historic Landmark by the United States Department of Labor.

Authority of the local government to adopt and enforce environmental regulations under State and federal law would not be impaired nor would the validity or enforceability of private restrictive covenants.

Local governments would be required to conform their development regulations and comprehensive plans by October 1, 2023.

EFFECTIVE DATE: The act would be effective October 1, 2023, and apply to applications for accessory dwelling unit permits submitted on or after that date.



ADUs in North Carolina:

Examining the Proposed Legislation & Its Implications

By Lea Henry & Dr. Stephen Sills

Proposed legislation in North Carolina, Senate Bill 374, aims to allow the construction of ADUs by right in residential zones with minimal requirements, such as complying with building codes and not imposing restrictions on owner-occupancy or parking.

Accessory Dwelling Units (ADU's) are a form of housing that has existed for many years and has recently gained increasing attention due to the scarcity of affordable

housing in the United States and the state of North Carolina. ADU's have potential to provide rental units for less than the new construction multifamily market; additional income and asset building for homeowners; and a way to accommodate multiple generations and caregiving for an aging population on the same property.

An Accessory Dwelling Unit (ADU), also known as a secondary suite, granny flat, or in-law suite, is a smaller, independent residential dwelling unit located on the same lot as a stand-alone (i.e., detached) single-family home. ADUs can be converted portions of existing homes (such as an attic or basement), additions to new or existing homes, or separate structures, such as guesthouses or converted garages. ADUs are often used for housing family members (hence the names "granny flat" or "in-law suite"), or they may be rented out for extra income.

ADUs provide a flexible form of housing, as they can be used to accommodate changing family needs or generate a rental income stream. They are also considered a form of sustainable urban development because they can provide additional housing without the need for new infrastructure or further land development. However, there can be restrictions and regulations surrounding ADUs, such as zoning laws, building codes, and homeowners association rules, which vary by location.

Opponents of ADUs worry about increased construction in residential areas and its potential to disrupt neighborhoods. They also express concerns about local governments losing control over regulations that have been put in place to address traffic, safety, and other concerns. There is also a concern about the potential for properties to be turned into short-term rental homes, which could exacerbate housing affordability issues.

The National Institute of Minority Economic Development supports the development and equitable financing of accessory Dwelling Units to increase the supply of affordable and mid-priced rental housing and provide wealth-building opportunities for homeowners.

North Carolina Context

Many North Carolina cities have passed or are considering ADU rules and have created a regulatory framework for them in the last two decades. Changes are often accompanied by specific guidelines and restrictions related to things like the size of the unit, parking, owner occupancy, and so forth. The vast majority of ADU's created have been in Charlotte, Raleigh and Durham. A few cities in North Carolina that have regulations concerning ADUs including:

- Asheville: The city allows for both attached and detached ADUs, subject to certain requirements.
- Durham: Durham also allows ADUs, subject to certain restrictions.
- Charlotte: Accessory dwelling units are permitted under the city's Unified Development Ordinance, which was adopted in 2021, with restrictions.

- Raleigh: Raleigh also allows ADUs in certain zoning districts with some restrictions.
- Chapel Hill: ADUs are permitted with some restrictions.
- Greensboro: The land development code permits internal, attached, and detached accessory dwelling units (ADUs) by right in all residential districts, subject to use-specific standards.
- Carrboro: Carrboro has regulations permitting ADUs in certain zoning districts.
- Winston-Salem: The city permits ADUs in some residential districts with certain conditions.
- Wilmington: This city also allows for ADUs under specific zoning conditions.
- Fayetteville: Fayetteville allows ADUs and has recently loosened restrictions.
- Rocky Mount: Allows both ADU's and tiny homes with restrictions.

NC Senate Bill 374

Senate Bill 374 (=H409) Regulation of Accessory Dwelling Units is currently working through the legislative process of the 2023 North Carolina General Assembly. It would allow the construction of ADU's by right in any location that allows single family or duplex residential structures, with minimal requirements beyond what local building codes require for any single residential structure. If enacted by the state legislature, the new law will take effect on October 2023. Key points from the proposed legislation include:

ACCORDING TO A REPORT BY AARP, APPROXIMATELY 1.5 MILLION HOUSEHOLDS IN THE UNITED STATES HAVE ACCESSORY DWELLING UNITS.

- Local governments must allow the development of at least one ADU, which complies with the North Carolina Residential Code for One- and Two-Family Dwellings, for each single-family detached dwelling in residential zones.
- Local governments cannot require owner-occupancy of the ADU, placement in a conditional zoning district, or establish minimum parking requirements or restrictions.
- Local governments cannot prohibit connecting the ADU to existing utilities systems serving the primary single-family detached dwelling unit, provided there is capacity to serve both dwellings.
- Local governments cannot charge fees for permitting an ADU that exceed those for a similar single-family detached dwelling.
- Local governments may set a setback minimum for ADUs of 10 feet or the general setback minimum in the same zoning classification, whichever is less.
- Except as otherwise provided in this bill, local governments can regulate.
- This legislation does not apply to private covenants or agreements among property owners, properties located in historic preservation districts, or properties designated as a National Historic Landmark.
- This legislation defines an ADU as an attached or detached residential structure that is used in connection with a primary single-family detached dwelling and has less total square footage.
- The legislation becomes effective on October 1, 2023, and applies to applications for ADU permits submitted on or after that date.

Local governments must adopt development regulations and amend their comprehensive plan to implement the provisions in this act no later than October 1, 2023 if passed.



ADU Pros	ADU Cons
Allows extended families to be physically close	Can be difficult to finance affordably
Accommodates caregiving	Wealthier communities and covenant-protected communities frequently don't allow them
Allows homeowners to increase income/build wealth	Construction can be expensive on a square-foot basis
Provides rental options where there currently are none	May lead to increased pressure on street parking where off-street is not available
Requires less land clearing and new infrastructure than greenfield development	May hasten transition from majority homeowner to majority renter neighborhoods

These self-contained, smaller living units on the property of a single-family home have become particularly relevant in regions like North Carolina, where land use restrictions and fast-growing populations pose a challenge. However, while there are multiple potential benefits of ADUs, there are also potential drawbacks and unresolved policy questions that need to be addressed.

ADUs present an array of benefits, especially in accommodating diverse housing needs and facilitating sustainability. ADUs enable extended families to live close to each other, promoting intergenerational interaction and providing a valuable option for caring for aging relatives or adult children seeking independence.

ADUs can also increase homeowners' income and wealth-building opportunities by providing rental options. A 2018 study by Freddie Mac estimated that ADUs comprise 1.4% of the nation's housing stock, thus contributing to affordable housing. In North Carolina, where the median advertised rents just hit \$1,925 per month (Zillow, May 2023), ADUs can provide cost-effective alternatives for renters and supplemental income for homeowners.

Moreover, ADUs are a form of infill development, reducing the need for land clearing and new infrastructure. In North Carolina, a state with vast rural areas and valuable ecological assets, this could help conserve environmental resources and protect biodiversity.

Despite the numerous benefits, ADUs are not without challenges. Financing the construction of an ADU can be difficult and expensive due to their high per-square-foot costs. A lack of industry standards for appraising and financing properties with ADUs further complicates this issue. These hurdles may pose particular problems in North Carolina, where the median household income is \$60,516, slightly below the national median.

Furthermore, zoning regulations and covenant-protected communities often resist ADU integration, hindering their potential for addressing housing needs. In wealthier neighborhoods in cities like

Charlotte or Raleigh, such restrictions could perpetuate socioeconomic segregation.

ADUs might also lead to an increased pressure on street parking and transition neighborhoods from homeowner majority to renter majority. These changes could potentially disrupt the neighborhood dynamics and contribute to increased transience, particularly if ADUs are used primarily for short-term rentals.

Various policy solutions could be implemented to facilitate ADU integration. Waiving permitting and infrastructure system connection fees would incentivize developers, and allowing larger units would enhance their livability and rental potential.

However, it is also essential to reconsider owner-occupancy requirements. While these may be intended to maintain neighborhood character, they limit rental unit availability and impede wealth-building opportunities for small property owners.

Significant questions remain to be addressed. The implications for fair housing need clarification: are homeowners, for instance, permitted to discriminate when choosing who can rent their ADU? Policies must ensure that the growth of ADUs does not undermine fair housing laws.

Moreover, to enable more homeowners to construct ADUs, new loan products or financial support mechanisms may be needed. Lastly, concerns remain over how increased ADU development will affect neighborhood stability and whether it will lead to increased short-term stays and transience.

Accessory Dwelling Units may present a multifaceted solution to housing and environmental challenges but also brings with it a series of potential drawbacks and policy conundrums. As North Carolina and other states explore the potential of ADUs, they must continue to examine these questions and seek balanced policies that maximize their benefits while minimizing potential harms.

Policy Considerations:

1. Waiving permitting and infrastructure system connection fees is an attractive incentive for developers.
2. Size matters: allowing units of more than 400 square feet makes the ADU more livable and more rentable.
3. Requiring owner-occupancy in the main dwelling stifles rental unit availability and wealth-building opportunities for small property owners.
4. Owner-occupancy requirements make financing the ADU, or the purchase of a property with an ADU, more difficult and riskier.
5. There is no industry standard for appraising and financing a property with an ADU as a single-family or multifamily dwelling.
6. There is no industry standard for how ADU income or potential income is treated in underwriting. A buyer or owner may need lots of equity, lots of other income, or both, to qualify to get a loan to build an ADU.
7. Lenders want to be able to rent one or both of the units as owner in the case of a foreclosure.

Meeting Date: September 16, 2024



AGENDA FORM

TO: Scott Meszaros, County Manager

FROM: Carla Smith, County Clerk

SUBJECT: Consent Agenda

BACKGROUND INFORMATION:

Minutes reflecting decisions made by the Caswell County Board of Commissioners at their Regular Meeting held September 3, 2024.

STAFF RECOMMENDATION, IF APPLICABLE:

N/A

RECOMMENDED ACTION/MOTION:

If the Board of Commissioners so chooses:

Move to approve the Consent Agenda

FISCAL IMPACT:

None

ATTACHMENTS:

- September 3, 2024 Regular Meeting Minutes

CASWELL COUNTY BOARD OF COMMISSIONERS
MEMBERS PRESENT

September 3, 2024
OTHERS PRESENT

Jeremiah Jefferies, Chair
Finch Holt, Vice Chair
John Dickerson
Rick McVey
Frank Rose
Tim Yarbrough

Scott Meszaros, County Manager
Melissa Williamson, Deputy County Manager
Russell Johnston, County Attorney
Carla Smith, Clerk to the Board

The Board of Commissioners for the County of Caswell, North Carolina, met in a regularly scheduled meeting on Tuesday, September 3, 2024 at 6:30 pm at the Historic Courthouse.

WELCOME:

Chairman Jefferies called the meeting to order, and welcomed everyone to the Caswell County Board of Commissioners meeting on September 3, 2024. Then all paused for a moment of Silent Prayer, and the Board of Commissioners and all the guest in attendance recited the Pledge of Allegiance.

PUBLIC COMMENTS:

There were no public comments.

RECOGNITIONS:

There were no recognitions.

APPROVAL OF AGENDA:

A **motion** was made by Commissioner Yarbrough and seconded by Commissioner McVey and **carried unanimously** to approve the agenda. (Ayes: Commissioners McVey, Yarbrough, Rose, Dickerson, Holt, and Jefferies)

APPROVAL OF CONSENT AGENDA:

- a. August 15, 2024 Joint Town Meeting Minutes
- b. August 17, 2024 Closed Session Meeting Minutes
- c. August 19, 2024 Regular Meeting Minutes

A **motion** was made by Commissioner Rose and seconded by Commissioner McVey and **carried unanimously** to approve the consent agenda. (Ayes: Commissioners McVey, Yarbrough, Rose, Dickerson, Holt, and Jefferies)

DISCUSSION ITEMS:

There were no discussion items.

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ACTION ITEMS:

RECLASSIFICATION OF FINANCE DIRECTOR POSITION:

County Manager Meszaros said Mrs. Sharpe is not available tonight due to a family emergency, and neither is the Interim Finance Director due to a family issue. But this was presented and continued from the last meeting. So the updated information is the new position announcement, which was included in the packet at this time as well as the previous one. Mrs. Sharpe at the last meeting went over a little bit how she did the, as a representative for the NCACC, salary compensation and her recommendation. That is included. She wanted me to address that in the previous presentations to the Board both the Auditors and the representatives from the North Carolina Treasurers Office have emphasized the need for the county to attract and retain a qualified Finance staff. So there is a recommended action or Motion in the written presentation here for you. The fiscal impact should have no impact in the 25 budget because of the prolonged vacancy savings, the offset, and the salary increase. So with those three positions being vacant this long, it shouldn't really have an issue if you increase the position for the Finance Director. We do have currently the Accounting position is advertised. That's one of those other two vacancies in the department. I think now that... We're not fully caught up through all the audits, but I think that they could bring somebody on board and more easily get them to assist and help. She talked about that last time. So if you have any additional questions or items you'd like to address, I'll try to answer those.

Commissioner Dickerson said Mr. Meszaros, I really can't give a vote on that tonight with any kind of in depth knowledge of it. There was a security upgrade on the email. I had the I.T. gentleman fix it for me, but I haven't had a chance to look that agenda over and read any of that information. So I would respectfully ask that this Board postpone this until we have our next meeting to decide on it. I can't weigh in. County Manager Meszaros said sure. I do want to say that I have had some of you call and ask why the position is not noticed. Well it's really hard to do that without a classification or a pay range. So until we know what that is, I think our premonition is if you put a notice out with no salary attached, which a lot of folks do that in their recruitment right now, we could definitely get some qualified people that apply and come forward. But then when you get to negotiation with them, and if they're like oh I need to make \$160,000, it kind of wastes everybody's time to get to that juncture rather than to advertise it with the known amount that we're willing to pay. So I would say until you do make a decision, it's also going to probably be on hold with noticing it. Which is fine; it's been on hold a long time now.

Commissioner Yarbrough said Mr. County Manager, you have not advertised a position for the Finance Director at all. County Manager Meszaros said not at all. So we have our recommendation is to reclass it as a Chief Financial Officer, which isn't just a finance department budget person doing the finance role. It's a person overseeing all of the county grants, all of the departments, all of the operations, and kind of quantitatively overseeing the entire County fiscally like what Mrs. Sharpe is providing from the association. Commissioner Yarbrough said

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okay, that was my next question. Who is doing those duties now? She is? County Manager Meszaros said she's doing a big majority of that. We also have the Accounting Firm that's helping with some of our day-to-day, but then it's the limited staff we have doing our ongoing day-to-day of paying the bills and reconciling the checks. So that's why it's taken time to get some of the latest work with the audits done because you have the same two or three people doing all of that work. Commissioner Yarbrough said but as far as these extra duties that the CFO would have, who... Let's just take for example if Mrs. Sharpe was not here helping us out, who's responsibility is it to have do those jobs now? County Manager Meszaros said so all of the finance goes under the Finance Department Head whether you call that a Finance Director or Chief Financial Officer. And ultimately all of these personnel at the department level report to myself or directly to the Board. So the Finance position in counties generally is accountable to the manager and the board. So you don't really supervise them unless it's like an elected official, but they tend to do a lot of direct interaction with the council by recommending things for departments, overseeing the audit presentations, providing you with the budget work, and actually presenting directly to you rather than as an interface through management. Commissioner Yarbrough said so since this position has not been advertised as is or as it currently stands, we don't know if someone is interested in it at that level. County Manager Meszaros said correct. I do know that Person County went through a full cycle, and they did not get any qualified experienced applicants. So they've raised their pay to 97 to 157, and they're roughly the same operation as us. They're kind of like our twin. They have a little more finances, a little more business, but statutorily we probably have more grants and more fiscal accountability than they do. Commissioner Yarbrough said Mr. Chairman, since at least one of the Board has not been able to see the update on the CFO responsibilities, I suggest we hold off on this until our next meeting.

A **motion** was made by Commissioner Yarbrough and seconded by Commissioner McVey and **carried unanimously** to table this item until the next meeting. (Ayes: Commissioners McVey, Yarbrough, Rose, Dickerson, Holt, and Jefferies)

BUDGET AMENDMENTS:

a. LIBRARY:

County Manager Meszaros said the two items before you are both budget amendments. They're numbered number one and two since they're the first and second budget amendments being brought before you. The first one is the library fund, and the second is the Sheriff's Office. These are both within the general fund. I'll start with the library or the library fund. In order to expend funds during the year, you have to obligate that budget. So the county budget, once adopted, requires Board approval to increase any total amount in any fund that goes above budget allocation. So the first one is the library fund. They actually have an auditory, the audio books or books on tape. They had a donation of about \$65,000, and I believe they try to allocate about \$10 to \$15,000 a year to actually spend on that or that can only be used for that purpose. It was a

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private citizen, which donated this, but they did not have that included in the allocation. The other one is expenditures, and that's about \$15,000. So those can only be used for those purposes, but in order to utilize them, they have to be budgeted for.

b. SHERIFF'S DEPARTMENT:

County Manager Meszaros said then the second one is a grant. It's a Federal grant. The Sheriff's Department would use that for the schools and the two towns. That's overtime budget with an allocation of \$20,000. That was a corrected copy sent out over the weekend. I don't know if you saw that or didn't see that. There was an error in the original document that was forwarded out so that was recent. So the total on that is \$17,200 not 20, but it's a technical error. Johnna sent the wrong form so she forwarded that out again to the clerk, and we re-disseminated that. But all of these have funds so we're not doing a match. We're not needing to come up with additional monies. This is just an overall budget change with funds that are coming from outside third parties.

Commissioner Rose said I think we've got three budget amendments. We got one for the library, and two for the Sheriff's Office. County Manager Meszaros said so they're combined into one amendment. There are two items in that Sheriff's Office. Commissioner Rose said this one was on the desk when I came in. So it's three. The clerk said it's the corrected one. County Manager Meszaros said yeah the corrected one has two items in it. The clerk said that's the one that's on desk. The one that was corrected, and the one that was in the packet was not correct. County Manager Meszaros said right, but it's not numbered number three on there. I believe it's still number two.

Commissioner Rose said okay let's go back to the library. You say that money was in a donation? County Manager Meszaros said yes sir. Commissioner Rose said and they're just basically asking to use this \$15,000 from that? County Manager Meszaros said correct, and the Director is here if you wish to ask more detailed questions.

Commissioner Dickerson said so I'm having problems hearing you tonight. All this, all three budget amendments are two and one, that requires no taxpayer money. All this money is from grants that we have received. County Manager Meszaros said correct, or money that's already retained in the county accounts that we're just using to obligate in a budget amendment. That's correct sir.

Commissioner Rose said all right. That's the two budget amendments that we received in the packet. This one right here was on my desk is...County Manager Meszaros said a revision. Commissioner Rose said this one I think's going to be a little bit different. County Manager Meszaros said yes it's a correction. The first one that came out in the packet was inadvertent. It was an error in the spreadsheet. So she went back, noticed that, and sent out a correction. So that replaces the other Sheriff's Office budget amendment. I can hear a little better. Thank you. Commissioner Rose said okay. So you're saying this one replaces the one that was in the packet. County Manager Meszaros said that's my understanding. Commissioner Rose said well the one

in packet states that it is for the grant position from North Carolina Department of Public Safety. This one is a general fund, which basically states where the Sheriff's Office or where deputies from the Sheriff's Office have been working ball games, basketball games, and graduations where they been getting paid from the school. According to this in accordance with the Fair Labor Standards, this extra duty now should be paid from the county and reimburse from the town. County Manager Meszaros said that's sounds correct. Commissioner Rose said well there's a couple of issues I have with this one. One, who's going to keep up with the hours that's being worked? Who's going to track the money that's supposed to be reimburse to the county, and the other thing is when you get into, if someone's working off duty that's one thing, but if they're going to count it as hours worked, then retirement's going to change and 401K is going to change. I don't think that's been taken into consideration. County Manager Meszaros said so this is all additional overtime salary, and it goes into Munis. The Sheriff's Department works on their budget monthly, and they know how much allocation they have total. So every department head has to keep them accountable to their budgets, and it's just upping the allocation of overtime to have a different amount. So however they normally do those processes, this would just be an additional amount of funding that could be allocated towards those purposes. I don't think anybody's here from that department. Commissioner Rose said but normally in the pass what would happen is if somebody worked off duty, they got paid directly from the school system. County Manager Meszaros said I don't know how that worked. Commissioner Rose said I'm explaining it to you. When you worked off duty, you got paid from the school system. We did not get paid from the county. County Manager Meszaros said I don't have anybody from Finance. It's harder to do it that way because everything like you said social security and benefit deductions, that all is difficult because they have to do that. Commissioner Rose said I'd like to check, or I'd like to look into that one before we do anything with that just to see because I don't want to run into any issues. Mr. Attorney, you may be able to look at it as far as the Fair Labor Standards and all, especially if somebody's working off duty. I don't know how that's going to apply, but I just want to make sure that the money is being kept track of. And if it does come down to where we have to do that, I have no problem with it as long as we can track the money and the money is being reimbursed like it should be. County Manager Meszaros said I think it makes more sense to all be on one timesheet and be all in the same system. That way they don't have the problem of oh I worked 40 hours, but now I'm doing additional duty over here for overtime that I'm not being compensated at. Commissioner Rose said yeah, but that normally was paid by another entity because you were not working or you were not quote "on duty". You were doing off time work. And I think this is the first time this has ever came up. County Manager Meszaros said yeah, it's hard because if they're wearing our uniform, they're basically doing work for County representation whether we're paying them or someone else is paying them. We can we can definitely get Finance to update you on that. They've reviewed all these things so it wouldn't be before you if they haven't already signed off and approved. But we can definitely answer those questions.

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Chairman Jefferies asked if anyone else had any questions.

Commissioner Dickerson said yes. Why are these coming to us now as budget amendments and not presented at the time of the regular budget? County Manager Meszaros said because they've come up since the budget was approved. So this is new information that the Sheriff and the library have come across, and I presume with the library that you saw the funds need to be used. Library Director Patrick Fitzgerald said I'm sorry? County Manager Meszaros said I presume you saw they needed to use the funds and buy the books. Mr. Fitzgerald said yeah, we're needing to get a hold of these funds, but we did not know that we needed to separately appropriate them back into the budget. County Manager Meszaros said so when Johnna comes back, some of those things they just did carryover funds, and all of this stuff was very loosely controlled. So now that we're putting it all in tighter fiscal responsibility and tighten it all down, you got to put those separate funds, allocate them in the budget, and track them. They didn't have codes before, and as they go through, audit, and get things up to speed, that's the kind of stuff that happens when it wasn't handled in appropriate fiscal policies. Commissioner Dickerson said I'm not trying to be difficult, but you say that it's something that just came up. Haven't they always been providing security at basketball and football games? That's been going on for years. I mean that is not something that happened since we approved the budget. County Manager Meszaros said I don't know how they reimbursed that in the past. I do know there's SRO positions that the school district's supposed to match, and those grants don't all line up to what we think they should in our side of the getting the funds. That's why being up to current practices on all the audits and making sure everything is checked and balanced, it's a challenge when you come into an entity that's three or four years behind. You really don't have any clue. You look at it, and you go wow. The people who we're paying to fix all this, they're just as bewildered as you are sir. It's not a lot of fun. That's why it's challenging to find good Finance people in this market. They're going to come in and take responsibility for all this, and we're trying to get it as cleaned up as possible. But I don't have an answer to that because I don't know. The finance people would have to explain to you what the Auditors and how they came across that. Commissioner Dickerson said I'm looking forward to it.

Chairman Jefferies said something, and Commissioner McVey said we couldn't hear you, Mr. Jefferies. Chairman Jefferies said do the Board need to put this back on the agenda to give the County Manager a chance to research and come up with the answer on what we need to do? Can I get a motion that we table these two items? Commissioner Rose said I think the two that we got in the packet are self-explanatory. I mean I think that's those grant positions. This one I've got an issue with because that one's something totally different, but that's going to be up to the Board how they want to proceed. Chairman Jefferies said well give me a motion on what we need to do. The Commissioners start to chatter. Commissioner Dickerson said would it be simpler to just wait till we had the finance people here at the next meeting? Commissioner Rose said I mean I think the library and this grant position, you know the grant position has been there I think it's maybe the second or third year it's been there. So I think it's already been in there before. This

right here is the first I'm seeing of this one. The one issue I take with it is it's basically increasing the overtime line item, but it says this budget amendment is necessary to adjust the overtime line for cost to be reimbursed by the third party. How do we know that the third part is going to reimburse? That's my question.

Chairman Jefferies said I need a motion for the library if we're going to do the library.

Commissioner Yarbrough said I'm good with the library.

A **motion** was made by Commissioner Yarbrough and seconded by Commissioner McVey and **carried 4 - 2** to approve the amendment for the library. (Ayes: Commissioners McVey, Yarbrough, Rose, and Jefferies No: Commissioners Dickerson and Holt)

Chairman Jefferies said we need you to come back with the update on this for the Sheriff. We'll move forward. Thank you. County Manager Meszaros said yes sir.

ARTS COUNCIL MURAL:

Karen Williamson, from the Caswell Council for the Arts, said good evening Commissioners, and thank you for letting me speak before you for this evening. Oh goodness. I'm here before you to ask for your vote to proceed forward with the Arts Council's Mural Project. And before I go forward, I just want to acknowledge that I've got board members here from the Arts Council. I've got a representative from the Friends of the Thomas Day House, and I have representatives here from the Caswell County Historical Association. All of these people are in favor of moving forward with the mural. The proposal is to have the mural painted on the Main Street side of Co-Square, and actually before I move forward I have some handouts that I'd like to share with you all. So you'll have something to look at. On the handout that I gave you, the accomplishments that we've had thus far is that we have earned or been awarded a \$10,000 grant from the National Endowment for the Arts for the mural. We have letters of support from Senator Tom Tillis and Representative Kathy Manning. We have verbal support from Appalachian State University's Department of Hospitality and Tourism, the Caswell County Historical Association, the Caswell County Schools, the Tourism Development Authority, The Visitors Center, Caswell History Speaks, the Friends of Thomas Day in Historic Milton, the Gunn Memorial Library, North Carolina Arts Council, and Piedmont Community College. On the next page, I do want to direct your attention to this page that says the North Carolina Department of Natural and Cultural Resources. Because the building is older than 50 years and we have received Federal grant money to move forward with the mural, we had to get permission from the State Historic Preservation Office before we could move forward. This letter outlines that they have given their permission saying that it's okay for us to move forward with the process. Okay. So those are the accomplishments that we've had thus far.

So near-term goals again is to gain your approval to move forward with painting the mural, and once we get started it'll take approximately 3 to 4 weeks for us to complete. We plan to invite some students from BY High School, some art students, to help us complete that project.

Midterm goals, we will have web pages dedicated to the mural. We will host an unveiling at Co-

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Square so members of the public, family members, descendants, dignitaries, and people from the community will be invited to be there for the unveiling. Tours of Co-Square could be conducted at that time. We'll also have mural merchandise available such as postcards, self-guided tour maps, and etc. Then long-term goals: Caswell Arts, we will maintain the ownership and the maintenance of the mural for 10 years. Information will have a QR code that will go along with the mural, and that information will be updated as information becomes available. We will also collaborate with local organizations to create more murals throughout the community. So we're hoping that this is the first of many. So turn to the next page. This is just a map of Court Square. We will start on the square where you are looking at Watlington's Store. There on a guided tour someone can learn about that part of the square and Neal Watlington. Go 90degrees to the left to the brick house and have the story about Henrietta Jeffries. Going 90 degrees to the left again and you will get the story about N.L Dillard. His story being the former principal of Caswell County High School and N.L. Dillard Middle School. He was also a teacher at the Rosenwald School. Then going 90 degrees again to the left you will be at the Richmond-Miles History Museum. This is where the history of Maude Gatewood would be found. So again this is just a rudimentary sample. This mural will tell the history and provide tours. People will get to take the tour created by CCHA. The last page is a picture of the people who will be featured in this project. Again we will have the QR code that will tell the story of each of these individuals.

Chairman Jefferies said you all heard the proposal, what is the pleasure of the Board?

Commissioner Dickerson said I've got a question. I've been looking at the rendering of the mural and reading Where historic figures unified: story of our Town Square in Caswell, this seems to me to be missing something. There's no farmer on here or any mention of tobacco and the heritage that made this county what it is. Ms. Williamson said that's not what this mural is about. We are hoping again that this mural is going to tell the story of the past, and we're hoping that future murals will be done to focus on other things. I'm not saying this is a one and done. This is one of hopefully others to come. One of the conversations that I had earlier about the mural was doing it on memorials. I support that. So to answer your question, you're right. You're not going to see that on this mural, but we're hoping that there will be other murals in the future.

Commissioner Dickerson said well I can understand that you hope there'll be future murals, but you've got the money in hand to do one now. Something that important, what if we never get another opportunity to do it, and we've given a prominent place that we could have upheld the farmers that were the backbone of this county. Without them, this town square wouldn't be here. Ms. Williamson said there are other things we could look at. I'm not saying that. That is a prominent location. One location that we did look at was the other side of the Merchantile. We were not successful in procuring that location. Other properties that have brick walls we could paint murals on. I'm not saying that this is the one and done. We have to have painters and raise the funds. As long as there is someone that tells that story, we have it. Commissioner Dickerson said are you aware that one of the figures on this mural presentation is kind of controversial? Ms. Williamson said which one? Commissioner Dickerson said Miss Gatewood. Ms. Williamson

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said how is she controversial? Commissioner Dickerson said in that in one of the meetings, I was told in phone call a couple of days ago, that she insulted the farmers of this county when they were over here arguing about an issue that was important to them. They let her know that they would be voting her out of office if she did not see things the way the farming community did, and she made some disparaging comment to the effect of if the likes of them were going to turn on her and vote her out that that was a good thing. I have not had a chance to let the Clerk to the Board check into this because I got late information. But I'm going to ask that those minutes from the meetings in that era be examined because I won't support a mural with somebody like that on it, if that's true. Ms. Williamson said well I'm not aware of that. One of the reasons why we chose to include her again is because of her having the museum that is at the Municipal Building. There have been tours that have taken place here in Caswell County from people wanting to see her work, and the CCHA building right across the street, where her home is located, these are draws. These are tourism draws for people to come to Caswell County. So yes, she is a controversial figure, but I think if we focus on her art, the contribution that she has contributed to the art, and knowing that her art hangs in not only UNC Greensboro, UNC Charlotte, and the Smithsonian Institution. She's got an exhibit that is going on right now at the Blowing Rock Museum. Her art is what people are celebrating. Commissioner Dickerson said there may be a whole lot of folks that champion her, but if this is true about her, there'll be a lot of them that don't want it up there as well. Again I'm very sympathetic to the farmers of this community. I appreciate all that they have done to make Caswell what it is. Without them, we'd be in a dire situation. They still provide a lot of tax revenue that keeps this county up, and if this is true, I will not support it by disrespecting them. Ms. Williamson said if we were to find another location to highlight the farming community of Caswell County, would you support this? Commissioner Dickerson said I will not support one with her on it, if it's true what has been accused. If she is guilty of what she's been accused of, if someone can find that in minutes, I will not support a mural with her on it. Ms. Smith, after the meeting I'll talk with you about the time frame. I'd like for you to try to pull those records of that time. I know it's going to be hard because it's back in the day, but I'd like to see if I can get you to research that for me. The clerk agreed.

Ms. Williamson said does anybody else... Have I addressed, I know that not we haven't come to an agreement, but have I addressed your other concerns? Do you have any other questions for me?

Commissioner Yarbrough said Ms. Williamson, you and I had a conversation. I believe last week you had called me. Ms. Williamson said yes. Commissioner Yarbrough said and we played phone tag for a few days, but we finally got up with each other. You asked if I had any questions. I said no, but I did have a couple of concerns. I voiced those concerns to you, and one of those was that veterans were not included. You made the same statement that you made tonight about future murals. I said okay. One other comment and concern that I made to you was that, like Mr. Dickerson, agriculture and specifically tobacco was not included. Now whether or not anyone in

any of these groups is a fan or a foe of tobacco is not my concern, but you made the statement to me that the discussion was to use tobacco leaves in the background on the wall. But what I'm hearing tonight is that will not be the case. Ms. Williamson said no. We can still address that. One of the ideas that we had come up with is to have around the QR code, that we're going to have on the mural, is to have it supported, if you will, by bundles of tobacco. So that will be visually depicted in the mural, and here's another idea that I just came up with. I'll still have to talk to my board about this. We could have in the QR code... We'll have links that will again tell the story of the four individuals that are presented here, but then additionally we can have links that address the farming community, the agriculture, and the equipment that they use. So these are things that we could add or use as add-ons, and that again would be part of the tourism part and education part of when people come here and take the picture of the of the QR code. Then it just leads them to the information that they're most interested in. So that is something that we can address. Did I answer your question, Mr. Yarbrough? Commissioner Yarbrough said yes and no. I was under the impression or maybe it was my fault I may not have understood what our conversation was on the phone. Rather than tobacco being delegated to one small corner somewhere... Ms. Williamson said it's not going to be a small... Commissioner Yarbrough said but it's my understanding from you was let's just take this yellow background that you have here and that tobacco would be prominent in that background. Ms. Williamson said and again we can discuss that. I'll have to talk with the artist about that, and we can use the tobacco, if you will, the tobacco leaves. Right now I can't say for sure, but I need to bring that to my board about having that as a wallpaper, if you will. Then the images on top of the wallpaper of tobacco leaves. Commissioner Yarbrough said okay. I can live with that if you can get it, but my only other concern is like Commissioner Dickerson brought up if we have an individual there that, and whoever I don't... I'm not saying Ms. Gatewood but whoever it may be, the mural may be of if there are some controversy that's surrounding that individual, we might have to rethink that thing. Ms. Williamson said do you have a suggestion of another individual. Commissioner Yarbrough said I do no. I have zero suggestions. Zero, but if the people or persons that are depicted on the mural are possibly someone that has caused conflict in the past, having a mural of them might not be the best idea. But I don't know whether it's true or not. Tonight's the first I've heard of it, but it needs to be checked into.

Ms. Williamson said Mr. Dickerson do you have an idea of an individual? The criteria that we used was that the individuals had to have some connection to the square, and there had to be a picture of them. So that ruled out some people that we had considered, but there are no visual pictures that we could use as proof of their image being on the mural. Commissioner Dickerson said I have an idea. How about instead of singling in on any one in particular, you have one tobacco farmer from the early generation that would be representative of all the farmers that have put blood, sweat, and tears into the land of this county to make it what it is today. Ms. Williamson said and I understand where you're coming from. However, the grant money that we

have received from the NEA is specific to this, and we'd end up not doing it and having to give the money back.

Commissioner Yarborough said what kind of deadline are you looking at? I'm sure there's one attached to the grant money. Ms. Williamson said well we have until December 31st to complete the project. So time is definitely coming to... Commissioner Yarborough said and the project will take approximately how long? Ms. Williamson said well once we get started from beginning to end, it'll take between three and four weeks weather depending. Commissioner Yarborough said okay. Thank you.

Commissioner McVey said Mr. Chairman, why don't we table this for the time being until Ms. Smith has time to get this information to us. Maybe we can have this at our next meeting.

A **motion** was made by Commissioner McVey and seconded by Commissioner Dickerson and **carried unanimously** to table this until the next meeting. (Ayes: Commissioners McVey, Yarborough, Rose, Dickerson, Holt, and Jefferies)

TDA BOARD MEMBER EX-OFFICIO:

County Manager Meszaros said so the Yanceyville Town Mayor, Alvin Foster, also is the chairman of the Caswell County Economic Development Commission, and that commission has currently four ex-officio seats. That would be Piedmont Community College, Caswell County Board of Education, Caswell Cooperative Extension, and the Caswell Chamber. We've been asked to add a fifth, which would be the TDA, the Tourism Development Authority. This would be a non-voting member, and Mayor Foster is not able to be here with us this evening. He has asked all of the entities that are the appointment entities, which is Caswell County, Town of Yanceyville, and the Town of Milton who each have three members making up the nine members, are being asked to vote Yes or No to the question do you want to have an ex-officio from the TDA on the board. This would just have them there. They could come anyway, but they would be there as an ex-officio without any voting powers to participate like the other four currently do. So I know it's a simple request, but he just needs a yes or no. I'm not sure what happens if any of the entities says no, if they still do it. I'm not sure, but the bylaws for that entity would have to be looked at. So it's up to you. They, the Economic Development Commission, voted, and it was approved. It was not a unanimous approval, but it was approved at the actual Economic Development Commission.

Commissioner Dickerson said the ones that voted against it, what were their reasons. County Manager Meszaros said they didn't give any reasons. The person's not here this evening. I don't know. I guess there's nine members so we get board's too big. It's nine plus the four, or nine plus the five would be 14 members. But I think most of the board did approve to accept. So I Amanda is here if you want to ask any questions.

Chairman Jefferies asked if anyone else had any comments on this.

Commissioner Yarbrough said Mr. Meszaros, this is an ex-officio non-voting member. County Manager Meszaros said yes sir. Commissioner Yarbrough said but the member can attend the meetings regardless of whether they're on the board or not. County Manager Meszaros said correct sir, and the general public can attend. It's a public meeting so we do have citizens and people that participate and attend. They would not be a voting member. They would be listed when they do the minutes. They would put them down as being present or not, and the intent is all the other ex-officios take the information back and share it with their groups.

County Manager Meszaros said one of the TDA board is here this evening if you'd allow her to speak. Is that okay? Chairman Jefferies said come on up ma'am if you got something you can tell us.

Amanda Hodges said good evening. My name is Amanda Hodges. I'm not on the board. I am the person working for the board right now on projects. So I just wanted you to know that, but the whole reason, as I understand it, is so that there is a position on Economic Development for tourism to be represented. Tourism is a very important part of Economic Development in rural communities. In fact, it's one of the easiest things because you don't have to build anything. You don't have to do anything, but pretty much market the community. We were here earlier or a couple weeks back providing you all the annual report for the work we've been doing over the past year. So we've been pleased with the work we've done. We have to give the money back to the community, and we've given back in grants more than the amount we were supposed to. We've also built a website. So we're just trying to capture those folks that are coming through our community going to the casino or wherever and have them spend money here so our businesses can collect the taxes and be better off. That's truly an economic impact, and that's why I think it's important. It's not about the person because it won't be me. It's just about that role. If the Chamber's on there, if the Extensions on there, the school is on there, and each town has a representative. Economic Development Council, so it seems like something that does economic development should be on it. We've already gotten approval, as I understand, the Town of Yanceyville approved it, the Town of Milton approved it, and the Economic Development board approved it. Now it has to come to you all per the way the statute's written. Maybe that helps clarify. Thank you.

A **motion** was made by Commissioner McVey and seconded by Commissioner Rose and **carried unanimously** to approve the ex-officio member on the Economic Development Commission. (Ayes: Commissioners McVey, Yarbrough, Rose, Dickerson, Holt, and Jefferies)

COUNTY MANAGER UPDATES:

There were no County Manager Comments.

COMMISSIONER COMMENTS:

Commissioner Dickerson: I'd just like to say that I saw something amazing in the county earlier today. I saw a bald eagle on the side of the road off of Walters Mill Road, and that's the

September 3, 2024

first one I've seen off the water in many years around here. I thought that was an amazing testimony to the comeback they're making.

ANNOUNCEMENTS AND UPCOMING EVENTS:

- September 16, 2024 Board of Commissioners Meeting at 6:30 p.m. at the Historic Courthouse
- September 28, 2024 Bright Leaf Hoedown

CLOSED SESSION:

A motion was made at 7:22 pm by Commissioner Yarbrough and seconded by Commissioner McVey and **carried unanimously** to consider the qualifications, competence, performance, character, fitness, conditions of appointment, or conditions of initial employment of an individual public officer or employee or prospective public officer or employee, which is hereby acknowledged NCGS 143-318.11 (a) (6). (Ayes: Commissioners McVey, Yarbrough, Rose, Dickerson, Holt, and Jefferies)

ADJOURNMENT:

A **motion** was made at 8:58 pm by Commissioner Rose and seconded by Commissioner Yarbrough and **carried unanimously** to adjourn the meeting. (Ayes: Commissioners McVey, Yarbrough, Rose, Dickerson, Holt, and Jefferies)

Carla R. Smith
Clerk to the Board

Jeremiah Jefferies
Chairman

September 3, 2024



AGENDA FORM

TO: Caswell County Board of Commissioners

FROM: Scott W. Meszaros, County Manager via ABC Board

SUBJECT: ABC Board use of funds above maximum working capital

BACKGROUND INFORMATION:

Currently the ABC Board is in the process of accepting bids for remodeling the Yanceyville Store on US Highway 62. The ABC Board wants to expand the retail sales area, improve the appearance of the store, upgrade lighting, new flooring and exterior improvements to the building. The building was built in the 1960's and has had little to no improvements done to the building.

Enhancements to the facility with the completion of the Casino in Danville will likely lead to increased visitation and potential sales.

STAFF/ABC BOARD RECOMMENDATION:

ABC Board Recommend that the County Commissioners allow funds above maximum working capital to be retained and utilized for capital improvements.

RECOMMENDED ACTION/MOTION:

Move to approve allowing "ABC Board to retain and use remaining gross receipts towards capital building improvements".

FISCAL IMPACT:

Potential use of \$47,294 towards capital improvements of building.

ATTACHMENTS:

Caswell County ABC Board Letter

Caswell County ABC Board

Michael Reagan
General Manager

1133 Old Hwy 86N
Yanceyville NC, 27379
(336) 694-4851
caswellabc@gmail.com

Caswell County Commissioners
144 Court Square
Yanceyville NC, 27379

9/9/2024

Dear Caswell County Commissioners,

Upon completion of our annual audit it has been determined that the Caswell County ABC Board is \$47,294 above the maximum working capital allowed.

According to **NC GS § 18B-805** we are allowed to retain the funds with approval by the appointing authority.

NC GS § 18B-805. Distribution of revenue.

(d) Working Capital. - After making the distributions provided for in subsections (b) and (c), the local board may set aside a portion of the remaining gross receipts, within the limits set by the rules of the Commission, as cash to operate the ABC system. With the approval of the appointing authority for the board, the local board may also set aside a portion of the remaining gross receipts as a fund for specific capital improvements.

Currently the ABC Board is in the process of accepting bids/quotes for remodeling the Yanceyville store. The ABC Board wants to expand the retail sales area, improve the appearance of the store, including increased lighting, new flooring and some exterior improvements to the building. The building was built in the 1960's and have had little to no improvements. Retail sales have increased greatly in the last five (5) years. We are running out of floor and shelf space. We anticipate continued future growth with the building improvements as well as the completion of Caesar's Casino in Danville will most likely lead to increase in sales. The county as a whole is benefitted by growth since the Board of Education, County Fund and the Sheriff's Department also receive funding through our profit.

Therefore the Caswell County ABC Board is requesting the Caswell County Commissioners to give permission to retain this money for capital improvements.

Thank you for your time and consideration.

Sincerely,

Caswell County ABC Board

Michael Reagan

AGENDA FORM

Meeting Date: September 16, 2024



TO: Caswell County Board of Commissioners

FROM: Scott W. Meszaros, County Manager

SUBJECT: FY23 Audit Contract– Date Change Only

BACKGROUND INFORMATION:

The FY23 Audit Contract with Thompson, Price, Scott and Adams & Co., P.A. was approved by the Board of Commissioners on February 5, 2024. The contract included an optimistic submission date of May 31, 2024, to the North Carolina Local Government Commission (LGC). Due to unforeseen staff issues and challenges in reconciling accounts, the audit was not completed by submission date of May 31, 2024. The LGC must approve the audit contract and requires a change in the date in the date.

There is no change from the contract terms or amount approved in February, only the date.

The new not later than date has been set to February 28, 2025 so that no further amendments are needed, but all efforts are being made to complete the FY23 as soon as practical.

STAFF RECOMMENDATION, IF APPLICABLE:

The staff has reviewed the contract for appropriateness and recommends approval.

RECOMMENDED ACTION/MOTION:

The Board of Commissioners approves the contract to modify the expected submission date to Local Government Commission to be no later than to Commission to February 28, 2025.

FISCAL IMPACT:

None – the contract only changes the date.

ATTACHMENTS:

Contract to be signed by the Board Chair

The	Governing Board BOARD OF COMMISSIONERS
of	Primary Government Unit CASWELL COUNTY
and	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 THOMPSON, PRICE, SCOTT, ADAMS & CO, P.A.
	Auditor Address 1626 S MADISON ST, WHITEVILLE, NC 28472

Hereinafter referred to as Auditor

for	Fiscal Year Ending 06/30/23	Date Audit Will Be Submitted to LGC 02/28/25
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Must be within four months of FYE

hereby agree as follows:

1. The Auditor shall audit all statements and disclosures required by U.S. generally accepted auditing standards (GAAS) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit(s). The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion shall be rendered in relation to (as applicable) the governmental activities, the business- type activities, the aggregate DPCUs, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types). 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 (GAGAS)* 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, Subpart F* (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).

Effective for audits of fiscal years beginning on or after June 30, 2023, the LGC will allow auditors to consider whether a unit qualifies as a State low-risk auditee based upon federal criteria in the Uniform Guidance §200.520(a), and (b) through (e) as it applies to State awards. In addition to the federal criteria in the Uniform Guidance, audits must have been submitted timely to the LGC. If in the reporting year, or in either of the two previous years, the unit reported a Financial Performance Indicator of Concern that the audit was late, then

the report was not submitted timely for State low-risk auditee status. Please refer to "Discussion of Single Audits in North Carolina" on the LGC's website for more information.

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 Auditing 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.

For GAAS or *Government Auditing Standards* audits, if an auditor issues an AU-C §260 report, commonly referred to as "Governance Letter," LGC staff does not require the report to be submitted unless the auditor cites significant findings or issues from the audit, as defined in AU-C §260.12 - .14. This would include issues such as difficulties encountered during the audit, significant or unusual transactions, uncorrected misstatements, matters that are difficult or contentious reviewed with those charged with governance, and other significant matters. If matters identified during the audit were required to be reported as described in AU-C §260.12-.14 and were communicated in a method other than an AU-C §260 letter, the written documentation must be submitted.

8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Approval is also required for the Alternative Compliance Examination Engagement for auditing the Coronavirus State and Local Fiscal Recovery Funds expenditures as allowed by US Treasury. Approval is not required on audit 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 and/or the compliance section, 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.

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 *Government 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.

FEES 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 *Government 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:

Name:

Title and Unit / Company:

Email Address:

JOHNNA SHARPE

CONSULTANT

js@johnnasharpe.com

OR Not Applicable ☐ (Identification of SKE Individual on the LGC-205 Contract is not applicable for GAAS-only audits 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. The audit fee information included in the table below for both the Primary Government Fees and the DPCU Fees (if applicable) should be reported as a specific dollar amount of audit fees for the year under this contract. If any language other than an amount is included here, the contract will be returned to the audit form for correction.


4. 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. 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 Unit	CASWELL COUNTY
Audit Fee (financial and compliance if applicable)	\$ 74,000
Fee per Major Program (if not included above)	\$
Additional Fees Not Included Above (if applicable):	
Financial Statement Preparation (incl. notes and RSI)	\$ 6,500
All Other Non-Attest Services	\$
TOTAL AMOUNT NOT TO EXCEED	\$ 80,500


Discretely Presented Component Unit	N/A
Audit Fee (financial and compliance if applicable)	\$
Fee per Major Program (if not included above)	\$
Additional Fees Not Included Above (if applicable):	
Financial Statement Preparation (incl. notes and RSI)	\$
All Other Non-Attest Services	\$
TOTAL AMOUNT NOT TO EXCEED	\$


SIGNATURE PAGE

AUDIT FIRM

Audit Firm* THOMPSON, PRICE, SCOTT, ADAMS & CO, P.A.	
Authorized Firm Representative (typed or printed)* ALAN W. THOMPSON	Signature* 
Date* 08/19/24	Email Address* alanthompson@tpsacpas.com

GOVERNMENTAL UNIT





Governmental Unit* CASWELL COUNTY	
Date Governing Board Approved Audit Contract* (Enter date in box to right)	
Mayor/Chairperson (typed or printed)* 	Signature* 
Date 	Email Address* 

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

GOVERNMENTAL UNIT – PRE-AUDIT CERTIFICATE

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

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

Sum Obligated by This Transaction:	\$ 80,500
Primary Governmental Unit Finance Officer* (typed or printed) 	Signature* 
Date of Pre-Audit Certificate* 	Email Address* 



August 19, 2024

Caswell County
144 Court Square
PO Box 98
Yanceyville, NC 27379

To Management and Those Charged with Governance:

We are pleased to confirm our understanding of the services we are to provide Caswell County for the year ended June 30, 2023.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, including the disclosures to the financial statements, which collectively comprise the basic financial statements, of Caswell County as of and for the year ended June 30, 2023. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Caswell County's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Caswell County's 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 evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's discussion and analysis.
2. Law Enforcement Officers' Special Separation Allowance Schedule of Total Pension Liability (Asset) and Schedule of Total Pension Liability (Asset) as a Percentage of Covered-Employee Payroll
3. Schedule of Changes in the Total OPEB Liability and Related Ratios
4. Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of County Contributions – LGERS
5. Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of County Contributions – ROD

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

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

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

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditors' report that includes our opinions about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP, and 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 objective also includes reporting on-

- Internal control over financial reporting and compliance with the 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*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Auditors' Responsibilities for the Audit of the Financial Statements and Single Audit

We will conduct our audit will be conducted in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. 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 entity or to acts by management or employees acting on behalf of the entity. Because the determination of waste and 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 or noncompliance may exist and 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 or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

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

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.

Our audit of financial statements does not relieve you of your responsibilities.

Audit Procedures-Internal Controls

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

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

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

Audit Procedures-Compliance

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

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

described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of Caswell County's major programs. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on Caswell County's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Other Services

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

You agree to assume all management responsibilities relating to the financial statements, schedules of expenditures of federal and State awards, 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, schedule of expenditures of federal and State awards, and related notes and that you have reviewed and approved the financial statements, the schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, (Johnna Sharpe), who possesses 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 and Single Audit

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

You are also responsible for making drafts of the schedule of expenditures of federal awards, 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) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements; schedule of expenditures of federal and State awards; federal or State award programs; compliance with laws, regulations, contracts, and grant agreements; and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during

the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements 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 or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. You are also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review by September 1, 2024.

You are responsible for identifying all federal and State awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal and State awards (including notes and noncash assistance received, and COVID-19-related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal and State awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal and State awards. You also agree to make the audited financial statements readily available to intended users of schedules of expenditures of federal and State awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal and State awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal and State awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal and State awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles (GAAP). 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 make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with 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 studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information. With regard to publishing the financial statements on your website, you understand that websites are a means of distributing information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information on the website with the original document.

Engagement Administration, Fees, and Other

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing. We will schedule the engagement based in part on deadlines, working conditions, and the availability of your key personnel. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If for whatever reason your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate.

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

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

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

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

Alan Thompson 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 by approximately September 1, 2024, and to issue our reports no later than February 28, 2025. Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, should not exceed \$80,500. Also, any excessive additional fees incurred in obtaining required audit evidence (i.e., bank confirmations) will be billed directly to the Board. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the

date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit.

If additional programs are required to be tested that have not been identified as major programs for testing in previous years, additional fees may be charged at standard hourly rates. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. However, we believe our contract as it is will be sufficient to cover but we do want to reserve the right to discuss this issue.

Reporting

We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Board of Commissioners and management of Caswell County. We will make reference to the Component auditor's audit of the Caswell County ABC Board. 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 we may withdraw from this engagement. If circumstances occur related to the condition of your records, the availability of sufficient appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will state that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

We appreciate the opportunity to be of service to Caswell County and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



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

RESPONSE:

This letter correctly sets forth the understanding of Caswell County.

Management signature: _____

SIGN HERE

Title: _____ ✓

Date: _____ ✓

Governance signature: _____

SIGN HERE

Title: _____ ✓

Date: _____ ✓

CC: Board of Commissioners