MONTGOMERY COUNTY BOARD OF EDUCATION
MINUTES

February 6, 2023

The Montgomery County Board of Education convened in a regular monthly meeting on Monday, February 6, 2023, at 6:30 pm in the Montgomery County Schools Boardroom. Board members present were Steve W. DeBerry – Chair, Tommy Blake - Vice Chair, Angela Smith, Lynn Epps, Anne Evans, Bryan Dozier and Cindy Taylor.

Chairman Steve DeBerry called the meeting to order. Mr. DeBerry moved to adopt the agenda as submitted. Bryan Dozier made the motion with Lynn Epps seconding. The agenda was accepted with unanimous approval from the board.

Chairman Steve DeBerry shared an opening devotional with words centered around love. He shared 1st Corinthians 13:13, "and now these three remain, faith, hope and love but the greatest of these is love." God commands us to love, to forbear one another and to protect those you love with your love rather than expose them and their faults. We can never know the whole story about another person, and we can only know so much about their motives or what's in their hearts. However, we can choose not to focus on the things we don't understand but to focus instead on what we can, love.

Chairman DeBerry led the Pledge of Allegiance to the Flag of the United States of America.

No one signed up to speak during the public comments section.

Chairman DeBerry called upon Dr. Ellis for Employee of the Month recognitions. Dr. Ellis called upon Dr. Amy Reynolds to recognize Kenston Scott, Behavior Specialist, MLA's classified employee of the month. Dr. Ellis then called upon Dr. Heather Seawell to recognize Mandy Georgepul, Distance Education, MCEC classified employee of the month.

Dr. Ellis at this time recognized the National Board Certified and Recertified Employees. Certified: Morgan Blake, Star Elementary and April Daywalt, MCEC. Recertified: Sarah Talbert, Montgomery Central High School and Heather Seawell, MCEC.

Chairman DeBerry called upon Emily Shaw for recognition of CTE Month. This is a public awareness campaign that takes place each February to celebrate the value of CTE and the achievements and accomplishments of CTE programs across the country. At this time Ms. Shaw requested all the CTE teachers to please stand and come to the front to be recognized. Jodi Cole, Health Sciences; Kirk Watts, Middle School Career Development Coordinator; Wayne Kocher, Business; Casey Galloway, Firefighting; and Matthew Swain, Director of Career and College Readiness.

Chairman DeBerry requested to hold the consent agenda until after the closed session. The board approved unanimously.

Chairman DeBerry called upon Dr. Amy Reynolds, principal for MLA. Dr. Reynolds called upon Ms. Mandy Georgepul and Ms. Elizabeth Divine for the "Middle School Behavior

Program" presentation. Dr. Reynolds explained that Ms. Divine is responsible for developing our Middle School Behavior Program. Most middle school students come to MLA due to behavioral issues which can make a classroom of middle schoolers with varying behavior issues very challenging. This is the first full year of using the inclusion classroom for middle school. This program has been shown to improve academic success while also helping EC students develop stronger relationships with traditional students. The program also allows teachers to create unique lesson plans that support all students, even general education students that may not have an IEP but that are struggling are provided with extra support. The program uses Happy Face and Sad Face charts to follow each student's progress. In the classroom, each student earns either a happy face (followed all classroom expectations), straight face (followed some classroom expectations) or a sad face (did not follow classroom expectations). This information is put into graph form and is used to follow the student's improvement from week to week or if a student is having difficulty. This graph allows the teachers to see if they need to make any changes. The documentation can also indicate if a student is ready to return to their home middle school or to move from an abbreviated day back to a full day and can also be used as a review of a student's IEP behavior progress and goals. An added incentive of the program is that students can earn points depending on the amount of happy or straight faces they receive each week. These points can be redeemed for items in the Middle School store. The students enjoy being able to purchase items for themselves, but they also take pride in being able to purchase items for their family members. All items in the store have been donated and all donations are greatly appreciated.

Chairman DeBerry called upon Dr. Heather Seawell, principal at MCEC. Dr. Seawell called upon April Daywalt and Edwin Nunez for the "Phoenix Symposium" presentation. The symposium was offered in January to provide enrichment activities and an opportunity for students to re-connect after winter break. Planning for the symposium was a team effort with input from the community, students and teachers. The symposium was scheduled for the first nine days at the start of the semester and was created to allow time to focus on ACT prep, community field trips, and career exploration as well as teachers providing additional classes such as interview skills, resume writing, etc. Students, such as Edwin Nunez, were encouraged to volunteer to teach a session on an activity they were knowledgeable in and one that they would like to share that knowledge with other students. Using google forms, students were allowed to choose what sessions they would like to attend. They were asked to sign up the day before the event so that teachers could have their supplies and also to have a way to take attendance. Some of the classes offered were on healthy eating, introduction to chess, beginning crochet, circuit boards, coloring stress away, etc. Some of the outcomes from the symposium were exposure to a variety of topics and career opportunities, students and teachers were able to share their passions, it was a safe and open learning environment, and time for ACT test review. Edwin Nunez, a senior at MCEC shared some of the highlights of the symposium which were student-led and teacher-led sessions, alumni returning to share their experiences, local community exploration, partnership with MCC, the reality store which taught students how to create a budget and ending with a fun game of family feud. He stated that overall, it was a great experience, but he really enjoyed being able to have a passion and have other people listen because it made him feel like a teacher for that day. There were many positive comments and reflections from parents, teachers and students. The symposium also allowed the students to show their creative side and was very instrumental in promoting good teacher-student relationships.

Chairman DeBerry called upon Dr. Tracy Grit for the MCS/MCC "Homegrown" presentation. Dr. Grit stated that this program was introduced to the board two years ago and the idea was to entice our staff into obtaining a master's degree or if they already have a master's

degree, allowing them to teach dually for MCS and MCC. The program will reimburse $1000 per semester with half of the reimbursement coming from MCC and half from MCS for up to five semesters. The recipients also agree to work with us and teach for MCC for three years. We have, so far, had eight staff members take advantage of the program. Ms. Hollie Ritter is our first graduate of the program. She has signed a contract with MCC/MCS and is currently in her first semester of teaching the additional class. Dr. Grit ask Ms. Ritter to please speak about her experience with the program. She stated that she originally spoke with Dr. Grit and Mr. Proctor about her interest in the program, but she was currently a Pre-K teacher and did not have blocks. Dr. Grit and Mr. Proctor were able to make a few tweaks and in August 2021 she started in the Master's program at Liberty University and in December 2022 she graduated with her Master's in Education, Early Childhood Education and Instruction & Curriculum. In January she started teaching an online class at MCC titled "Foundations of Education" that prepares students to understand the laws and rules around education. Thanks to this program she was able to finish her master's degree sooner than she expected and she is very thankful for that opportunity. Dr. Grit then went on to explain the teacher program. These individuals need to have worked for or are currently working for MCS/MCC who already have their associate degree and would like help transitioning into teaching. We would sign early contracts to agree to teach with MCS for up to three years and offer $500 per semester of tuition reimbursement up to five semesters. We currently have two Teacher Assistants in the final stages of the program, Kelly Lamonds and Mandy Georgepul. Dr. Grit ask Ms. Kelly Lamonds to please speak about her experience with the program. She earned her Associates Degree in Early Childhood Education and an Associate Degree in Arts. In 2007 she took a full-time job working with AIG and in 2014 she decided to go back to school to be a teacher. When she heard about the Homegrown program, she immediately emailed Dr. Grit. She currently works at Candor as a Pre-K assistant and will graduate with her teaching degree in three months. She is just thankful for the program and what she has been able to accomplish. Dr. Grit then called upon Ms. Mandy Georgepul to speak about her experience with the program. She started with many college credit hours and an Associate Degree in General Education but with no direction. She began substitute teaching and realized her purpose was working with students and with the encouragement of Dr. Seawell she completed the college application but with four children of her own she could not afford to continue her education. Dr. Seawell put her in contact with Dr. Grit regarding the Homegrown program and in doing so she was able to continue and in three months she will have her teaching degree. She will be the first one in her family to graduate from college and it is all thanks to this program. Dr. Grit then went on to state that for 2023-2024 (up to 5) and 2024-2025 (up to 5) we are partnering with MCC to start the new Apprentice Teacher Assistants through the Homegrown program. This will be for ages 18-24 with a high school diploma or working toward an Associate Degree in Education from Montgomery County. They will receive up to 25 hours per week of paid internship and free tuition at MCC as long as their grades remain in good standing at MCC. We plan to market this program in the community and hopefully some of our teacher cadets will take advantage of this opportunity.

Chairman DeBerry called upon Dr. Dale Ellis for the Calendar Resolution. Dr. Ellis stated that nothing hampers us more at the secondary level when it comes to student achievement than the calendar. There have been numerous efforts made to ask the General Assembly to make that change to the current calendar law stating that we cannot start school until the end of August. Several bills have been passed in the house but die in the Senate. This is a resolution from the School Superintendents Association that they are pushing school boards to pass. We have passed a similar one in the past as have the County Commissioners. I will be forwarding a copy of this resolution to them as well. I will also be presenting the board members with an innovative calendar option for next year to review. We will start in late August but still end by

Christmas for that first semester. We are currently working on some logistics of how to push all of the tested sections into the second semester so that they will have more time. The battle we are fighting is time. Still our best option is for the state to change the law. I definitely make the recommendation to pass this resolution and make our voice heard. Mr. DeBerry moved to approve the resolution as submitted. Bryan Dozier made the motion, with Tommy Blake seconding. The board approved the resolution unanimously.

Chairman DeBerry called upon Dr. Dale Ellis for the Superintendent's Comments. February is African American History Month. Jack Cagle along with Diversity & Inclusion have done a good job to share out the appropriate resources for all our students at all grade levels. We are very excited about all of the activities our teachers are planning and we will be sharing that through our School Connections in the Montgomery Herald throughout this month. There are lots of great things going on in our schools and we look forward to highlighting that work as well. These are some exciting times, and you can see some of the great things going on in the Montgomery County Schools and we want to continue building on that. It is African American History Month, and we will do a great job making sure to highlight the importance of that history for all of our students. It is also Student Counselor week, so thank your Student Counselor. They do a great job every day. Just a lot going on this time of year as we move into Spring.

Chairman DeBerry then asked for a motion to go into closed session to discuss personnel and consult the board attorney. Bryan Dozier made the motion, with Cindy Taylor seconding. The board approved entering into closed session unanimously.

Upon returning to open session, Chairman DeBerry asked for a motion to add an addendum to the personnel report. Bryan Dozier made a motion, with Tommy Blake seconding. The motion was approved unanimously. Mr. DeBerry then called for a motion to approve the consent agenda. Upon a motion by Bryan Dozier and a second by Tommy Blake, the consent agenda was approved 6-0, with Lynn Epps abstaining.

After closed session the following items were approved:

1) Board Minutes from January 9, 2023
2) Personnel and Auxiliary Report

MONTGOMERY COUNTY SCHOOLS
PERSONNEL REPORT
Tracy Grit, Associate Superintendent for Operations/HR
February 6, 2023

a. Superintendent reports the acceptance of the following resignations/retirements:

Resignation/Retirement	School/Assignment	Effective Date
1) Katrya Jewell Resignation	Candor Elementary 5th Grade Teacher	1/22/2023
2) Regina Thomas Retirement	Troy Elementary Teacher Assistant	2/28/2023
3) Irma Robledo Retirement	Central Office Administrative Assistant	4/30/2023
3) Sloan Bourgeois Retirement	Mt. Gilead Elementary Principal	2/01/2023

b. Upon recommendation, approval of the following probationary contracts for the 2022-2023 school year as provided by General Statute 115C-325:

Page Lassiter – Montgomery Central High School
Sarah Thaxton – Green Ridge Elementary School
Carlee Krumm-Castaneda East Middle School

c. Upon recommendation, approval of the following interim contracts for the 2022-2023 school year as provided by General Statute 115C-325:

Employee/ Effective Date	School/ Assignment	Record Check	Replacing
1) Jessica Livingston 2/2/2023	Mt. Gilead Elementary Guidance Counselor	Yes	Penny Tofflemeyer
2) Eric Spencer 1/23/2023	Montgomery Central High Social Studies Teacher	Pending DMV	Spencer Shaw

d. Upon recommendation, approval of the following probationary contracts for the 2023-2024 school year as provided by General Statute 115C-325:

Employee/ Effective Date	School/ Assignment	Record Check	Replacing
1) Ryan Cushings 8/2023	Montgomery Central High AFJROTC Instructor	Yes	Dwight Scott

e. Upon recommendation, approval of the following coaches:

Montgomery Central High School
Ray Massey Golf

East Middle School
Jack Carpenter – Head Baseball
Kenneth Lynthacum – Basball Assistant
Travis Hurley – Assistant Baseball
Delana Cagle – Head Softball
Jocelyn Smith – Assistant Softball
Peyton Holder Head Tennis
Joanna Miller Head Soccer
Mythli Veersurla – Assistant Soccer

West Middle School
Jay Myrick – Head Baseball
Christy McIntyre – Head Soccer
Cody Williams – Assistant Soccer
Daniel Strider – Head Softball
Sharon Strider - Assistant Softball
Michael Leferte – Assistant Softball

MONTGOMERY COUNTY SCHOOLS
AUXILARY REPORT
FEBRUARY 6, 2023

Upon recommendation, approval of release from Montgomery County Schools requested for the 2023-2024 school year.

Montgomery County Schools to Moore County Schools

Montgomery County Schools to Stanly County Schools

3) Budget Resolution

441 Page Street • P.O. Box 427
Troy, North Carolina 27371-0427
PHONE: (910) 576-6511 • FAX: (910) 576-2044

To: Board of Education
From: Mitch Taylor
Date: February 6, 2023
Subject: Agenda Item (Section – Consent Agenda)

Attached you will find a budget amendment for your consideration for the year ending June 30, 2023.

Fiscal Year 2022/2023 Budget Amendment # 5

State Funds

1) An increase of $80,405.00 to the State Budget Fund (Fund 1):

$21,358.00 increase to PRC 046 (3rd Grade Reading Bonus) – The state paid a bonus to teachers in 3rd grade whose reading EVAAS scores were in the top 25% for the district and another bonus if their score was also in the top 25% for the state.

$59,047.00 increase to PRC 048 (3rd – 8th Grade Math Bonus) – The state paid a bonus to teachers in grades 3-8 whose math EVAAS scores were in the top 25% for the district and another bonus if their score was also in the top 25% for the state.

$27,475.00 decrease to PRC 130 (Textbook Fund) and a corresponding increase of $27,475.00 to PRC 131 (Textbook Spending Account) – This was an ABC transfer to move funds into the textbook spending budget so that books could be purchased that are used for our students taking courses at MCC.

Local Funds

2) No change to the Local Fund Budget (Fund 2)

Federal Funds

3) No change to Federal Funds

Capital Outlay Funds

4) An increase of $53,806.33 to the Capital Outlay Budget Fund (Fund 4):

$1,100.00 increase to PRC 802 (Capital Outlay Expenses) – Purchase security radios for West Middle School.

$6500.00 increase to PRC 802 (Capital Outlay Expenses) – These funds were to restripe the parking lots at all schools.

$1205.33 increase to PRC 802 (Capital Outlay Expense) – These funds were to upgrade some of the school doors for security purposes.

$45,000.00 increase to PRC 802 (Capital Outlay Expense) – These funds are to be used to manage the backstop construction project at the MCHS softball and baseball fields.

Child Nutrition

5) No change to the Child Nutrition Fund. (Fund 5):

Special Local Fund 8

6) An increase of $1423.10 to the Special Local Fund 8 Budget (Fund 8):

$1423.10 increase to PRC 061 (IAL bus donation) – A local civic group donated funds to purchase a bench at MCHS.

7) Overall, these adjustments resulted in an increase of $135,634.43 to the total 2022 - 2023 budget for Montgomery County Schools.

I will be available to answer any questions you may have.

This amendment is an action item and will require a vote.

Budget Amendment # 5

Montgomery County Administration Unit

The Montgomery County Board of Education at a meeting on the 6th day of February, 2023 passed the following resolution:

Be it resolved that the following amendments be made to the Budget Resolution for the fiscal year ending June 30, 2023.

Expense Code	Description of Code	Increase	Decrease
	STATE FUNDS		
	Revenues		
1.3100	State Revision #33 PRC 046	$21,358.00	
1.3100	State Revision #33 PRC 048	$59,047.00	
	Net Change in State Revenues	**$80,405.00**	
	Expenses		
1.5000.130	ABC Transfer Textbook Fund		$27,475.00
1.5000.131	ABC Transfer Textbook Fund	$27,475.00	
1.5000.046	3rd Grade Teacher Reading Bonus	21,358.00	
1.5000.048	3rd-8th Math, Reading Teacher Bonus	59,047.00	
	Net Change in State Expenses	**$80,405.00**	
	Net Change in State Budget	**$80,405.00**	

Explanation: Adjustments made for actual revenues and expenditures.

Total Appropriation in Current Budget	**$28,612,537.00**
Amount of Increase	**$80,405.00**
Total Appropriation in Current Amended Budget	**$28,692,942.00**

Budget Amendment # 5

Expense Code	Description of Code	Increase	Decrease
	LOCAL FUNDS		
	Revenues		
	Expenses		
	Net Change in Local Budget	$0.00	

Explanation: Adjustments made for actual revenues and expenditures.

Total Appropriation in Current Budget	$6,646,016.00
Amount of Increase	$0.00
Total Appropriation in Current Amended Budget	$6,646,016.00

Budget Amendment # 5

Expense Code	Description of Code	Increase	Decrease
	FEDERAL FUNDS		
	Revenues		
	Net Change in Federal Revenues	$0.00	
	Expenses		
	Net Change in Federal Expenses	$0.00	
	Net Change in Federal Budget	$0.00	

Explanation: Adjustments made for actual revenues and expenditures.

Total Appropriation in Current Budget	$12,270,682.62
Amount of Increase	$0.00
Total Appropriation in Current Amended Budget	$12,270,682.62

Budget Amendment # 5

Expense Code	Description of Code	Increase	Decrease
	CAPITAL OUTLAY FUND		
	Revenues		
4.4110.802	County Funding	1,100.00	
4.4110.802	County Funding	6,500.00	
4.4110.802	County Funding	1,206.33	
4.4110.802	County Funding	45,000.00	
	Net Change in Capital Outlay Revenues	**53,806.33**	
	Expenses		
4.9000.802	Security Radios for WMS	1,100.00	
4.9000.802	Restripe parking lots	6,500.00	
4.9000.802	Door security upgrade	1,206.33	
4.4110.802	County Funding	45,000.00	
	Net Change in Capital Outlay Expenses	**53,806.33**	
	Net Change in Capital Outlay Budget	$53,806.33	

Explanation: Adjustments made for actual revenues and expenditures.

Total Appropriation in Current Budget	$1,705,071.77
Amount of Increase	$53,806.33
Total Appropriation in Current Amended Budget	$1,758,878.10

Expense Code	Description of Code	Increase	Decrease
	CHILD NUTRITION FUND		
	Revenues	0.00	
	Expenses	0.00	
	Net Change in Child Nutrition Budget	$0.00	

Explanation: Adjustments made for actual revenues and expenditures.

Total Appropriation in Current Budget	$3,513,860.00
Amount of Increase	$0.00
Total Appropriation in Current Amended Budget	$3,513,860.00

Budget Amendment # 5

Expense Code	Description of Code	Increase	Decrease
	LOCAL FUND 8		
	Revenues		
8.4000.051	A Local Club Donation	1,423.10	
	Total Changes in Fund 8 Revenues	**$1,423.10**	
	Expenses		
8.9000.051	Donation for bench at WCHS	1,423.10	
	Total Change in Fund 8 Expenses	**$1,423.10**	
	Net Change in Local Fund 8 Budget	$1,423.10	

Explanation: Adjustments made for actual revenues and expenditures.

Total Appropriation in Current Budget	$4,059,321.61
Amount of Increase	$1,423.10
Total Appropriation in Current Amended Budget	$4,060,744.71

Summary of Budget Changes

Previous Budget	**$56,807,489.00**
State Budget Change	$80,405.00
Local Budget Change	$0.00
Federal Budget Change	$0.00
Capital Outlay Budget Change	$53,806.33
Child Nutrition Budget Change	$0.00
Fund 8 Budget Change	$1,423.10
Current Budget	**$56,943,123.43**

Passed by majority vote by the Board of Education of Montgomery County on the 8th day of February 2023.

Chairman, Board of Education

Secretary, Board of Education

4) Audit Contract

441 Page Street • P.O. Box 427
Troy, North Carolina 27371-0427
PHONE: (910) 576-6511 • FAX: (910) 576-2044

2/6/2023

This is the Audit Contract for 2023 from our external audit firm, Anderson Smith & Wike PLLC. The fee has increased this year by $750.00. This is the first increase since I became finance officer in 2015. If approved by the Board, Chairman DeBerry is to sign in two place that are marked. If you have any questions, please let me know.

Mitch Taylor
Finance Officer
Montgomery County Schools

LGC-205 CONTRACT TO AUDIT ACCOUNTS Rev. 11/2022

The Governing Body
Board of Education
of Primary Government Unit
Montgomery County Schools
and Discretely Presented Component Unit (DPCU) (if applicable)
N/A

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

and Auditor Name
Anderson Smith & Wike PLLC
Auditor Address
116 Greglyn Road, Rockingham, NC 28379

hereinafter referred to as Auditor

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

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 Administrative 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, and is 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

LGC-205 CONTRACT TO AUDIT ACCOUNTS Rev. 11/2022

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-§ §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 - .16. That would include issues such as difficulties encountered during the audit, significant 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
e) 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. Informal or 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-you-audit.

32. All communications regarding audit contract requests for modification or official approvals will be sent to the email addresses provided on the signature pages that follow.

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

FEES FOR AUDIT SERVICES

1. For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct (as applicable) and *Government Auditing Standards, 2018 Revision*. Refer to Item 27 of this contract for specific requirements. The following information must be provided by the Auditor, contracts presented to the LGC without this information will 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 those services:

Name:	Title and Unit / Company:	Email Address:
Mitch Taylor	Chief Financial Officer	

OR Not Applicable ☐ (Identification of SKE Individual in Item 1 (GS-159 Certain Units applicable for 6/30/2021 audits or audits with FYE 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 invoice requiring approval of the LGC. See Items 9 and 13 for details or 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 firm for correction.

4. Prior to the submission of the completed audited financial report and applicable compliance reports subject to this contract or for 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. An invoice 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	Montgomery County Schools
Audit Fee	$ 79,900.00
Additional Fees Not Included in Audit Fee:	
Fee per Major Program	$ $900 per program, if applicable
Writing Financial Statements	$ 3,750.00
All Other Non-Attest Services	$ As standard levy rates, if any, apply.

DPCU FEES (If applicable)

Date(s) Billed: Component Unit	N/A
Audit Fee	$
Additional Fees Not Included in Audit Fee:	
Fee per Major Program	$
Writing Financial Statements	$
All Other Non-Attest Services	$

SIGNATURE PAGE

AUDIT FIRM

Audit Firm* Anderson Smith & Wike PLLC	
Authorized Firm Representative (typed or printed)* Dale Smith	Signature*
Date* 6/21/23	Email Address* dale.t@asw-cpa.com

GOVERNMENTAL UNIT

Governmental Unit* Montgomery County Schools	
Date Primary Government Unit Governing Board Approved Audit Contract* (mm/dd/yyyy or m/d/yyyy)	
Mayor/Chairperson (typed or printed)* Steven W. Bellamy	Signature*
Date	Email Address* sbellamy@mcpsnc.org

Chair of Audit Committee (typed or printed, or "N/A") N/A	Signature
Date	Email Address N/A

GOVERNMENTAL UNIT – PRE-AUDIT CERTIFICATE

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

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

Primary Government Unit Finance Officer* (typed or printed) Mitch Taylor	Signature*
Date of Pre-Audit Certificate*	Email Address* mitch.taylor@montgomeryk12.org

LGC-205 CONTRACT TO AUDIT ACCOUNTS Rev. 11/2022

SIGNATURE PAGE – DPCU
(complete only if applicable)

DISCRETELY PRESENTED COMPONENT UNIT

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

Chair of Audit Committee (typed or printed, or "N/A") N/A	Signature
Date	Email Address N/A

DPCU – PRE-AUDIT CERTIFICATE

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

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

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

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

PRINT

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ASW ANDERSON SMITH & WIKE PLLC
Certified Public Accountants

January 12, 2023

Montgomery County Schools
441 Page Street
Troy, NC 27371

We are pleased to confirm our understanding of the services we are to provide for Montgomery County Schools for the year ended 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, including the disclosures, which collectively comprise the basic financial statements, of Montgomery County Schools as of and for the year ended 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 Montgomery County Schools' basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which 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 Montgomery County Schools' RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of measuring the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis.
2. Schedules of the Board's Proportionate Share of the Net Pension and OPEB Liabilities (Assets).
3. Schedules of Board Contributions.

We have also been engaged to report on supplementary information other than RSI that accompanies Montgomery County Schools' 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 auditor's report on the financial statements:

1. Schedule of expenditures of federal and State awards
2. Individual fund schedules and budgetary schedules

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinions about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP, and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable

assurance is a high level of assurance, but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements. The objectives also include reporting on:

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

Auditor's Responsibilities for the Audit of the Financial Statements and Single Audit

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance and the State Single Audit Implementation Guide, and will include tests of accounting records, a determination of major program(s) in accordance with Uniform Guidance and the State Single Audit Implementation Guide, and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements or noncompliance may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. 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. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

In connection with this engagement, we may communicate with you or others via email transmission. As email can be intercepted or altered, 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 to and read only by the addressees. 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 consider 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 individuals, funding sources, creditors, and financial institutions.

We identified improper revenue recognition and management override of controls as significant risks of material misstatement as part of our audit planning. We have developed specific tests and procedures that we will perform as part of our audit to address these risks.

Our audit of 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. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. 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 uncorrected noncompliance with laws having a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

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

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

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Montgomery County Schools' compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance and the State Single Audit Implementation Guide requires that we plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal and State statutes, regulations, and the terms and conditions of federal and State awards applicable to major

programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of Montgomery County Schools' major programs. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on Montgomery County Schools' compliance with requirements applicable to each of its major programs in our report on our reliance issued pursuant to the Uniform Guidance and the State Single Audit Implementation Guide.

Other Services

We will also assist in preparing the financial statements, schedule of expenditures of federal and State awards, and related notes of Montgomery County Schools in conformity with accounting principles generally accepted in the United States of America and the Uniform Guidance based on information provided by you. These nonattest services do not impair the auditor independence under *Government Auditing Standards* and such services will not be construed in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of expenditures of federal and State awards, and related notes services previously defined. We will use professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

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

Responsibilities of Management for the Financial Statements and Single Audit

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

You are also responsible for making drafts of financial statements, schedule of expenditures of federal and State awards, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with: (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to persons, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance and the State Single Audit Implementation Guide; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the government from whom we determine it necessary to conduct audit evidence. At the

conclusion of our audit, we will require certain written representations from you about the financial statements, schedule of expenditures of federal and State awards, federal award programs, compliance with laws, regulations, contracts, and grant agreements, and related matters.

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

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

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

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles (GAAP). You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that: (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

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

Engagement Administration, Fees, and Other

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

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal and State awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the Federal Audit Clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

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

The audit documentation for this engagement is the property of Anderson Smith & Wike PLLC 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 an oversight agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of 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 Anderson Smith & Wike PLLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may inspect or decide to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by an oversight agency. If we are aware that a federal 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.

Dale Smith is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. We expect to begin our audit in early 2023.

Our fees for the audit and financial statement preparation services will not exceed $82,400 for the audit and $5,750 for the writing of the financial statements. In addition, we will bill separately at standard hourly rates for any required single audits or other mandated testing of federal Covid relief funding or other new federal or State grant funding expended during this year, any assistance provided with GASB pension disclosures, new GASB implementation disclosures or other non-attest services requested by management that we may provide. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Reporting

We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Board of Education of Montgomery County Schools. Circumstances may exist in which our reports may differ from the 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 auditor's 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.

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

We appreciate the opportunity to be of service to Montgomery County Schools 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,

Anderson Smith & Wike PLLC

Dale Smith

Dale Smith, CPA

RESPONSE

This letter correctly sets forth the understanding of Montgomery County Schools.

Officer signature: _____ Date: _____

Board Chair Signature: _____ Date: _____

DEANDORTON

Report on the Firm's System of Quality Control

To the Partners of Anderson Smith & Wike, PLLC and the
Peer Review Committee, Coastal Peer Review, Inc.

We have reviewed the system of quality control for the accounting and auditing practice of Anderson Smith & Wike, PLLC (the firm) in effect for the year ended March 31, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

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

Firm's Responsibility

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

Peer Reviewer's Responsibility

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

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, and an audit of an employee benefit plan.

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Anderson Smith & Wike, PLLC in effect for the year ended March 31, 2022, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies), or fail. Anderson Smith & Wike, PLLC has received a peer review rating of pass.

Dean Dorton Allen Ford, PLLC

Dean Dorton Allen Ford, PLLC

August 4, 2022

5) Personnel Report Addendum

441 Page Street • P.O. Box 427
Troy, North Carolina 27371-0427
PHONE: (910) 576-6511 • FAX: (910) 576-2044

Personnel Report Addendum

f. Upon recommendation, the approval of the following administrative reassignments:

- Adriane Clarett – Interim Principal – Mount Gilead Elementary School
- Emily Dunn – Interim AP – Mount Gilead Elementary School
- Mandy Hall – Assistant Principal – Green Ridge Elementary School

MONTGOMERY COUNTY SCHOOLS
PERSONNEL REPORT
Tracy Grit, Associate Superintendent for Operations/HR
February 6, 2023

a. Superintendent reports the acceptance of the following resignations/retirements:

Resignation/Retirement	School/Assignment	Effective Date
1) Kateyu Jewell Resignation	Candor Elementary 5th Grade Teacher	1/22/2023
2) Regina Thomas Retirement	Troy Elementary Teacher Assistant	2/3/2023
3) Irma Robledo Retirement	Central Office Administrative Assistant	4/30/2023
3) Sloan Bourgeois Retirement	Mt. Gilead Elementary Principal	2/01/2023

b. Upon recommendation, approval of the following probationary contracts for the 2022-2023 school year as provided by General Statute 115C-325:

Page Lassiter – Montgomery Central High School
Sarah Thaxton – Green Ridge Elementary School
Carlee Kramm-Castaneda – East Middle School

c. Upon recommendation, approval of the following interim contracts for the 2022-2023 school year as provided by General Statute 115C-325:

Employee/ Effective Date	School/ Assignment	Record Check	Replacing
1) Jessica Livingston 2/2/2023	Mt. Gilead Elementary Guidance Counselor	Yes	Penny Tofflemeyer
2) Eric Spencer 1/23/2023	Montgomery Central High Social Studies Teacher	Yes	Spencer Shaw

d. Upon recommendation, approval of the following probationary contracts for the 2023-2024 school year as provided by General Statute 115C-325:

Employee/ Effective Date	School/ Assignment	Record Check	Replacing
1) Ryan Cushings 8/2023	Montgomery Central High AFJROTC Instructor	Yes	Dwight Scott

e. Upon recommendation, approval of the following coaches:

Montgomery Central High School
Ray Massey – Golf

East Middle School
Jack Carpenter – Head Baseball
Kenneth Lynthaeuns – Baseball Assistant
Travis Harley – Assistant Baseball
Delana Cagle – Head Softball
Jocelyn Smith – Assistant Softball
Peyton Holder – Head Tennis
Joanna Miller – Head Soccer
Myrhil Veerstaria – Assistant Soccer

West Middle School
Jay Myrick – Head Baseball
Christy McIntyre – Head Soccer
Cody Williams – Assistant Soccer
Daniel Strider – Head Softball
Sharon Strider - Assistant Softball
Michael Lefevre – Assistant Softball

Following approval of the consent agenda, Chairman DeBerry asked for a motion to adjourn the meeting. Bryan Dozier made the motion with Angela Smith seconding; the meeting was duly adjourned.

The next regular meeting will be held on Monday, March 6, 2023, at 6:30 pm at the Montgomery County Central Office.

Steven W. DeBerry, Chairman

Dale Ellis, Ed. D., Secretary