

**Town of Montreat**  
**Board of Commissioners Meeting – Public Forum**  
**June 8, 2023 – 6:30 p.m.**  
**Town Hall**

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**I. Call to Order**

- Welcome
- Moment of Silence

**II. Agenda Adoption**

**III. Public Comments**

**IV. Adjournment**

**Town of Montreat  
Board of Commissioners  
Town Council Meeting  
June 8, 2023 – 7:00 p.m.  
Town Hall**

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**I. Call to Order**

- Pledge of Allegiance
- Moment of Silence

**II. Agenda Adoption**

**III. Mayor’s Communications**

**IV. Consent Agenda**

A. Meeting Minutes Adoption

- May 9<sup>th</sup> Emergency Meeting Minutes
- May 11<sup>th</sup> Public Forum Meeting Minutes
- May 11<sup>th</sup> Town Council Meeting Minutes
- May 24<sup>th</sup> Special Budget Workshop Minutes

*All items on the Consent Agenda are considered routine, to be enacted by one motion with the adoption of the agenda and without discussion. If a member of the governing body requests discussion of an item, it will be removed from the Consent Agenda and considered separately.*

**VI. Interim Town Manager’s Communications**

- Consent Agenda Review
- Other Items

**VII. Administrative Reports**

- Administration
- Planning and Zoning
- Police
- Public Works and Water
- Sanitation
- Streets
- Finance
- Additional Planning & Zoning Information

**VIII. Public Comment**

*Public comments will be heard during this period for any and all items.*

**IX. Old Business**

**X. New Business**

**A. Consideration of Public Hearing re: FY23-24 Budget for the Town of Montreat**

- **Presenter: Ben Blackburn, Rachel Eddings & other Staff if needed**
- **See Agenda Materials on pages 33-47**
- **Suggested Motion: Move to open/close Public Hearing**

**B. Consideration of FY23-24 Budget Ordinance and Fee Schedule**

- **Presenter: Ben Blackburn & Rachel Eddings**
- **See Agenda Materials on pages 33-47**
- **Suggested Motion: Move to approve/deny the FY23-24 Budget Ordinance and Fee Schedule as presented/amended**

**C. Consideration of Contract with Carter, P.C. to Audit Accounts**

- **Presenter: Ben Blackburn**
- **See Agenda Material on page 48-57**
- **Suggested Motion: Move to approve/deny Contract with Carter, P.C. to Audit Accounts**

**C. Consideration of Engagement Letter from Carter, P.C.**

- **Presenter: Ben Blackburn**
- **See Agenda Material on pages 58-66**
- **Suggested Motion: Move to approve/deny Engagement Letter from Carter, P.C. and authorize the Mayor to sign on behalf of the Town**

**D. Discussion of Town Manager Selection Process**

**XI. Public Comment**

*Public comments will be heard during this period for any and all items.*

**XII. Commissioner Communications**

**XIII. Dates to Remember**

- **PZC Hillside Development SubCommittee Meeting, Wednesday June 14<sup>th</sup> at 4:00 p.m. in Town Hall with Zoom options**
- **Planning & Zoning Commission Special Meeting, Thursday June 15<sup>th</sup> at 10:30 a.m. in Town Hall with Zoom options**
- **Board of Adjustment Meeting, Thursday June 22<sup>nd</sup> at 5:00 p.m. in Town Hall with Zoom options**
- **Tree Board, Tuesday June 27<sup>th</sup> at 9:30 a.m. in Town Hall with Zoom options**
- **Town Offices Closed Tuesday, July 4<sup>th</sup> in observance of 4<sup>th</sup> of July**
- **Landcare, Wednesday July 5<sup>th</sup> at 9:00 a.m. in Town Hall with Zoom options**
- **July Board of Commissioners Meeting, Thursday July 13<sup>th</sup> at 7:00 p.m. Public Forum to begin at 6:30 p.m.**
- **Planning & Zoning Commission Meeting, Thursday June 20<sup>th</sup> at 10:30 a.m. in Town Hall**
- **Tree Board, Tuesday July 25<sup>th</sup> at 9:30 a.m. in Town Hall with Zoom options**
- **Board of Adjustment (Tentative), Thursday July 27<sup>th</sup> at 5:00 p.m. in Town Hall**

**XV. Closed Session**

- **Suggested Motion: Move to enter into Closed Session in accordance with North Carolina General Statute 143-318.11(3) for attorney/client consultation.**

**XVI. Adjournment**

**Board of Commissioners  
Emergency Meeting Minutes  
May 9, 2023  
10:00 a.m.  
Town Hall**

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Board members present: Mayor Tim Helms  
Mayor Pro Tem Mason Blake  
Commissioner Jane Alexander  
Commissioner Kitty Fouche  
Commissioner Tom Widmer

Board members absent: Commissioner Kent Otto

Town staff present: Angie Murphy, Town Clerk  
Ben Blackburn, Interim Town Manager

There were no members of the public present at Town Hall. Mayor Helms called the meeting to order at 10:00 a.m.

**Agenda Approval**

Mayor Pro Tem Mason Blake moved to adopt the agenda as presented. Commissioner Jane Alexander seconded and the motion carried 4/0.

**Closed Session**

Mayor Pro Tem Mason Blake moved to enter into Closed Session for a personnel matter in accordance with NCGS §143-318.11(a)(6). Commissioner Jane Alexander seconded and the motion carried 4/0.

Upon returning to Open Session Mayor Tim Helms announced that the Town Council had accepted the resignation of Town Manager Jason Burrell.

Mayor Pro Tem Mason Blake moved to hire Ben Blackburn as Interim Town Manager. Commissioner Tom Widmer seconded and the motion carried 4/0.

Town Clerk Angie Murphy administered the Oath of Office for Interim Town Manager Ben Blackburn.

**Adjournment**

Commissioner Kitty Fouche moved to adjourn the meeting. Commissioner Tom Widmer seconded and the motion carried 4/0. The meeting was adjourned at 10:22 a.m.

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Tim Helms , Mayor

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Angie Murphy, Town Clerk

**Board of Commissioners  
Emergency Meeting Minutes  
May 9, 2023  
10:00 a.m.  
Town Hall**

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**Town of Montreat  
Board of Commissioners  
Public Forum Meeting Minutes  
May 11, 2023 – 6:30 p.m.  
Town Hall**

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Board members present: Mayor Tim Helms  
Mayor Pro Tem Mason Blake  
Commissioner Jane Alexander  
Commissioner Kitty Fouche  
Commissioner Kent Otto  
Commissioner Tom Widmer

Board members absent: None

Town staff present: Ben Blackburn, Interim Town Manager  
Angie Murphy, Town Clerk

Fifteen members of the public were present. Mayor Tim Helms called the meeting to order at 6:30 p.m., and led the group in a moment of silence.

**Agenda Approval**

Commissioner Kitty Fouche moved to adopt the agenda as presented. Commissioner Jane Alexander seconded and the motion carried 5/0.

**Public Forum**

Mr. Tom Frist of 98 Frist Road questioned the procedure about dealing with loose trash, from bears, in the roadways and woods. Mr. Frist also asked if he picked up the trash could it be deposited at the Town's Convenience Center. Town Clerk Angie Murphy briefly explained the procedures that she uses when notified of loose trash. Mr. Frist also asked if there was any additional information about the departure of the former Town Manager. Mayor Tim Helms stated that the Town Council accepted Mr. Burrell's letter of resignation on May 10<sup>th</sup> and that was all he could say about the matter.

Mrs. Clary Phipps of 106 John Knox Road offered Streets Department employee Michael Harrison a "pat on the back" for all his hard work cleaning up John Knox and Louisiana Roads earlier in the day. Mrs. Phipps also expressed her appreciation to the Town Council as well as each and every staff member.

Mrs. Shirley Mitchell of 201 Harmony Lane expressed her gratitude that Ben Blackburn was able to return to the Town of Montreat. Mayor Helms stated that everyone was very appreciative of his return.

Mrs. Martha Campbell of 149 Maryland Place lauded the Landcare volunteers who drafted the grant application for Flat Creek Crossing. Mrs. Campbell mentioned that while it is often hard to find a print copy of the Black Mountains this week there are two Montreat focused stories that she encouraged Montreators to read.

Mrs. Shirley Mitchell of 201 Harmony Lane expressed her thanks to Public Works Director Barry Creasman and his team's efficiency in taking care of the Town. Commissioner Tom Widmer urged citizens to express their thanks to the Public Work Crews during the Town's First Public Works Appreciation Week later in May.

Mayor Tim Helms announced that he had recently met with the Town's Duke Power representative and was told that Duke will be making line improvements and installing new poles in Montreat.

Ms. Patti Pyle of 334 Chapman Road announced that she had neglected to call and thank Town Clerk Angie Murphy for her service during Town Clerk Appreciation Week so she wanted to publicly thank her tonight.

Dr. Mary Standaert of 118 Shenandoah Terrace commented that the cell tower, that looks like a tree, up by the college is looking to be in disrepair. Dr. Standaert stated that when she was a member of Town Council the Board, at the time, negotiated with the cell tower company about the aesthetics of the tower. Dr. Standaert urged the Council to talk to the owner about improving the Tower's appearance. Commissioner Jane Alexander told Dr. Standaert that Zoning Administrator Kayla DiCristina is working on this issue.

Mayor Helms and Dr. Standaert had a brief conversation about an unfinished building project up above the ballfield. Dr. Standaert provided some historical reference with regards to that building project and steep slopes. Commissioner Tom Widmer advised that Ms. DiCristina is currently working on this issue.

Ms. Arrington Cox of 203 Virginia Road suggested that she be notified each time someone's trash gets broken into by the bears so she can send some BearWise information to the homeowner.

### **Adjournment**

Commissioner Tom Widmer moved to adjourn the meeting. Mayor Pro Tem Mason Blake seconded and the motion carried 5/0. The meeting was adjourned at 6:47 p.m.

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Tim Helms, Mayor

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Angie Murphy, Town Clerk





**Town of Montreat  
Board of Commissioners  
Meeting Minutes  
May 11, 2023 – 7:00 p.m.  
Town Hall**

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Board members present: Mayor Tim Helms  
Mayor Pro Tem Mason Blake  
Commissioner Jane Alexander  
Commissioner Kitty Fouche  
Commissioner Kent Otto  
Commissioner Tom Widmer

Board members absent: None

Town staff present: Ben Blackburn, Interim Town Manager  
Angie Murphy, Town Clerk  
David Arrant, Chief of Police  
Barry Creasman, Public Works Director  
Rachel Eddings, Finance Officer

Fifteen members of the public were present at Town Hall and several more were watching via Zoom. Mayor Tim Helms called the meeting to order at 7:00 p.m., and led the group in the pledge of allegiance and a moment of silence.

**Agenda Approval**

Commissioner Kitty Fouche moved to adopt the agenda as presented. Commissioner Jane Alexander seconded and the motion carried 5/0.

**Mayor's Communications**

Mayor Tim Helms advised that Duke Power was going to be doing quite a bit of line and pole upgrading in the Montreat area and asked everyone for patience as they navigate possible detours. Town Clerk Angie Murphy took a moment to ask everyone to remember retired Finance Officer Stefan Stackhouse who passed away last week after a strong battle with cancer.

**Meeting Minutes Adoption**

- April 13<sup>th</sup> Town Council Public Forum Meeting Minutes
- April 13<sup>th</sup> Town Council Meeting Minutes
- April 20<sup>th</sup> Special Budget Workshop Minutes

**Interim Town Manager's Communications**

Interim Town Manager Ben Blackburn expressed his pleasure to be back in Montreat and stated

that it felt like “coming home”. Mr. Blackburn thanked everyone for their support and kindness.

### **Administrative Reports**

- Administration – This report was given in written format.
- Finance – This report was given in written format.
- Planning & Zoning – This report was given in written format.
- Police – This report was given in written format.
- Public Works and Water – This report was given in written format.
- Sanitation – This report was given in written format.
- Streets – This report was given in written format.
- Additional Planning & Zoning Information – This report was given in written format.

### **Public Comment**

Mrs. Martha Campbell of 149 Maryland Place expressed her thanks that the minutes from the April 20<sup>th</sup> Budget Workshop were available for public viewing. Mrs. Campbell stated that she was a proponent of raising staff salaries annually to remain competitive. Mrs. Campbell encouraged the Council to find a way to raise salaries. Mrs. Campbell thinks that having updated public safety vehicles and equipment is not an option. Mrs. Campbell suggested that the Council not alter the years/mileage on the current replacement policy for vehicles. Mrs. Campbell stated that she was not opposed to tax increases and almost wishes that when she was on Council they did not increase taxes more. Mrs. Campbell stated that the Town of Montreat has a lot of large expenses as well as unknown expenses with regards to the Lodge lawsuit.

### **Old Business**

There was no Old Business to discuss.

### **New Business**

- A. Consideration of Grant Application for Landcare Committee Flat Creek Crossing: Patti Pyle, on behalf of Landcare, advised that the Council had, in their possession, first of several grant applications that Landcare will be submitting to various funding sources. This particular grant is called an Environmental Enhancement Grant (EEG) and is administered by the State of North Carolina Department of Justice which resulted from a multi-million dollar settlement agreement with Smithfield Foods. These grants are awarded only to projects that improve or protect air, land or water. Flat Creek Crossing will be considered under the \$50,000 Small Grant Category. Flat Creek Crossing, to meet the objectives of the program, is described in the application packet with an emphasis on protecting the creek. This new trail will indeed protect the creek as well as improve stormwater mitigation with a new catch basin system through planting a riparian buffer, stabilizing the creek bank, adding boulders to the uphill slope, ridding the site of concrete that

currently exists at the site and the signage around the trail will be used to educate the public about the watershed, natives/invasives and wildlife in and around the creek. This EEG Program is to meet the needs of an underserved or vulnerable population. Flat Creek Crossing Trail is handicap accessible/ADA Compliant and it provides an entry point into the natural environment for those living with disabilities and the elderly. Ms. Pyle and her team worked very diligently to put together the most complete application and the only thing needed is the Mayor's signature on the commitment letter before submitting tomorrow. Ms. Pyle noted that the team can use what was developed here for future grant applications. Ms. Pyle and her team plan to open Flat Creek Crossing on July 4, 2025. Commissioner Kitty Fouche moved to authorize the Mayor to sign the Letter of Commitment. Commissioner Jane Alexander seconded and the motion carried 5/0.

- B. Consideration of Budget Amendment #2: Mayor Tim Helms, Chair of the Comprehensive Plan Steering Committee, mentioned that a few months ago his committee expressed interest in having an additional meeting with MS Consultants to include some additional information in the long-range plan. The cost of the additional meeting was around \$3,900. Commissioner Tom Widmer moved to adopt Budget Amendment #2 in the amount of \$3,900 to fund final payment of Comprehensive Plan Update. Commissioner Kitty Fouche seconded and the motion carried 5/0.
- C. Consideration of Budget Amendment #3: Interim Town Manager Ben Blackburn mentioned that this was a financial clean-up item to address the overage in the IT accounts. Mayor Pro Tem Mason Blake moved to adopt Budget Amendment #3 in the amount of \$1,500 to move monies to cover IT billing for the month of May and June. Commissioner Alexander seconded and the motion carried 5/0.
- D. Consideration of Grant Project Ordinance: Interim Town Manager Ben Blackburn advised that the Town of Montreat received \$277,266 and all but roughly \$83,000 has either been allocated or encumbered. The Town Board and Staff will be working together to encumber the remaining funds before December 31 of 2023. The adoption of the ordinance will put the Town of Montreat in compliance with the receipt of the ARPA monies. Commissioner Kitty Fouche moved to adopt the Grant Project Ordinance for the Town of Montreat American Rescue Plan Act of 2021: Coronavirus State and Local Fiscal Recovery Funds. Mayor Pro Tem Mason Blake seconded and the motion carried 5/0.
- E. Consideration of Adopting Proclamation #23-05-0001 Designating May 21-27, 2023 as the Town of Montreat's 1<sup>st</sup> Public Works Appreciation Week: Mayor Pro Tem Mason Blake moved to adopt Proclamation #23-05-0001 Designating May 21-27, 2023 as the Town of Montreat's 1<sup>st</sup> Public Works Appreciation Week. Commissioner Jane Alexander seconded and the motion carried 5/0.
- F. Consideration of Updating Signers on First Bank Depository Accounts: Town Clerk Angie Murphy advised that former Town Manager Jason J. Burrell needed to be removed from the Town of

Montreat's accounts at First Bank and Interim Town Manager Ben Blackburn needed to be added as a signer. Commissioner Tom Widmer moved to appoint the following signers on Town of Montreat Depository Accounts at First Bank: Interim Town Manager Ben T. Blackburn Jr., Town Clerk Angela Murphy, Mayor Tim Helms, Commissioner Katheryn "Kitty" Fouche and Police Chief David Arrant. Commissioner Jane Alexander seconded and the motion carried 5/0.

- G. Consideration of Setting a Public Hearing regarding the FY23-24 proposed budget: Town Staff requested that the Board of Commissioners consider setting a Public Hearing at the next regular meeting of the Town Council which would be June 8<sup>th</sup> at 7:00 p.m. Mayor Pro Tem Mason Blake moved to set a Public Hearing a 7:00 p.m. or soon thereafter on June 8<sup>th</sup> 2023 regarding the FY23-24 proposed budget. Commissioner Kitty Fouche seconded and the motion carried 5/0.
- H. Consideration of Setting a Special Meeting regarding Budget Work Session: Commissioner Jane Alexander moved to set a Special Meeting on May 24<sup>th</sup> at 1:00 p.m. for the purpose of holding a Budget Work Session. Commissioner Tom Widmer seconded and the motion carried 5/0.

### **Public Comment**

Dr. Mary Standaert thanked the Commission for all their hard work and commented that she hoped the agenda and backup documents for the PZC Hillside Development Subcommittee and Special Planning & Zoning Commission Meetings would be publicized.

### **Commissioner Communications**

- Commissioner Tom Widmer offered kudos to Street Department Staff Member Daniel Wiggs who stopped along Tennessee Road to clean up a horrible mess left by bears. Mr. Wiggs cleaned up the entire area even though it was not in his job description.
- Commissioner Tom Widmer and Mayor Pro Tem Mason Blake gave an update on the Texas Road Bridge project. The \$191,000 grant from the Land of Sky MPO that was received last year will be easy to administrate. Also the new design approach was presented to the MPO who found it to be an acceptable solution. Mayor Pro Tem Mason Blake stated that earlier this year the Town thought the bridge repairs would include abutments and headwalls. The initial plans for the repairs provided for a drainage system to be installed behind the existing timbers. Three years without a drainage system led to much worse deterioration and repairing the abutments was no longer possible. Commissioner Jane Alexander thanked Commissioner Widmer and Mayor Pro Tem Blake for their hard work on both the grant and the new plan for the bridge.
- Mayor Pro Tem Mason Blake took a moment to thank Town Arborists Daniel Wiggs and Barry Creasman for their diligence in tree maintenance and care. Mayor Pro Tem Blake stated that in the most recent wind/rain storm he did not see any branches are trees down and this is entirely due to their diligence of maintenance before the storm.

**Dates to Remember**

- Tree Board, Tuesday May 23<sup>rd</sup> at 9:30 a.m. in Town Hall
- Town Offices Closed Monday May 29<sup>th</sup> in observance of Memorial Day. Sanitation Services to resume on Tuesday May 30
- Comprehensive Plan Steering Committee Meeting, Tuesday May 30<sup>th</sup> at 10:00 a.m. in Town Hall
- Landcare, Wednesday June 7<sup>th</sup> at 9:00 a.m. in Town Hall
- June Board of Commissioners Meeting, Thursday June 8<sup>th</sup> at 7:00 p.m. Public Forum to begin at 6:30 p.m.
- PZC Hillside Development Subcommittee Meeting, Wednesday June 14<sup>th</sup> at 4:00 p.m. in Town Hall
- Planning & Zoning Commission Special Meeting, Thursday June 15<sup>th</sup> at 10:30 a.m. in Town Hall
- Board of Adjustment (Tentative), Thursday June 22<sup>nd</sup> at 5:00 p.m. in Town Hall
- Tree Board, Tuesday June 27<sup>th</sup> at 9:30 a.m. in Town Hall

Mayor Tim Helms stated that if it were not for the volunteers in Montreat working with Town Staff things would not be going so smoothly for the Town. Mayor Helms thanked all the volunteers and the community members in and around Montreat. Mayor Helms also mentioned that in a recent Comprehensive Plan Steering Committee Meeting member Daniel Hewitt stated that “Montreat is a place set apart”.

**Adjournment**

Commissioner Kitty Fouche moved to adjourn the meeting. Commissioner Jane Alexander seconded and the motion carried 5/0. The meeting was adjourned at 7:37 p.m.

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Tim Helms, Mayor

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Angie Murphy, Town Clerk



**Board of Commissioners  
Special Meeting Minutes  
May 24, 2023  
1:00 p.m.  
Town Hall**

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Board members present: Mayor Tim Helms  
Mayor Pro Tem Mason Blake  
Commissioner Jane Alexander  
Commissioner Kitty Fouche  
Commissioner Tom Widmer

Board members absent: Commissioner Kent Otto (listened/spoke via telephone)

Town staff present: Angie Murphy, Town Clerk  
Ben Blackburn, Interim Town Manager  
Rachel Eddings, Finance Officer  
Barry Creasman, Public Works Director  
David Arrant, Chief of Police

There was one member of the public present at Town Hall. Mayor Helms called the meeting to order at 1:00 p.m. and led a brief moment of silence

**Agenda Approval**

Mayor Tim Helms asked for a Public Comment period to be added right after the Agenda Approval. Commissioner Kitty Fouche moved to adopt the agenda as amended. Commissioner Tom Widmer seconded and the motion carried 4/0.

**Public Comment**

Mrs. Letta Jean Taylor of 376 Oklahoma Road shared her appreciation to Town Staff for completing a budget in such a short time. Mrs. Taylor, who served as Mayor of Montreat for over 20-25 years, reminded the Council that water is an enterprise fund and it must pay for itself. Mrs. Taylor stated that it has been a long time since water rates have been looked at for an increase and she's glad to see the Board take this initial step. Mrs. Taylor stated that Montreat's water infrastructure is aging and repairs may be needed in the future. Mrs. Taylor also added that with possible growth from both Montreat College and Mountain Retreat Association there could be the potential for new tanks or pipes down the road. Mrs. Taylor feels an increase in water rates would be really beneficial to the community.

Mrs. Taylor stated that the pandemic put a lot of things on hold in the Capital Improvement Plan (CIP). Mrs. Taylor, speaking from past experience, stated that it is very to catch up on projects when there are an increasing number of pressing needs. Mrs. Taylor mentioned that while she is grateful



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Oklahoma Road will be paved this year there are other problem areas in Town around Arkansas Trail and Lookout Road. Mrs. Taylor stated that the CIP will need some funding for upcoming years.

Mrs. Taylor appreciated that Town Staff did not include leasing in this budget year because it took a lot of time to get the 10 year, 100,000 mile vehicle/equipment replacement plan in place. Mrs. Taylor is very glad to see that a police car is included for replacement this year.

Mrs. Taylor appreciated the 5% COLA (cost of living adjustment) included in this budget because hiring, training and retaining staff is really expensive. Mrs. Taylor stated that a living wage in Buncombe County is \$20.10 and a number of years ago the Council, at the time, made a commitment in Montreat to pay all employees a living wage.

Mrs. Taylor recognizes that Montreat has the most expensive tax rate in the County. Mrs. Taylor also commented that the roughly \$277,000 received in ARPA funds were a welcomed but those funds are no longer available. Mrs. Taylor stated that a tax increase should have probably happened in 2018 but no one likes to raise taxes. Mrs. Taylor, in her opinion, feels that taxes need to be raised \$0.05.

**Review and discuss the proposed 2023/2024 Fiscal Year Budget**

Interim Town Manager Ben Blackburn advised the Council that Commissioner Kent Otto was attending via telephone but per NCGS he would not be allowed to vote if a vote were on the table.

Mr. Blackburn advised that in the FY23/24 Budget it is proposed that the Town of Montreat will receive \$2,017,851 in revenues and per NCGS requiring equal expenditures in a balanced budget they also are proposed to be \$2,017,851. Water revenues are projected at \$400,885 for a total proposed budget of \$2,418,736. Mr. Blackburn advised that one cent on the current tax rate based on current evaluations for the Town of Montreat generate approximately \$29,069.77.

The highlights of this proposed budget include a 5% COLA increase and Capital Outlay projects (audiovisual improvements for the Community Room, a patrol vehicle for the Police Department, continued funding for the Texas Road Pedestrian Bridge Project, a skid steer/tractor for the Streets Department, a chipper in the Sanitation Department and in the Water Department improvements to the automated meters). The Capital Improvement Projects total \$252,544. The proposed FY23/24 total budget is 0.63% lower than in the previous year's fiscal budget. The General Fund FY23/24 budget is 2.72% lower than the previous FY22/23 budget. The Water Fund FY23/24 budget is 11.44% higher than the previous fiscal year budget. There are \$117,307 left in ARPA related funds which are currently unencumbered and available for use.

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Mr. Blackburn advised Council that Staff tried to underestimate revenues and overestimate expenditures so at the end of the budget cycle revenues will exceed expenditures. Mr. Blackburn gave a brief summary of each of the revenues, expenditures and departments in the FY23/24 budget.

**Town of Montreat  
2023-2024 Budget Summary**

	FY 22-23	FY 23-24	% +/-
<b>Revenues</b>			
General Fund	\$2,074,556	\$2,017,851	-2.73%
Water Fund	\$359,734	\$400,885	11.44%
<b>Total</b>	<b>\$2,434,290</b>	<b>\$2,418,736</b>	<b>-0.64%</b>
<b>Expenses</b>			
Governing Body	\$45,572	\$50,851	11.58%
Administration	\$471,922	\$529,000	12.09%
Public Buildings	\$120,862	\$119,991	-0.72%
Police	\$439,974	\$494,744	12.45%
Planning & Zoning	\$94,600	\$91,400	-3.38%
Public Works	\$117,593	\$133,101	13.19%
Streets	\$624,083	\$389,614	-37.57%
Sanitation	\$136,900	\$186,100	35.94%
Recreation	\$23,050	\$23,050	0.00%
Water	\$359,734	\$400,885	11.44%
<b>Total</b>	<b>\$2,434,290</b>	<b>\$2,418,736</b>	<b>-0.64%</b>

	<b>FY 22-23</b>		<b>FY 23-24</b>
<b>Payroll</b>	<b>Salaries</b>	<b>Payroll</b>	<b>Salaries</b>
Administration	\$227,325	Administration	\$251,300
Police	\$281,925	Police	\$285,800
Public Works	\$61,740	Public Works	\$69,800
Streets	\$88,515	Streets	\$88,800
Sanitation	\$39,375	Sanitation	\$38,900
Water	\$54,600	Water	\$54,700

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May 24, 2023  
1:00 p.m.  
Town Hall**

<b>Total</b>	<b>\$753,480</b>	<b>Total</b>	<b>\$789,300</b>
		Includes a 5% COLA increase	\$27,707
		Police Dept. includes a 3% officer certification	\$1,307

Governing Body included an increase in fees for auditing services, advertising fees for new Town Manager Job Postings and improvements to the audiovisual equipment in the Community Room.

Administration has a 12.09% increase which includes COLAs, adjustments for increases in health insurance, cleaning and mailing services and classes/training for the Town Clerk and Finance Officer. Merit raises are not included in this proposed budget.

Public Buildings has a slight decrease (\$120,562 down to \$119,991) from the previous year with no Capital Outlay proposed.

Police Department has a 12.45% increase which includes 5% COLA, 3% increase for officer certifications and Capital Outlay of \$38,544 for a new patrol vehicle. There is an increase in the maintenance/repair of vehicles in the amount of \$500 but a slight decrease in automobile supplies (gasoline) – Town Staff anticipates a more normalization of gas prices compared to last year.

Planning & Zoning has a slight decrease (\$94,600 down to \$91,400) from the previous year with no Capital Outlay proposed. Planning & Zoning includes Building Inspector certifications/licenses as well as monies set aside for a new computer for the Zoning Administrator. Other monies include funds for the training of the Planning & Zoning Commission and the Board of Adjustment. Mr. Blackburn advised that Land-of-Sky Regional Council provided a salary increase for the Zoning Administrator in the amount of roughly \$5000.

Public Works increased from \$117,593 to \$133,101 a 13.19% increase over last year. That increase is primarily the 5% COLA increases. There is no Capital Outlay budgeted for Public Works.

Streets decreased from \$624,083 to \$389,614 a -37.57% decrease over last year. The budgeted amount includes the 5% COLA for employees, road maintenance increased for gravel, striping and patching, and monies were included for both right-of-way and Powell Bill mapping. There were two items proposed for Capital Outlay: \$101,000 for the Texas Road Pedestrian Bridge Project and \$30,000 for a new skid-steer/tractor.

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**1:00 p.m.**  
**Town Hall**

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Sanitation increased by 35.94% and this includes the 5% COLA and Capital Outlay in the amount of \$30,000 for a used wood chipper. Also included are increased monies for the Buncombe County Landfill tipping fees and the increased fees for dumpster rentals. There was also an increase in Contract Labor fees with First at Blue Ridge going from \$12 per hour to \$14 per hour.

Recreation (Landcare and Tree Board) stayed the same at \$23,050 with fees earmarked for the American Chestnut Foundation Membership fees and \$2,500 contribution from the Town to the Landcare Committee.

Water increased 11.44% from \$359,734 to \$400,885 with the largest increase being in the water sales due to Town Staff increasing from current rate of \$4.95 (per 1000 gal) to \$6.26 (per 1000 gal) which is a 26.5% increase over the current water rate. This rate puts the Town of Montreat water rates more in line with our neighboring Towns. Commissioner Tom Widmer advised that institutional water rates were last raised in 2013 with residential water rates raised in 2016. Mayor Pro Tem Mason Blake stated that he would like to see the Commission consider charging a step rate structure to promote conservation so that for the first 3 million gallons each institutional customer used they would be charged 1.25 of what we charge our residential customers. Mayor Pro Tem Blake went on to say that over 3 million gallons each institutional customer would charge 1.50 over the residential rate. Mayor Pro Tem Blake suggested that all net revenues based on this matrix be put into a capital projects account to be used for future capital projects. Commissioner Tom Widmer suggested changing the 3 million to 4.99 million and over 3 million to over 5 million. Interim Ben Blackburn advised that the only rate that has to be set before July 1<sup>st</sup> is the tax rate and all other rates can be raised or lowered throughout the year. Mr. Blackburn advised that the Capital Outlay is \$50,000 for upgrades to the water system involving new registers and antennas. Mayor Pro Tem Mason Blake felt that a study needs to be completed for indirect allocations because he does not feel that they are enough. Mayor Pro Tem Blake also would like to see more work on depreciation as well. It was decided to proceed with the water rate increase from \$4.95 to \$6.26 and then work on an institutional step rate structure in the future.

**Adjournment**

Commissioner Jane Alexander moved to adjourn the meeting. Commissioner Kitty Fouche seconded and the motion carried 4/0. The meeting was adjourned at 2:21 p.m.

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Tim Helms, Mayor

---

Angie Murphy, Town Clerk

**Board of Commissioners  
Special Meeting Minutes  
May 24, 2023  
1:00 p.m.  
Town Hall**

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**TOWN OF MONTREAT**

P. O. Box 423, Montreat, NC 28757  
 Tel: (828) 669-8002 | Fax: (828) 669-3810  
 www.townofmontreat.org

**ADMINISTRATIVE REPORTS:  
 ADMINISTRATION**

Town Administration report for the month of May 2023

Monthly Statistics	2022	2023
Public Meetings	6	9
Inter-Organizational /Intergovernmental Meetings	1	1
Agendas Prepared	6	9
Minutes Transcribed	5	8
Resolutions Drafted	0	0
Public Records Requests Processed	0	2
Water Bills Processed	675	685
Leak Adjustments	4	3
New Water Accounts Established	1	7
Purchase Orders	54	66
Professional Development Hours	0	2
Sunshine List Messages		19
Website Posts	15	19
Social Media Posts	0	25
Code Red Alerts	0	0
Workers Compensation Claims	0	0

**Upcoming Events and Schedule Changes**

**Comments**

N/A

**Staff Communications**

N/A



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**ADMINISTRATIVE REPORTS:  
 BUILDINGS AND INSPECTIONS**

Buildings and Inspections report for the month of May 2023

Monthly Statistics	2022	2023
Building Permits Issued	7	9
Pending Building Permits	0	0
Building Inspections Performed	28	32
Stop Work Orders Issued	0	0
Defective Building Posted	0	0
Denied Building Permits	0	0
Fire Inspections Performed	0	0
Fire Re-Inspections Performed	0	0
Fire Permits Issued	0	0

**Comments**

**Staff Communications**



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**ADMINISTRATIVE REPORTS:  
 STREETS**

Streets Department report for the month of May , 2023

<b>Monthly Statistics</b>	<b>2022</b>	<b>2023</b>
Miles of Road Maintained	15.46	17.12
Miles of New Road Constructed	0	0
Public Trees Removed	5	0
Sand Applied to Roads (tons)	0	0
Ice Melt Applied to Roads (pounds)	0	0
Monthly Fuel Costs	281.03	\$541.30
Contracted Employee Staff Hours	0	0
Road Closures	3	0

**Comments**

Please be aware that machinery and paving equipment is scheduled to be on Oklahoma Road on June 6. Please travel slow and be aware of any workers in the roadway.





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**ADMINISTRATIVE REPORTS:  
 POLICE DEPARTMENT**

Police Department report for the month of May, 2023

Monthly Statistics	2022	2023
Mileage	2,046	2,834
Dispatched Calls	19	24
Officer-Initiated Calls	502	725
Fire Assistance Calls	2	1
EMS Assistance Calls	1	1
Motorist/Other Assistance Calls	23	23
Traffic Stops	21	13
Parking Issues	4	2
Burglar Alarm Responses	0	0
Fire Alarm Responses	3	0
Residential/Building Checks	470	517
Ordinance Violations	0	5
Law Enforcement Agency Assistance Calls	12	9
Animal Control Calls	1	6
Larcenies	0	0
Breaking & Entering Calls	0	0
Suspicious Person Investigations	2	5
Suspicious Vehicle Investigations	2	7
Disturbance Calls	2	4
Accident Responses	1	0
Auxiliary Hours Worked (Regular)	16	16
Auxiliary Hours Worked (Addittional)	24	0
Truck Turns at Gate	17	3
MPD Fuel Cost	\$ -	\$0.00
Professional Development Hours	12	0
Town Service	487	622
MRA Service	314	269
College Service	6	4

**Comments**

A reminder, our non-emergency number has changed. You can reach the MPD Officer on duty through Buncombe County Dispatch. 828-250-6670.



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**ADMINISTRATIVE REPORTS:  
 WATER AND PUBLIC WORKS**

Water and Public Works report for the month of May, 2023

Monthly Statistics	2022	2023
Calls for Service	63	32
Water Leaks Repaired	1	0
New Water Lines Installed	0	0
Water Meters Read	674	674
Water Meter Replacements	0	0
Gallons of Water Produced	3461340	3,375,219
Monthly Fuel Cost	624.76	\$ 529.39
Hours Pumped (11 wells combined)	1848	1,838

**Comments**

0



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**ADMINISTRATIVE REPORTS:  
 SANITATION**

Sanitation Department report for the month of May , 2023

<b>Monthly Statistics</b>	<b>2022</b>	<b>2023</b>
Tons of Curbside Trash Collected	21.65	19.68
Pay-As-You-Throw Trash Bags Collected	N/A	NA
Tons of Curbside Recycling Collected	4.23	3.68
Pay-As-You-Throw Recycling Bags Collected	N/A	NA
Cardboard Recycling Collected	0.82	0.24
Unique Curbside Sanitation Stops	1525	2,150
Bagged Leaf Pickup	318	237.00
Brush Pickup (cubic yards)	4 Loads	5 Loads
Hauling Fees	1763.1	\$2,952.50
Tipping Fees	625.4	\$806.12
Dumpster Rental Fees	214.63	\$406.26
Sanitation Fuel	406.99	\$ 214.02

**Comments:**

We would like to remind everyone to please tie trash bags and to please break down their cardboard.  
 Thank you.



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**ADMINISTRATIVE REPORTS:  
ZONING ADMINISTRATION**

Zoning Administration report for the month of May 2023

<b>Monthly Statistics</b>	<b>2022</b>	<b>2023</b>
Approved Zoning Permits	2	2
Denied Zoning Permits	0	0
Pending Zoning Permits	0	0
Variance/Interpretation Granted	0	0
Conditional Use Permits Granted	0	0
Permit Extensions Granted	0	0
Sign Permits Issued	0	1
Notices of Violation	0	0

**Comments**

Date of Deposit	Dec-21	Dec-22	% +/-	Jan-22	Jan-23	% +/-	Feb-22	Feb-23	% +/-	Mar-22	Mar-23	% +/-	Apr-22	Apr-23	% +/-	May-22	May-23	% +/-	Jun-22	Jun-23	% +/-
ADVal/RMV (Includes Sp Assess&Ded Fees)	267,776.90	250,138.43	-7.05%	384,761.08	371,502.07	1.81%	236,986.78	305,360.87	22.40%	40,754.84	14,895.76	-174.37%	29,099.12	9,217.58	-215.69%	2,616.50	4,834.43	45.88%	2,662.89	0.00	#DIV/0!
Sales	43,345.68	52,079.05	16.77%	44,785.05	51,498.73	13.08%	46,005.02	49,849.91	7.71%	50,930.06	57,843.99	11.95%	36,829.52	46,241.48	20.35%	37,575.54	38,777.19	3.10%	47,368.42	0.00	#DIV/0!
Solid Waste (Quarterly)							178.93	224.03	20.27%							170.37	188.52	10.10%			
Utility Fran (Quarterly)	23,240.05	26,761.50	13.16%							21,931.85	23,145.95	5.25%				3,571.27	4,476.67	20.22%	25,159.23	0.00	#DIV/0!
Wine/Beer (Annual/May)																					

NOTES:  
 AdvVal Tax is received the month after the tax is collected  
 RMV Tax is received two months after the tax is collected  
 Sales Tax is received three months after the tax is collected

**MAY 2022 - MONTH 11 OF FISCAL YEAR 2021-2022**

**REVENUES**

Fund	Fund #	Budget	YTD Budget	YTD Collected	Difference
GENERAL FUND	10	1,838,090.28	1,684,916.09	1,785,494.49	100,578.40
WATER FUND	30	344,041.00	315,370.92	315,806.24	435.32
<b>TOTAL REVENUES GENERAL &amp; WATER FUNDS</b>		<b>2,182,131.28</b>	<b>2,000,287.01</b>	<b>2,101,300.73</b>	<b>101,013.72</b>

**EXPENSES**

Dept Name	Fund #	Budget	YTD Budget	YTD Exp	Difference
GOVERNING BODY	10	40,471.00	37,098.42	29,044.23	8,054.19
ADMINISTRATION	10	542,432.28	497,229.59	447,985.42	49,244.17
PUBLIC BUILDINGS	10	95,067.00	87,144.75	71,871.16	15,273.59
POLICE	10	436,072.42	399,733.05	344,285.99	55,447.06
BUILDING AND ZONING	10	117,506.00	107,713.83	83,704.78	24,009.05
PUBLIC WORKS	10	219,574.00	201,276.17	187,519.73	13,756.44
STREET	10	233,796.00	214,313.00	190,232.41	24,080.59
SANITATION	10	128,896.58	118,155.20	107,656.11	10,499.09
ENVIRON,CONS,REC	10	24,275.00	22,252.08	22,354.44	(102.36)
<b>TOTAL EXPENSES GENERAL FUND</b>		<b>1,838,090.28</b>	<b>1,684,916.09</b>	<b>1,484,654.27</b>	<b>200,261.82</b>

Dept Name	Fund #	Budget	YTD Budget	YTD Exp	Difference
WATER	30	344,041.00	315,370.92	265,579.73	49,791.19
<b>TOTAL EXPENSES WATER FUND</b>		<b>344,041.00</b>	<b>315,370.92</b>	<b>265,579.73</b>	<b>49,791.19</b>

<b>TOTAL EXPENSES GENERAL &amp; WATER FUNDS</b>	<b>\$2,182,131.28</b>	<b>\$2,000,287.01</b>	<b>\$1,750,234.00</b>	<b>\$250,053.01</b>
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<b>GENERAL FUND INCOME/LOSS - YTD</b>	<b>\$300,840.22</b>
<b>WATER FUND INCOME/LOSS - YTD</b>	<b>\$50,226.51</b>
<b>NET INCOME - YTD 2022</b>	<b>\$351,066.73</b>

SPECIAL PROJECTS					
Project	Fund #	Budget	This Month Actual	Amount Spent To Date	% Spent
TOWN HALL	13	2,389,579.77	94,053.34	2,317,203.80	96.97%
PUBLIC WORKS BLDG	14	403,888.86	388.62	397,570.19	98.44%
FEMA-GREYBEARD	15	242,760.00	0.00	242,684.30	99.97%
FEMA-TEXAS ROAD	16	38,272.00	0.00	38,071.55	99.48%
FEMA-PROVIDENCE TERR	17	15,883.00	0.00	15,683.00	98.74%
FEMA-CALVIN TRAIL	20	13,691.00	0.00	13,490.57	98.54%
FEMA-CULVERT PROJECT	21	47,491.00	0.00	39,274.83	82.70%
FEMA-URBAN FORESTRY 2018	23	10,000.00	0.00	841.28	8.41%
FEMA-URBAN FORESTRY 2019	24	10,114.00	0.00	2,352.41	23.26%
FEMA-MISC	25	214,747.00	0.00	57,060.03	26.57%
LANDCARE	26	750.00	0.00	49.95	6.66%
CARES ACT GRANT	27	9,697.06	0.00	5,135.53	52.96%
AMERICAN RESCUE PLAN ACT	28	138,633.39	0.00	55,423.00	39.98%
<b>TOTAL SPECIAL PROJECTS</b>		<b>\$ 3,535,507.08</b>	<b>\$ 94,441.96</b>	<b>\$ 3,184,840.44</b>	<b>90.08%</b>

**May 2023 - MONTH 11 OF FISCAL YEAR 2022-2023**

**REVENUES**

Fund	Fund #	Budget	YTD Projected		YTD Collected	YTD Actual Percentage	Difference
			YTD Budget	Percentage			
GENERAL FUND	10	2,074,316.00	1,901,456.33	91.67%	1,989,527.90	95.91%	88,071.57
WATER FUND	30	359,734.00	329,756.17	91.67%	300,057.49	83.41%	(29,698.68)
<b>TOTAL REVENUES GENERAL &amp; WATER FUNDS</b>		<b>2,434,050.00</b>	<b>2,231,212.50</b>	<b>91.67%</b>	<b>2,289,585.39</b>	<b>94.06%</b>	<b>58,372.89</b>

**EXPENSES**

Dept Name	Fund #	Budget	YTD Projected		YTD Exp	YTD Actual Percentage	Difference
			YTD Budget	Percentage			
GOVERNING BODY	10	45,572.00	41,774.33	91.67%	39,585.70	86.86%	2,188.63
ADMINISTRATION	10	470,422.00	431,220.17	91.67%	393,685.49	83.69%	37,534.68
PUBLIC BUILDINGS	10	120,862.00	110,790.17	91.67%	25,628.70	21.20%	85,161.47
POLICE	10	439,974.00	403,309.50	91.67%	374,428.40	85.10%	28,881.10
BUILDING AND ZONING	10	92,200.00	84,516.67	91.67%	87,874.00	95.31%	(3,357.33)
PUBLIC WORKS	10	117,593.00	107,793.58	91.67%	106,189.92	90.30%	1,603.66
STREET	10	650,890.00	596,649.17	91.67%	211,922.23	32.56%	384,726.94
SANITATION	10	136,900.00	125,491.67	91.67%	122,732.09	89.65%	2,759.58
ENVIRON,CONS,REC	10	22,810.00	20,909.17	91.67%	13,626.27	59.74%	7,282.90
<b>TOTAL EXPENSES GENERAL FUND</b>		<b>2,097,223.00</b>	<b>1,922,454.42</b>	<b>91.67%</b>	<b>1,375,672.80</b>	<b>65.59%</b>	<b>546,781.62</b>

Dept Name	Fund #	Budget	YTD Projected		YTD Exp	YTD Actual Percentage	Difference
			YTD Budget	Percentage			
WATER	30	359,734.00	329,756.17	91.67%	311,048.74	86.47%	18,707.43
<b>TOTAL EXPENSES WATER FUND</b>		<b>359,734.00</b>	<b>329,756.17</b>	<b>91.67%</b>	<b>311,048.74</b>	<b>86.47%</b>	<b>18,707.43</b>
<b>TOTAL EXPENSES GENERAL &amp; WATER FUNDS</b>		<b>\$2,456,957.00</b>	<b>\$2,252,210.58</b>	<b>91.67%</b>	<b>\$1,686,721.54</b>	<b>68.65%</b>	<b>\$565,489.04</b>

**GENERAL FUND INCOME/LOSS - YTD** **\$613,855.10**  
**WATER FUND INCOME/LOSS - YTD** **(\$10,991.25)**  
**NET INCOME - YTD 2023** **\$602,863.85**

SPECIAL PROJECTS							
Project	Fund #	Budget	This Month Actual		Amount Spent To Date		% Spent
TOWN HALL	13	2,389,579.77	0.00		2,389,579.77		100.00%
PUBLIC WORKS BLDG	14	403,888.86	0.00		403,888.86		100.00%
FEMA-GREYBEARD	15	242,760.00	0.00		242,760.00		100.00%
FEMA-TEXAS ROAD	16	38,272.00	0.00		38,272.00		100.00%
FEMA-PROVIDENCE TERR	17	15,883.00	0.00		15,883.00		100.00%
FEMA-CALVIN TRAIL	20	13,691.00	0.00		13,691.00		100.00%
FEMA-CULVERT PROJECT	21	47,491.00	0.00		47,491.00		100.00%
FEMA-URBAN FORESTRY 2018	23	10,000.00	0.00		10,000.00		100.00%
FEMA-URBAN FORESTRY 2019	24	10,114.00	0.00		10,114.00		100.00%
FEMA-MISC	25	214,747.00	0.00		62,903.55		29.29%
LANDCARE	26	1,560.00	0.00		49.95		3.20%
CARES ACT GRANT	27	9,697.06	0.00		9,697.06		100.00%
AMERICAN RESCUE PLAN ACT	28	277,266.78	0.00		159,958.99		57.69%
<b>TOTAL SPECIAL PROJECTS</b>		<b>\$ 3,674,950.47</b>	<b>\$ -</b>		<b>\$ 3,404,289.18</b>		<b>92.63%</b>

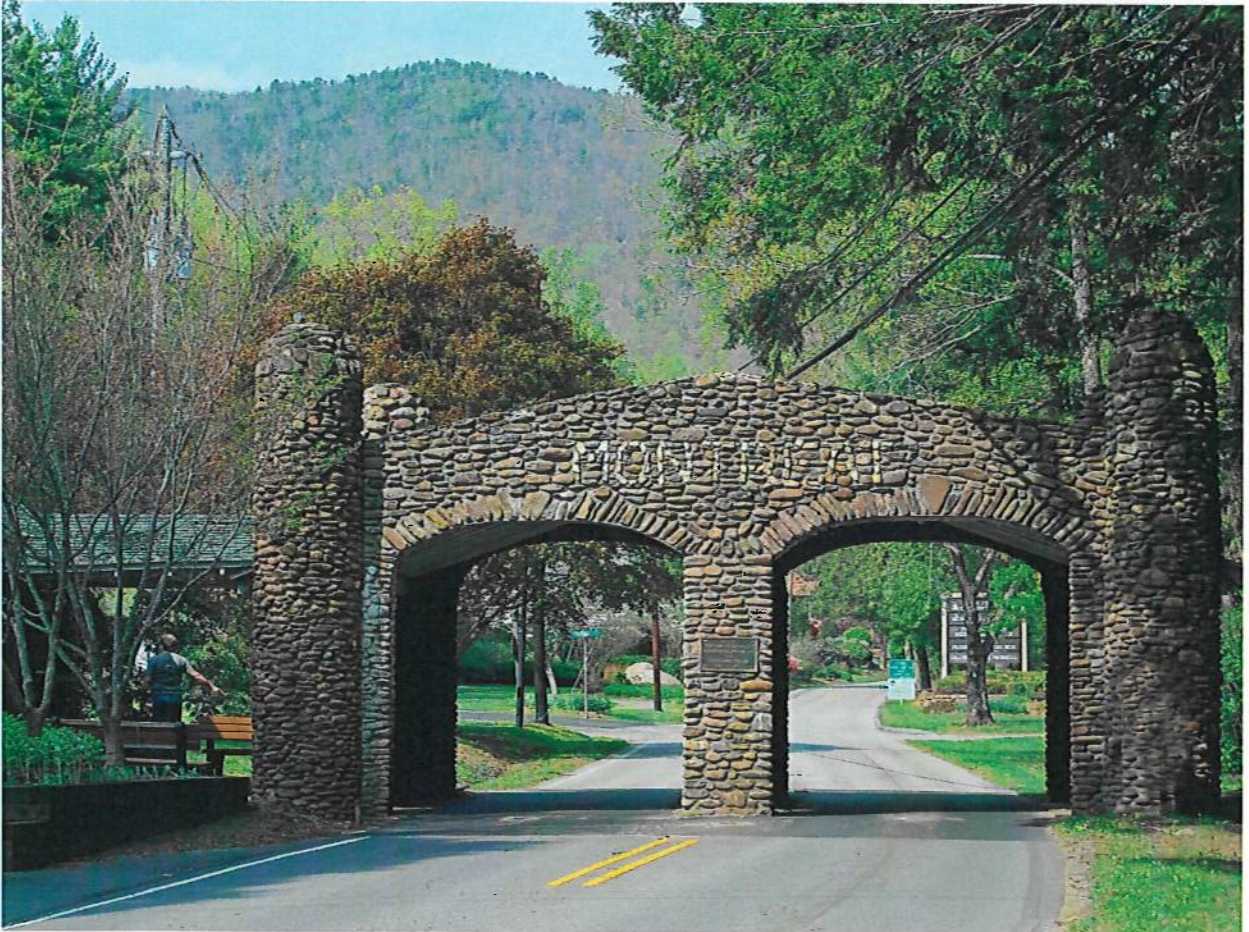
Permit Number	Date	Name	Property Address	Permit Type	Project	Zoning Approval	Cost	PIN	CONTRACTORS	Fee Amount
5901	5/2/2023	Robert Hope	218 NC Terr	mech/elect	HPCO-furnace	no			Asheville Oil Company	100
5902	5/5/2023	Montreat College-Anderson	319 Missouri Rd	building	com renovations	no	\$ 381,000		Barringer Construction	\$ 721
5903	5/5/2023	Montreat College-Howerton	400 Assembly Dr	building	com renovations	no	\$ 332,000		Barringer Construction	\$ 722
5904	5/8/2023	Montreat College-Davis	394 S Carolina Terr	building	com renovations	no	\$ 332,000		Barringer Construction	\$ 3,660
5905	5/8/2023	Montreat College-McGregor	312 Appalachian Way	building	com renovations	no	\$ 199,000		Barringer Construction	\$ 2,330
5906	5/10/2023	James & Mimi Chapman	433 W Virginia Terr	building	resid remodel	no	\$41,725		Blk Mtn Handyman	\$ 650
5907	5/11/2023	Carolle Ella Trappe	238 Texas Rd Spur	mech/elect	mini-split	no			Gentry Service Group	\$ 100
5908	5/12/2023	Elizabeth Hamilton	160 Maryland Pl	mech/elect	3 ton HPCO	no			Gentry Service Group	\$ 100
5909	5/25/2023	Julia Mason	104 Frist Rd	building	deck demo/repairs	yes	\$ 12,000		Randy Hollifield/Simply Stone	\$ 72

May Building Permits Issued



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# Town of Montreat Fiscal Year 2023-2024 Budget





# Introduction



## BUDGET MESSAGE

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June 8, 2023

**TO: Mayor Tim Helms  
Mayor Pro Tem Mason Blake  
Commissioner Jane Alexander  
Commissioner Tom Widmer  
Commissioner Kitty Fouche  
Commissioner Kent Otto**

**FROM: Ben T. Blackburn, Town Manager (Interim)**

Honorable Mayor and Members of the Town Commission,

Pursuant to North Carolina General Statutes §159-11, I hereby submit for your approval the Town of Montreat Budget for the FY 2023-2024 (Fiscal Year.) This budget is presented in accordance with the North Carolina Local Government Budget & Fiscal Control Act and is balanced as required by North Carolina General Statutes.

The proposed FY 23-24 General Fund budget totals \$2,030,592 which is a -2.12% decrease from the current year. The proposed budget does not include any fund balance appropriation.

The ad valorem tax rate in the proposed budget remains at 43 cents per \$100 valuation. The current tax valuation issued by Buncombe County for the fiscal year 2024, for the Town of Montreat is \$296,504,773.

The proposed FY 23-24 Water Fund budget totals \$399,844, which is a 11.15% increase over the current year. The Water Fund budget does not include any appropriation from fund balance.

The General Fund and Water Fund proposed budgets combined total \$2,430,436 which represents a -.16% decrease from the current year.

**Economic Conditions and Assumptions**

Budget development for the upcoming fiscal year remains a moving target. Tax receipts and other state and locally shared revenues show a modest increase, however post-Covid-19 inflationary costs continue to be a concern through the foreseeable future for operating and capital expenses.

The proposed budget protects the existing General Fund balance but requires difficult decisions. The Capital Improvement Plan (C.I.P.) is only partially implemented in this budget and continues to defer needed projects and purchases.

**Overview**

The proposed General Fund budget for FY 23-24 is \$2,030,592. The tax rate proposed in this budget is 43 cents. I believe that the data as presented are accurate in all material aspects and fairly depict the financial position and operations of the Town as measured by the financial activity of its various funds. I also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the Town's financial affairs have been included.

In accordance with North Carolina State Law, the Town’s budget is prepared on the modified accrual basis, and its accounting records are also maintained on that basis. Under modified accrual accounting, revenues are recorded when they are measurable and available. Expenditures are recorded when a liability is incurred, except for interest on a long-term debt and accrued vacation benefits.

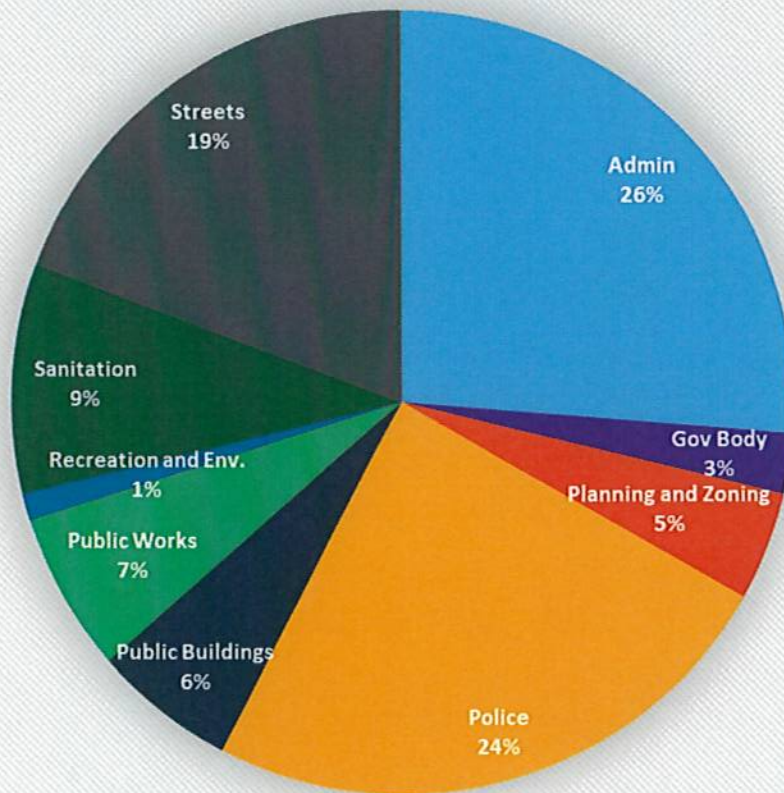
The proposed General Fund budget for FY 23-24 includes the revenues and expenditures as outlined in the following tables:

Revenue	FY 22-23	FY 23-24	Percent Change
Water Fund Revenue	\$359,735	\$399,844	11.15%
General Fund Revenue	\$2,074,556	\$2,030,592	-2.12%
Combined	\$2,434,290	\$2,430,436	-.16%

\*Note the FY 23-24 budgeted revenues **does not** include a fund balance appropriation.

Expense - GF	FY 22-23	FY 23-24	Percent Change
Admin	\$ 471,922	\$ 533,616	13.07%
Gov Body	\$ 45,572	\$ 50,903	11.70%
Planning and Zoning	\$ 94,600	\$ 91,400	-3.38%
Police	\$ 439,974	\$ 494,744	12.45%
Public Buildings	\$ 120,862	\$ 120,116	-0.62%
Public Works	\$ 117,593	\$ 133,205	13.28%
Recreation and Env.	\$ 23,050	\$ 23,050	0.00%
Sanitation	\$ 136,900	\$ 192,200	40.39%
Streets	\$ 624,083	\$ 391,358	-37.29%
<b>Subtotal</b>	<b>\$ 2,074,556</b>	<b>\$ 2,030,592</b>	<b>-2.12%</b>
<b>Expense - Water</b>	<b>\$ 359,734</b>	<b>\$ 399,844</b>	<b>11.15%</b>
<b>Subtotal</b>	<b>\$ 359,734</b>	<b>\$ 399,844</b>	<b>11.15%</b>

### FY 23-24 General Fund Expenditures



### **General Fund Revenue Highlights**

The Town's revenue sources reflect a slight increase from previous years budgets. In the bullets that follow, I provide general overviews for significant revenue sources and provide preliminary projections for the fiscal year. Ad valorem property taxes and local government sales taxes are the largest source of revenue for the Town. Ad valorem taxes are increasing due to the expanding property tax base in the Town.

#### **❖ Ad Valorem Taxes**

The proposed budget is based on a tax rate of \$0.43 per \$100 valuation, at a collection rate of 99.69%. With the rate and reevaluation mentioned above, we predict an increase of 3.2% over the current fiscal year.

#### **❖ Local Government Sales Taxes**

Sales tax revenues remain difficult to predict. The proposed budget includes an estimated \$524,571 in sales tax revenue. This represents a 17.2% increase over the current years budgeted amount. However, current year receipts for FY23 are 20.2% higher than the budgeted amount.

#### **❖ Community Service Fee**

Inflationary costs have impacted many spending habits across the board. However, with the government's release of all COVID restrictions; we predict there will be a substantial overall increase in this budget item.

#### **❖ Powell Bill Grant**

We predict that Powell Bill funds will remain consistent with the current fiscal year.

### **General Fund Expenditures**

#### **Highlights**

The proposed budget accomplishes several key goals:

- Allocates funding for the purchase of Audio/Visual Improvements in the Assembly Room.
- Allocates funding for the purchase of a Patrol Vehicle.
- Allocates funding for the Texas Road Pedestrian Bridge Project.
- Allocates funding for the purchase of a Skid Steer/Tractor for Street Department use.
- Allocates funding for the purchase of a Wood Chipper for Sanitation Department use.
- Allocates funding for the purchase of a Meter System Upgrade for the Water Department.
- Allocates funding to increase applicable Town staff to the 2023 living wage of \$20.10/hr, released by Just Economics WNC in March 2023 and/or a 5% C.O.L.A. increase for Town staff, whichever is greater.
- Allocates funding for budget requests of contributions equivalent to FY23 for the Landcare Committee and the Tree Board.

However, the budget does not appropriate funding for several capital projects identified in the Capital Improvement Plan:

- Dump Truck Replacement
- Sidewalks

**Water Fund**

Operating revenues for the Water Fund are budgeted for \$399,844, a 11.15% increase over the current fiscal year. Staff recommends that user rates should be increased to \$6.26/1000 gallons, the average of the water usage rates for the area, and water access fees to remain the same this year. The Water Fund will also reimburse the General Fund for shared expenses again this year through indirect cost allocation of 6.25%.

**Conclusion**

We are projecting a conservative increase in revenue while being mindful of the previous year's expenditures and inflationary factors in the FY 23-24 budget. We continue to have to make hard decisions prioritizing capital projects. While doing so, this budget includes several capital projects.

I feel that this recommendation is a responsible budget given the uncertainty of this era. The budget fulfills obligations that either this Board has made or legal obligations imposed by other levels of government. The FY 23-24 recommended budget is hereby respectfully submitted for your review and consideration.

**Ben T. Blackburn**  
**Town Manager**  
**(Interim)**

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# TOWN OF MONTREAT

## 2023-2024 BUDGET ORDINANCE

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**BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE TOWN OF MONTREAT, NORTH CAROLINA:**

**Section 1.** The following amounts are hereby appropriated in the General Fund for the operation of the Town Government and its activities for the fiscal year beginning July 1, 2023 and ending June 30, 2024 in accordance with the chart of accounts heretofore established for this Town:

Governing Board	\$50,903
Administration	\$533,616
Public Buildings	\$120,116
Police	\$494,744
Planning and Zoning	\$91,400
Public Works	\$133,205
Streets and Powell Bill	\$391,358
Sanitation	\$192,200
Recreation	\$23,050
<b>Total Expenditures</b>	<b>\$2,030,592</b>

**Section 2.** It is estimated that the following revenues will be available to the General Fund for the fiscal year beginning July 1, 2023 and ending June 30, 2024:

Taxes, Ad Valorem – Prior	\$0
Taxes, Ad Valorem – Current	\$1,250,000
Penalties and Interest	\$0
NC Sales & Use Tax	\$524,571
Taxes, Personal	\$25,900
NC Franchise Tax	\$86,947
Beer & Wine Tax	\$3,650
Solid Waste Disposal Tax	\$669
Community Service Fee	\$43,000
Interest on Investments	\$450
Interest on Powell Bill	\$45
Public Safety Charges	\$3,370
Building Permits	\$40,000
Zoning Permits	\$1,000
Sanitation Fees	\$3,740
Special Pick Up	\$1,200
Back Door Pickup	\$1,050
Powell Bill Grant	\$45,000
Powell Bill Fund Balance App.	\$0
<b>Total Revenues</b>	<b>\$2,030,592</b>



**Section 3.** The following amounts are hereby appropriated in the Water Fund for the fiscal year beginning July 1, 2023, and ending June 30, 2024, in accordance with the chart of accounts heretofore approved for the Town:

Water Fund	\$399,844
<b>Total Expenditures</b>	<b>\$399,844</b>

**Section 4.** It is estimated that the following Revenues will be available in the Water Fund for the fiscal year beginning July 1, 2023, and ending June 30, 2024:

MSD Billing Fees Revenue	\$22,800
Water Sales	\$172,000
Water Access Fees	\$168,959
Billing Fee Revenue	\$1,100
Water Taps	\$5,000
Water Transfer Fees	\$600
Special Assessment	\$26,000
Interest on Investments	\$50
Late Fees	\$3,335
<b>Total Revenue</b>	<b>\$399,844</b>

**Section 5.** The Budget Officer/Finance Officer is hereby authorized to distribute department funds upon the line-item budget and make expenditures therefrom, in accordance with the Local Government Budget and Fiscal Control Act.

**Section 6.** The Budget Officer/Finance Officer is hereby authorized to transfer appropriations as contained herein under the following conditions:

- A. He/she may transfer amounts between line items, expenditures and revenues, within a department without limitation and without a report being required.
- B. He/she may transfer amounts up to \$2,500 between departments within any one division, including contingency appropriations, within the same fund during any month. For the purpose of this ordinance, the Town of Montreat has the following divisions: Public Works (Streets and Sanitation), Police, Governing Body, Administration, Public Buildings, Planning and Zoning, and Recreation. The Budget Officer/Finance Officer must make an official report on such transfers at the next regular meeting of the Governing Board. Transfers between divisions would require action of the Governing Board.
- C. He/she may not transfer any amounts between funds, except as approved by the Governing Board in the Budget Ordinance as amended.

**Section 7.** There is hereby levied a tax at the rate of forty-three cents (0.43) per one hundred dollars (\$100) valuation of property as listed for taxes as of January 1, 2023 for the purpose of raising the revenue listed as "Taxes Ad Valorem - Current Year" in the General Fund in Section 2 of this Ordinance. The estimated rate of collection is 99.69%.

**Section 8.** The Town of Montreat Fee Schedule, FY 2023-2024, as attached, is hereby incorporated into this annual budget ordinance, and such fees shall become effective on July 1, 2023.

**Section 9.** Copies of the Budget Ordinance shall be furnished to the Mayor, to the Board of Commissioners and to the Clerk of the Town to be kept on file for their direction in the disbursement of funds.

**ADOPTED AND APPROVED THIS, THE \_\_\_\_\_ DAY OF JUNE, 2023**

\_\_\_\_\_  
**TIM HELMS**  
**MAYOR**

**ATTEST:**

\_\_\_\_\_  
**ANGIE MURPHY**  
**TOWN CLERK**

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# FISCAL YEAR 2023-2024 FEE SCHEDULE

## Town of Montreat Fiscal Year 2023-2024 Fee Schedule

### Administration

#### Taxes

Property Tax Rate: \$0.43/\$100 of Assessed Valuation

#### Miscellaneous

Copies (B&W)	\$0.10 per page
Copies (Color)	\$0.25 per page
Faxes Sent	\$1.00 per page
Faxes Received	\$0.10 per page
Documents	Actual Cost
Returned Check Fee	\$25.00 (per event)

#### Privilege Licenses

Repealed March 8, 2007

### Water Rates

#### Residential

Water Access Fee	\$14.35
Water Rate (per 1,000 gallons)	\$6.26
Meter Set	\$315.00
Meter Tap	\$1,830.10

#### Institutional

Water Access Fee – 1” Line	\$92.25
Water Access Fee – 2” Line	\$225.50
Water Rate (per 1,000 gals)	\$6.26
Meter Set	\$315.00
Meter Tap	\$1,830.10

#### Other Fees

Reconnection Fee	\$150.00
Water Service Transfer Fee	\$25.00
Late Fee	5% per month on past due balances

#### Sewer Rates

Determined by the  
Metropolitan Sewerage District Fee Schedule

**Building Permits and Inspection Fees**

**Non-Residential Permits**

New Construction or Renovation (up to \$1,000,000 in Valuation)	\$300.00; or \$10.00 per \$1,000.00 gross construction value, whichever is greater
New Construction or Renovation (over \$1,000,000 in Valuation)	0.30% of each additional \$1,000,000 or value or portion thereof
Engineering Services Review Fee	\$75.00 per hour

**Non-Residential Electrical, Mechanical & Plumbing Inspection Fees**

Per Inspection, Per Trade Discipline	\$100.00
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**Other (Non-Residential)**

Modular Offices	\$250.00
Day Care Centers	\$80.00 per trade discipline
ABC License	\$80.00 per trade discipline
Certificate of Occupancy	\$150.00

**Residential Construction Permits (New)**

Site-Built Homes	Fees based on Estimated Construction Cost x 0.006
Covered Heated Areas	\$132.00 per sq. ft.
Covered Unheated Areas	\$60.00 per sq. ft.
Porches, Decks, Patios, etc.	\$44.00 per sq. ft.
Concrete Slabs, Walks, Drives, etc.	\$4.00 per sq. ft.
Manufactured Homes	\$88.00 per sq. ft.

**Residential Construction Permits (Remodel or Renovation)**

\$0 - \$999.99	\$30.00
\$1,000 - \$1,999.99	\$40.00
\$2,000 - \$4,999.99	\$50.00
\$5,000 or more	Actual Cost of Construction x 0.006 Or \$50.00 whichever is greater

**Residential Electrical, Mechanical & Plumbing Inspection Fees**

Per Inspection, Per Trade Discipline	\$100.00
Mechanical Appliance Change Out	\$100.00
LP Gas Piping/System (per inspection required)	\$75.00

**Residential Certificate of Occupancy Fee**

\$60.00

**Miscellaneous Inspection & Administration Fees**

Demolition Permit	\$100.00
Driveway Permit	\$100.00
Fire Inspection	Per Town of Black Mountain Fee Schedule
Grading Permit	\$150.00
Homeowners Recovery Fee	\$10.00
Re-Inspection Fee	\$100.00
Residential Retaining Walls (<48" unbalanced backfill)	\$100.00

Engineered Retaining Walls (>48" unbalanced backfill or commercial projects)	\$300.00 Minimum Fee or 0.006 x Project Cost (including design work), whichever is greater
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**Work Performed Without Building and Zoning Permits** Double Permit Fee

**Right-of-Way Cut Permit Fees**

Minimum	\$50.00 < 25 square feet.
Normal Fee	\$2.00 per square foot
Maximum	\$2,500.00
Full Width Overlay (Master Permit – must be requested at time of cut application)	\$50.00
Street/Sidewalk/Dirt Cut Permit Length	10 working days (excluding weather delays)
Additional Re-Inspections	\$50.00 each
Additional Re-Inspections for Warranty Work	\$50.00 each

**Penalties/Fines**

Failure to obtain permit	\$50.00 per day
Exceeding time (past 10 working days)	\$50.00 per day

**Miscellaneous**

30-Day Extensions (must be requested prior to permit expiration)	No Charge
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**Planning/Zoning**

**Board of Adjustment Fees**

Appeals or Interpretations	\$50.00
Rezoning Requests	\$200.00
Variance Applications	\$350.00
Zoning Ordinance Amendment Applications	\$50.00

**Permit Fees**

Zoning Permit	\$35.00
Conditional Use Permit	\$300.00

**Subdivision Plat Review Fees**

Minor Subdivision	\$50.00
Major Subdivision	\$100.00

**Sign Permit Fees**

Free-Standing Signs	\$25.00
Wall Signs	\$20.00
Projection Signs	\$20.00
Suspended Signs	\$10.00

Home Occupation Signs \$10.00

**Other Permits**

Wireless Communications Facility - Plan Review Fee \$500.00

Wireless Communications Facility - Intermodulation Study \$500.00

Stormwater Permit \$400 per acre, or portion thereof, for total disturbed acreage equal to or exceeding 12,000 square feet. Below 12,000 square feet disturbed area, a \$100 flat rate shall be applied to all development and qualified redevelopment requiring a permit as described in the Stormwater Management Ordinance

Base Application Fee for Development in a Special Flood Hazard Area (SFHA) \$100.00

Fire Permits (Operational or Construction) \$25.00

**Sanitation**

Back Door Collection – Three Months \$47.50

Back Door Collection - Annual \$131.25

Special Pick Up \$25.00 minimum

ETJ Collection Rate \$300.00 annually

Mattress Disposal Fee \$5 per item

Leaf Collection Fee (outside normal collection period) \$25.00

Brush/ Yard Waste Collection Fee (over 3 cubic yards) \$25.00 per each additional 3 cubic yards

Town Seal Imprinted Bags (Blue and Green) \$1.00 per bag

**Police Department**

**Parking Fines**

Overtime Parking \$2.00

Illegal Parking \$30.00

Handicap Parking (Unauthorized) \$75.00

Late Fee for Parking Fines Additional \$10.00 if not paid within 15 days

Immobilization Fees \$50.00

**Town Ordinance Violation Fees**

First Offense Verbal Warning

Second Offense \$250.00

Third and Subsequent Offenses \$500.00

**Life Safety Code Violations** \$100.00

**Non-Conforming Sign Violations** \$50.00 if not removed within 15 days

**All fees are subject to change at any time with approval by the Board of Commissioners.**

# TOWN OF MONTREAT

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## FISCAL YEAR 2023-2024 BUDGET SUMMARY

### Town of Montreat 2023-2024 Budget Summary

	FY 22-23	FY 23-24	% +/-
<b>Revenues</b>			
General Fund	\$2,074,556	\$2,030,592	-2.12%
Water Fund	\$359,734	\$399,844	11.15%
<b>Total</b>	<b>\$2,434,290</b>	<b>\$2,430,436</b>	<b>-0.16%</b>
<b>Expenses</b>			
Governing Body	\$45,572	\$50,903	11.70%
Administration	\$471,922	\$533,616	13.07%
Public Buildings	\$120,862	\$120,116	-0.62%
Police	\$439,974	\$494,744	12.45%
Planning & Zoning	\$94,600	\$91,400	-3.38%
Public Works	\$117,593	\$133,205	13.28%
Streets	\$624,083	\$391,358	-37.29%
Sanitation	\$136,900	\$192,200	40.39%
Recreation	\$23,050	\$23,050	0.00%
Water	\$359,734	\$399,844	11.15%
<b>Total</b>	<b>\$2,434,290</b>	<b>\$2,430,436</b>	<b>-0.16%</b>

	FY 22-23		FY 23-24
<b>Payroll</b>	<b>Salaries</b>	<b>Payroll</b>	<b>Salaries</b>
Administration	\$227,325	Administration	\$254,700
Police	\$281,925	Police	\$285,800
Public Works	\$61,740	Public Works	\$69,800
Streets	\$88,515	Streets	\$89,900
Sanitation	\$39,375	Sanitation	\$43,700
Water	\$54,600	Water	\$54,700
<b>Total</b>	<b>\$753,480</b>	<b>Total</b>	<b>\$798,600</b>

Includes a 5% COLA increase \$26,170

Police Dept. includes a 3% officer certification \$1,307

The of and	Governing Board The Honorable Mayor and Members of the Town Council
	Primary Government Unit Town of Montreat, North Carolina
	Discretely Presented Component Unit (DPCU) (if applicable) NA

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

and	Auditor Name Carter, P.C.
	Auditor Address 301 College St., Suite 320

*Hereinafter referred to as Auditor*

for	Fiscal Year Ending	Date Audit Will Be Submitted to LGC
	06/30/23	10/31/23

*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 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.

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, the Governing Board, and the Auditor.
17. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit(s), shall be attached to this contract, and except for fees, work, and terms not related to audit services, shall be incorporated by reference as if fully set forth herein as part of this contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract shall take precedence. Engagement letter terms that conflict with the contract are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item 30 of this contract. Engagement letters containing indemnification clauses shall not be accepted by LGC Staff.
18. Special provisions should be limited. Please list any special provisions in an attachment.
19. A separate contract should not be made for each division to be audited or report to be submitted. If a DPCU is subject to the audit requirements detailed in the Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not to be issued and the DPCU is included in the primary government audit, the DPCU shall be named along with the primary government on this audit contract. DPCU Board approval date, signatures from the DPCU Board chairman and finance officer also shall be included on this contract.
20. The contract shall be executed, pre-audited (pre-audit requirement does not apply to hospitals), and physically signed by all parties including Governmental Unit(s) and the Auditor, then submitted in PDF format to the Secretary of the LGC.
21. The contract is not valid until it is approved by the Secretary of the LGC. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. The audit should not be started before the contract is approved.
22. Retention of Client Records: Auditors are subject to the NC State Board of CPA Examiners' Retention of Client Records Rule 21 NCAC 08N .0305 as it relates to the provision of audit and other attest services, as well as non-attest services. Clients and former clients should be familiar with the requirements of this rule prior to requesting the return of records.

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

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

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

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

27. **Applicable to audits with fiscal year ends of June 30, 2020 and later.** For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and *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.

**FEEES FOR AUDIT SERVICES**

1. For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct (as applicable) and *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:

<b>Name:</b>	<b>Title and Unit / Company:</b>	<b>Email Address:</b>
Rachel Eddings	Finance Officer	reddings@townofmontreat.org

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 FEES**

Primary Government Unit	Town of Montreat, North Carolina
Audit Fee	\$ 21,495
<b>Additional Fees Not Included in Audit Fee:</b>	
Fee per Major Program	\$
Writing Financial Statements	\$ 7,165
All Other Non-Attest Services	\$ see engagement letter

**DPCU FEES (if applicable)**

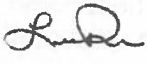
Discretely Presented Component Unit	NA
Audit Fee	\$
<b>Additional Fees Not Included in Audit Fee:</b>	
Fee per Major Program	\$
Writing Financial Statements	\$
All Other Non-Attest Services	\$

**SIGNATURE PAGE**

**AUDIT FIRM**

Audit Firm* Carter, P.C.	
Authorized Firm Representative (typed or printed)* Levonia Reese	Signature*
Date* 05/17/23	Email Address* levonia.reese@carter-cpa.com

**GOVERNMENTAL UNIT**

Governmental Unit* Town of Montreat, North Carolina	
Date Primary Government Unit Governing Board Approved Audit Contract* (G.S.159-34(a) or G.S.115C-447(a))	
Mayor/Chairperson (typed or printed)*	Signature* 
Date	Email Address

Chair of Audit Committee (typed or printed, or "NA") 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.*

Primary Governmental Unit Finance Officer* (typed or printed)	Signature*
Date of Pre-Audit Certificate*	Email Address*

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

**DISCRETELY PRESENTED COMPONENT UNIT**

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

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

**DPCU – PRE-AUDIT CERTIFICATE**

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

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

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

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

**PRINT**





May 15, 2023

To the Honorable Mayor and Members of the Town Council  
Town of Montreat, North Carolina  
Montreat, North Carolina

We are pleased to confirm our understanding of the services we are to provide Town of Montreat, North Carolina (the Town) for the year ending June 30, 2023.

### **Audit Scope and Objectives**

We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the disclosures, which collectively comprise the basic financial statements of the Town as of and for the year ending June 30, 2023. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Town of Montreat's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Town of Montreat's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquires 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 on 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 GAAP and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Schedule of the Proportionate Share of the Net Pension Liability - Local Government Employees' Retirement System
3. Schedule of Contributions - Local Government Employees' Retirement System
4. Schedule of Changes in Total Pension Liability - Law Enforcement Officers' Special Separation Allowance
5. Schedule of Total Pension Liability as a Percentage of Covered Payroll - Law Enforcement Officers' Special Separation Allowance

We have also been engaged to report on supplementary information other than RSI that accompanies Town of Montreat'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 in a report combined with our auditors' report on the financial statements:

1. General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
2. Combining Balance Sheet for Non-major Governmental Funds
3. Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds
4. Capital Projects Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
5. Special Revenue Funds - Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
6. Enterprise Fund - Water and Sewer Fund: Schedule of Revenues and Expenditures - Budget and Actual
7. Schedule of Ad Valorem Taxes Receivable
8. Analysis of Current Tax Levy

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

1. Introductory Section
2. Statistical Section

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and issue an auditors' report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and 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 judgement a reasonable user made based on the financial statements.

The objectives also include 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*.

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

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and will include tests of your accounting records 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 judgement and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste 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 may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

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

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

According to GAAS, significant risks include management override of controls, and GAAS presumes that revenue recognition is a significant risk. Accordingly, we have considered these as significant risks. We identified the following additional significant risks of material misstatement as part of our audit planning:

- Improper grant expenditures
- Prior water software billing issues
- Proper recording of transactions due to numerous special revenue funds
- Staffing transition

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 the financial statements does not relieve you of your responsibilities.

#### **Audit Procedures - Internal Control**

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope that would be necessary to render an opinion on internal control and, accordingly no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, and *Government Auditing Standards*.

### **Audit Procedures – Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Town of Montreat’s compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

### **Other Services**

We will assist in preparing the Annual Comprehensive Financial Report (ACFR), which includes the financial statements and related notes of Town of Montreat, in conformity with accounting principles generally accepted in the United States of America based on information provided by you. In addition, we will maintain your property and equipment listing, based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the ACFR and maintenance of your property and equipment listing services previously defined. We, in our sole professional judgement, 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 ACFR, maintenance of your property and equipment listing, and any other nonattest services we provide, You will be required to acknowledge in the management representation letter our assistance with the preparation of the ACFR and maintenance of your property and equipment listing, and that you have reviewed and approved those items prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

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

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

To the Honorable Mayor and Members of the Town Council  
Town of Montreat, North Carolina  
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Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

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

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

You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America (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 include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

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.

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

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

We 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.

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

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

Levonía B. Reese, CPA is the audit managing director and is responsible for supervising the engagement and signing the reports. We expect to begin our audit in July 2023 and to issue our reports no later than October 31, 2023.

To ensure that Carter, P.C.'s independence is not impaired under the AICPA *Code of Professional Conduct*, you agree to inform the engagement director before entering into any substantive employment discussions with any of our personnel.



To the Honorable Mayor and Members of the Town Council  
Town of Montreat, North Carolina  
Page 8

We estimate our fees for the audit and other services, including preparation of the ACFR, will approximate \$28,660. You will also be billed for travel and other out-of-pocket costs such as mileage, report production, postage, travel, copies, etc. Out-of-pocket expenses will not exceed \$400. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will keep you informed of any problems we encounter and our fees will be adjusted accordingly. Our invoices for these fees will be rendered as work progresses and are payable on presentation.

In accordance with our firm policies, work may be suspended if your account becomes 45 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 even if we have not completed our report. 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.

Liscio, our client portal system, is used solely to transmit data and exchange information and is not intended to store the Town's information. Upon completion of the engagement, Carter, P.C. will provide Town of Montreat with a copy of deliverables and data related to the engagement. Information and data in Liscio will only be stored for 60 days after issuance of the report.

### **Reporting**

We will issue a written report upon completion of our audit of Town of Montreat's financial statements. Our report will be addressed to the Honorable Mayor and Members of Town Council of Town of Montreat. 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.

We appreciate the opportunity to be of service to Town of Montreat 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 below and return it to us.

Very truly yours,



Levonia B. Reese, CPA  
Vice President & Audit Managing Director

To the Honorable Mayor and Members of the Town Council  
Town of Montreat, North Carolina  
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This letter correctly sets forth the understanding of the Town of Montreat.

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

Title \_\_\_\_\_

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

Title \_\_\_\_\_

