

**REGULAR COUNCIL MEETING
CITY OF SKY VALLEY, GEORGIA
FEBRUARY 19, 2013
TUESDAY, 9:30 AM
FELLOWSHIP HALL, 817 SKY VALLEY WAY**

AGENDA

CALL TO ORDER

INVOCATION/PLEDGE OF ALLEGIANCE

APPROVAL OF MINUTES

January 15, 2013 Special Council Meeting

ADOPTION OF AGENDA

MAYOR'S REMARKS

COUNCIL REMARKS

DEPARTMENT REPORTS

Police Chief's Report

City Financial Report

Tax Commissioner's Report

Building Inspector's Report

City Manager's Report

COMMITTEE REPORTS

Planning & Zoning Commission

NEW BUSINESS

- Building Code Requirements – Roofing
- Approval of 2012 Audit Proposal
- Elected Officials Training
- Sky Valley Events
- Awarding of bids for Surplus Property

PUBLIC FORUM AND GENERAL COMMENTS

EXECUTIVE SESSION

ADJOURNMENT

**REGULAR COUNCIL MEETING
CITY OF SKY VALLEY, GEORGIA
JANUARY 15, 2013
TUESDAY, 9:30 AM
FELLOWSHIP HALL, 817 SKY VALLEY WAY**

MINUTES

Mayor Martindale called the meeting to order.

Those present: Mayor Martindale, Council President Howard, Councilors Carr, Larsen, Platt, and Whatley, Attorney Dickerson, City Manager Smith, Chief Dills, City Clerk Cantrell, and Tax Commissioner Mullins.

SPECIAL BUSINESS/ORGANIZATIONAL MEETING

- Swear in Newly Elected Officials

City Clerk Cantrell administered the Oath of Office for Councilors Liz Carr and Neil Howard.

- Nomination and Selection of 2013 Council President

Councilor Platt made a motion nomination Neil Howard as Council President, 2nd Councilor Whatley unanimously approved.

- Set 2013 Regular Meeting Dates

Councilor Whatley made a motion to keep the regular meeting date the third Tuesday of each month at 9:30 AM, 2nd Councilor Larsen. The motion carried 4:1 with Councilors Carr, Larsen, Platt, and Whatley voting aye and Council President Howard voting nay.

- Discussion of Regular Meeting format – Department Reports

Councilor Whatley asked if the Council wanted to waive the reading of the reports at the meetings and allow for a question and answer session instead. Councilor Larsen made a motion to keep the reports section as is and for them to continue to be read aloud, 2nd Councilor Platt, unanimously approved.

INVOCATION/PLEDGE OF ALLEGIANCE

Pam Martindale gave the Invocation. Mayor Martindale led the Pledge of Allegiance.

APPROVAL OF MINUTES

Council President Howard made a motion to approve the minutes of the December 6, 2012 Special Council Meeting, December 7, 2012 Special Council Meeting, and the January 8, 2013 Special Council Meeting, 2nd Councilor Carr, unanimously approved.

ADOPTION OF AGENDA

Councilor Whatley made a motion to adopt the agenda, 2nd Councilor Platt, unanimously approved.

MAYOR'S REMARKS

Mayor Martindale led a moment of silence for the Sandy Hook Elementary School tragedy.

Mayor Martindale presented Richard Boyle with a plaque for serving as a member of the City Council 2010 – 2011 and for a total of eight years as a Councilor.

COUNCIL REMARKS

Councilor Platt reported on the 26 year-old lady that had gone missing and was wandering around on foot on a cold, snowy night. She commended the police department for their search efforts and thanked Chief Dills for staying with the lady until she was escorted to the hospital. She said that there were many law enforcement personnel and volunteers searching for this lady, and thanked the Chapel of Sky Valley and other volunteers in the community for helping.

Councilor Larsen said Sky Valley Golf Club has a new general manager and golf pro. They also signed a contract with Tom Adams for the completion of the clubhouse. He said there are a few issues with the current construction that was abandoned in 2008, and they are currently working with the City's Building Inspector to correct these past issues. They hope to have it completed in April.

Councilor Whatley reported on the RCCVB's bi-annual publication, Explore Rabun, a printed brochure that is also available online and as a mobile app. He thanked everyone who had supported this effort.

DEPARTMENT REPORTS

- (a) Police Chief's Report – given by Chief Dills
- (b) City Financial Report – given by City Clerk Cantrell
- (c) Tax Commissioner's Report – given by Tax Commissioner Mullins
- (d) Building Inspector's Report – given by City Manager Smith
- (e) City Manager's Report – given by City Manager Smith

These reports are hereby incorporated by reference hereto as Exhibits A – E.

COMMITTEE REPORTS

Planning & Zoning Commission – given by Secretary David Carr.

Attorney Dickerson was asked to give a report on conflicts of interest. He said you have to establish whether or not there is a conflict. He said that because members of the P & Z are a part of the founders of the Club, that there appears to be a conflict. He said the conflict is measured based on a de-minis test. He said that each person who may have a conflict must state that they have a conflict, perform the de-minis test – it is a judgment call each time. He said that each member is responsible for making this call for him/herself. The Council can hold a meeting taking the responsibility of the P & Z noticing the meeting and disclosing that they are holding the public hearing because there is a conflict of interest in the P & Z. Attorney Dickerson said that because there is a potential of a conflict, it must be announced. If the commission member feels that their interest will not affect their vote, they must state that it will not affect their individual vote.

NEW BUSINESS

- Approval of 2013 Agreement with SV/Scaly Fire Department
- Council President Howard made a motion to adopt the agreement, 2nd Councilor Whatley, unanimously approved.

- Set Qualifying Fees for the 2013 General Election

Councilor Howard made a motion to keep the qualifying fee \$15.00, 2nd Councilor Larsen, unanimously approved.

- Appointment & Selection of 1 P & Z member

Councilor Platt nominated and made a motion to appoint Steve Shepard. Dick Parrot nominated Martin Green. Mr. Green declined the nomination stating that he did not feel he could dedicate sufficient time to the P & Z. There being no more nominations, Council President Howard seconded the motion to appoint Steve Shepard, unanimously approved.

- Appointment & Selection of 2013 Committees

Mayor Martindale opened the floor for discussion and nomination of committees. Councilor Platt made a motion to reappoint Councilor Neil Howard as the Chair of the Planning and Economic Development Committee, 2nd Councilor Whatley, unanimously approved. Councilor Howard asked volunteers to serve on the committee for 2013. Committee members are to be approved at a later meeting.

- Discussion of Building Code Requirements

City Manager Smith presented information on the City's current roofing requirements and information from the building inspector on the State's Building Code. She said we can be more restrictive than the state's code but not less restrictive. Mayor Martindale recommended having a workshop with the building inspector to discuss this. Council President Howard made a motion to hold a workshop, 2nd Councilor Platt, unanimously approved.

- Discussion of waiving building permit fees for new construction in 2013

Mayor Martindale said that the City waived permit fees for new construction in 2012 and asked if the Council wanted to do this again. City Manager Smith said that the Council also waived some other permit fees for small repairs and that it did lessen revenue by waiving the fees. Councilor Platt made a motion to waive the new construction permit fee for 2013, 2nd Councilor Carr, unanimously approved.

PUBLIC FORUM AND GENERAL COMMENTS

Citizen Ray Becker asked if anyone on the Council has been contacted to serve on the Rabun County Water & Sewer Authority's Board. Mayor Martindale said that we have not been asked to serve on the Board at this time.

Citizen David Carr asked if Attorney Dickerson will prepare a document regarding the potential conflict of interest.

ADJOURNMENT

Council President Howard made a motion to adjourn, 2nd Councilor Larsen, unanimously approved.

Respectfully submitted:

Attested:

James Martindale, Mayor

Mandi Cantrell, City Clerk



Sky Valley Police Monthly Statistics

INCIDENT	Month	YTD
Fire	00	00
Medical	04	04
Vehicle Accident	00	00
<u>DOMESTIC</u>		
Family Violence	00	00
Fight/Assault	01	01
Suicide/Death	00	00

JANUARY 2013

LAST YEAR	Month	YTD
Fire	02	02
Medical	01	01
Vehicle Accident	01	01
Family Violence	00	00
Burglary	00	00
Theft	02	02
Susp Activity	01	00
Susp Person	00	00
Susp Vehicle	00	00
Alarm	00	00
DUI/Public Drunk	00	00
Drug Related	00	00
Traffic Stop	01	01
Mutual Aid	04	04
Animal	02	02
Mileage	4059	04,059

MISC INCIDENTS

DUI/Public Drunk	00	00
Drug Related	00	00
Juvenile	00	00
Stationary Patrol	00	00
Traffic Stop	01	01
Mutual Aid	00	00
Animal	01	01
Lost & Found	00	00
Noise Complaint	00	00
City Ordinance Vioi.	00	00
<u>COMMUNITY AID</u>		
Water/Tree/Infra.	03	03
Vehicle Jump/Unlock	03	03

ASSISTANCE

Assisting Residents	01	01
Assisting Visitors	00	00
Escorting Visitors	02	02
Residential Check	49	049
Residential Contact	00	00
Welfare Check	02	02
Arrested	00	00
Incarcerated	00	00
Warnings Written	00	00
Citations Written	00	00
Total Calls	25	025

Mileage

4157

04,157

Police Report Notes for January 2013

Medical Assistance

01/05	Middle Ridgepole Area	Subj Transported
01/09	Ridgepole Drive	Subj. difficulty breathing, Transported
01/18	Middle Ridgepole Area	Helped subject with injury/Transported
01/20	Condo Hill	Heart problems / Transported

Theft

01/21	Buttermilk Circle Area	Cash/Jewelry Stolen- Turned over to Sheriff
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Suspicious

01/09	Bald Mtn	Key in door, standing open
01/11	Rebel Circle	Vehicle should not be there, checked O.K
01/11	Bald Mtn	Suspicious Truck, checked O.K
01/17	Bald Mtn	Female Subject at location, husband put her Out at location. Subject left ,can't locate her
01/25	Overlook	Vehicle abandon, checked not stolen
01/25	Knob Drive	Vehicle parked at construction trailer, Checked appears O.K

Animal

01/12	Eagle Circle	Dog with head hung under hand rail, got out
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Housing & Development Departmental Data Report	For month ending January 31, 2013		
	Jan. 2013	YTD	2012 YTD
New Residential & Commercial permits issued	0	0	0
All other addition, remodel and repair permits	11	11	3
Certificates of Occupancy issued	0	0	0
Total New Construction not yet finalized	1		2
Total Other Construction not yet finalized	22		79
Notices to Comply issued	0	0	1
Stop Work Orders issued	0	0	0
Tree Cutting permits issued	3	3	0
Code & Ordinance Violations cited	0	0	0
Fees Collected			
	Jan. 2013	YTD	2012 YTD
New Residential or Commercial Permits	\$0.00	\$0.00	0.00
Other Addition, Remodel, Repair Permits	\$524.40	\$524.40	422.00
Tree Cutting Permits	\$180.00	\$180.00	0.00
Land Disturbing Permits	\$0.00	\$0.00	0.00
Fines Collected for for Ordinance Violations	\$0.00	\$0.00	0.00

Departmental Report by the City Manager

February, 2013



Announcements -

City Hall will be closed in observance of President's Day on Monday, February 18th. Garbage pick-up will be Tuesday, February 19th.

A retirement luncheon honoring Jerry Dills and Bob Powers will be held Friday, March 1st in the Community Room of the new Sky Valley Scaly Mountain Fire Department on Hale Ridge Road in Scaly. The community is encouraged to attend. We ask that you bring a dish to share.

Georgia's new car tax law summary HB386:

- Starting March 1, 2013 all motor vehicles titled in Georgia are subject to a one-time Title Ad Valorem Tax (TAVT) fee. The TAVT replaces ad valorem and sales tax on motor vehicles.
- When a vehicle owner applies for title the TAVT is collected based on the fair market value (not purchase price). Any vehicle subject to TAVT is exempt from sales tax. Lease and rental vehicles are exceptions.
- Motor vehicles purchased in Georgia between January 1, 2012 and February 28, 2013 may opt in between March 1, 2013 and December 31, 2013. Law defines this time frame and there are no exceptions.
- Vehicles already on the annual ad valorem system that are not eligible to opt in remain on the annual ad valorem tax system.
- Registration requirements remain the same for all vehicles regardless of whether they are on the TAVT or annual ad valorem tax system.
 - Annual decal renewal by your expiration date
 - Valid Georgia driver's license or identification card
 - Valid emission certificate
 - Mandatory Georgia liability insurance

Public Works -

Introduction of new the interim Public Works Supervisor, Rick Cavalli.

We had our first snow event of the winter season with a possibility of more in the forecast. Overall, snow removal efforts went well. Please remember that it is imperative that vehicles are removed from the roadway as quickly as possible during a snow event. Unattended vehicles will be removed at the owner's expense so that the City can safely and effectively clear the roads.

This month, the road crew will be focusing on drainage issues, cleaning ditches, culverts and check dams as well as right-of-way clearing.

Water -

Automated bank draft is now available for water/garbage billings. Please contact Alyssa Mullins at City Hall to sign up for this service. The application is also available on our website. If you have already signed up for this service, January 25th was the first automated draft. Remember, your account will automatically be drafted for the total amount due each month. You will still receive a paper bill so that you can continue to audit the water usage and billing amount each month. If you signed up for automated bank draft prior to January 25th, any

payments you send in will be issued as a credit on your account. A few of you have sent payment as well as paid by bank draft.

If you signed up for automated bank draft after January 25th, we will test draft your account on February 25th (or the next scheduled draft date) but no payments will be drafted until March 25th (or the following month's draft date) and you will need to send a check for the current billing to avoid a late fee.

City Ordinance requires that all residences vacated during winter months shall be winterized to protect the plumbing from freezing. Under no circumstances may a water tap be left open to prevent freezing. This practice is prohibited and a violation of water use conservation by GA EPD. Any vacated residence detected using water by the City will be assumed to have faulty plumbing internally. Upon this assumption the City will turn off the water to prevent additional damage to the property and attempt to contact the property owner.

Solid Waste -

Don't forget that garbage service will be once per week from January – May 27th (Memorial Day). Pick-up will be on Mondays unless it is a holiday or inclement weather. On days of inclement weather, the City will be unable to run the garbage route. Automated phone calls will be utilized to keep you informed of these circumstances. Don't forget that garbage should not be placed out for pick-up any earlier than the morning of the service. Animals scatter garbage even when put in the underground cans. Our garbage collectors are not responsible for picking up any garbage that is not properly bagged once they arrive. The dumpster at the tractor barn on Knob Drive can be utilized when you need to take your garbage somewhere prior to a garbage collection day. This is especially important when your garbage contains food items. Recyclables and other household garbage can be taken to the recycle center on Kelly's Creek Road.



Reduce... Reuse... Recycle...

Reduce the amount and toxicity of trash you throw away

Reuse containers and products

Recycle as much as possible and buy products with recycled content

ORDINANCE 13-

**AN ORDINANCE TO AMEND THE BUILDING CODE OF SKY VALLEY
ORDINANCE (05-01) IN ORDER TO ELIMINATE PROVISIONS OF THE BUILDING
CODE NOT REQUIRED BY STATE STATUTES AND REGULATIONS**

WHEREAS, the City of Sky Valley recognizes the need to establish building code requirements consistent with standards commonly used in the industry, and

THEREFORE, the Council of the City of Sky Valley hereby ordains:

I. The Building Code of the City of Sky Valley is hereby amended as follows:

Section 300.20 is amended by deleting the current Section 300.20 in its entirety and substituting a new section to read as follows:

300.20 Specific local codes regarding acceptable roof coverings - Amendments to the International Building Code and International Residential Code – Roof Assemblies

(1) The following six types of roof coverings are permitted within the City and shall be applied in accordance with the applicable provisions of the International Code and the manufacturer's installation instructions:

(a) Asphalt shingles;

(b) Metal roof shingles;

1. Fasteners must be concealed; and

2. The colors to be allowed are dark grey, dark brown, or dark green only and must be a matte finish. A sample must be provided at the time of making application for a building permit and must be approved by the City Building Official.

(c) Slate and slate-type shingles;

(d) Wood shingles;

(e) Wood shakes; and

(f) Metal roof panels;

1. Panels must be standing seam;

2. Fasteners must be concealed; and

3. The colors to be allowed are dark grey, dark brown, or dark green only and must be a matte finish. A sample must be provided at the time of making application for a building permit and must be approved by the City Building Official.

II. SHOULD ANY SECTION OR PROVISION OF THIS ORDINANCE AMENDMENT BE DECLARED BY A COURT OF COMPETENT JURISDICTION TO BE UNCONSTITUTIONAL OR INVALID SUCH DECLARATION SHALL NOT AFFECT THE VALIDITY OF THE ORDINANCE AS A WHOLE OR ANY PART THEREOF OTHER THAN THE PART SO DECLARED TO BE UNCONSTITUTIONAL OR INVALID. ALL RESOLUTIONS AND ORDINANCES

AND PARTS OF RESOLUTIONS AND ORDINANCES IN CONFLICT WITH THE PROVISIONS OF THIS ORDINANCE ARE HEREBY REPEALED.

III. THIS ORDINANCE AMENDMENT WILL BECOME EFFECTIVE UPON ADOPTION BY THE CITY COUNCIL AND APPROVED BY THE MAYOR AS PROVIDED BY THE CHARTER OF THE CITY OF SKY VALLEY.

It is so ordained and approved by vote of the City Council of the City of Sky Valley this _____ day of _____, 2013.

Approved:

James Martindale, Mayor

Neil Howard, Council President

Liz Carr, Councilor

Bob Larsen, Councilor

Maureen Platt, Councilor

David Whatley, Councilor

Attest:

Mandi Cantrell, City Clerk

Read and adopted on the _____ day of _____, 2013.

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James Martindale, Mayor

Neil Howard, Council President

Liz Carr, Councilor

Bob Larsen, Councilor

Maureen Platt, Councilor

David Whatley, Councilor

Attest:

Mandi Cantrell, City Clerk

Read and adopted on the _____ day of _____, 2013.

Jack P. Green, Jr.

CERTIFIED PUBLIC ACCOUNTANT

27 WEST DOYLE STREET
POST OFFICE BOX 542
TOCCOA, GEORGIA 30077
PHONE: 706/886-7143
EMAIL: jaycpa@windstream.net

February 13, 2013

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
GEORGIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

City of Sky Valley
Sky Valley Georgia

I am pleased to confirm our understanding of the services I am to provide the City of Sky Valley for the year ended December 31, 2012. I will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements; of City of Sky Valley as of and for the year ended December 31, 2012. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the City of Sky Valley'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, I will apply certain limited procedures to The City of Sky Valley's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtained during our audit of the basic financial statements. I 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.

I have been also been engaged to report on supplementary information other than RSI that accompanies the City of Sky Valley's financial statements. I will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on the Schedule of Expenditures of Federal Awards in relation to the financial statements as a whole..

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on—

- Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The reports on internal control and compliance will each include a statement that the report is intended solely for the information and use of management, the body or individuals charged with governance, others within the entity specific legislative or regulatory bodies, federal awarding agencies, and if applicable, pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; 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 OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133, and other procedures I consider necessary to enable us to express such opinions and

to render the required reports. If my opinions on the financial statements or the Single Audit compliance opinions are other than unqualified, I will discuss the reasons with you in advance. If, for any reason, I am unable to complete the audit or am unable to form or have not formed opinions, I may decline to express opinions or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information and all representations contained therein. Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards in accordance with the requirements of OMB Circular A-133. As part of the audit, I will assist with preparation of your financial statements, schedule of expenditures of federal awards, and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements, schedule of expenditures of federal awards, and related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and schedule of expenditures of federal awards and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any nonaudit services I provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met and that there is reasonable assurance that government programs are administered in compliance with compliance requirements. You are also responsible for the selection and application of accounting principles; for the fair presentation in the financial statements of the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City and the respective changes in financial position and, where applicable, cash flows in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for ensuring that management and financial information is reliable and properly recorded. Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. 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 taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that I 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].

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant

findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. I will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute assurance and because I will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, I will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to my attention. I will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to my attention. I will include such matters in the reports required for a Single Audit. My responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which I am not engaged as auditor.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions I will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, I will require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Controls

My audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that I 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. My 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 OMB Circular A-133, I will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that I 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 OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, I 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 OMB Circular A-133.

Audit Procedures—Compliance

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

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OMB Circular A-133 requires that I also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Circular A-133 Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of City's major programs. The purpose of these procedures will be to express an opinion on The City of Sky Valley's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

Engagement Administration, Fees, and Other

I understand that your employees will locate any documents selected by us for testing.

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

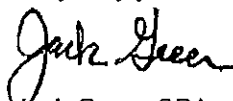
The audit documentation for this engagement is the property of Jack Green CPA and constitutes confidential information. However, pursuant to authority given by law or regulation, I may be requested to make certain audit documentation available to an oversight agency of the audit or its designee, a federal 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. I will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Jack Green CPA personnel. Furthermore, upon request, I 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 or for any additional period requested by the, Oversight Agency for Audit, or Pass-through Entity. If I am aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, I will contact the parties contesting the audit finding for guidance prior to destroying the audit documentation.

My fee for these services will be \$ 6,400. 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, I will discuss it with you and arrive at a new fee estimate before I incur the additional costs.

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

Very truly yours,



Jack Green CPA

RESPONSE:

This letter correctly sets forth the understanding of the City of Sky Valley.

By: _____

Title: _____

Date: _____