Dear Denise Canada,

The Town of Columbus (the "Town") is currently delinquent on its financial statement audits for the fiscal years ended June 30, 2024, and June 30, 2025. Audit fieldwork for the fiscal year ended June 30, 2024, is scheduled for June 2026, and Gould Killian CPA Group expects to complete that audit in August 2026.

This letter provides the Local Government Commission (LGC) with a summary of the circumstances that contributed to the audit delays and respectfully requests that the Town's sales tax distributions not be withheld.

Prior to fiscal year 2021–2022, the Town's audit completion record, and financial reporting performance were strong, including receipt of the Government Finance Officers Association (GFOA) Award for Excellence in Financial Reporting. Beginning in 2022, several events adversely affected the Town's internal controls over financial reporting and contributed to the current delays:

- **Software conversion (March 2022):** The Town implemented new accounting software in March 2022. The conversion required transactions to be re-coded to the new account structure and manually re-entered. This work began several months after conversion and progressed slowly, delaying balance sheet reconciliations and Budget-to-Actual reporting. In addition, certain configurations in the new system were incorrect, which required further corrections.
- **Software support disruptions:** After the purchase, the software was acquired by another vendor, which reduced continuity and effectiveness of customer support needed to address the Town's questions during and after implementation.
- **Staff turnover and reassignment of duties:**
    - **2022:** The Finance Director separated from employment during the software transition, and the Town Manager assumed the additional role of Finance Director.
    - **May 2025:** The Town Manager/Finance Director separated from employment, and an additional administrative staff member resigned.

Since October 2022, the Town has engaged multiple external resources to restore timely and accurate financial reporting. The Town worked with a governmental consultant and later the North Carolina League of Municipalities (NCLM) Municipal Accounting Services (MAS) Program to complete catch-up accounting work for FY 2021–2022. The MAS Program also assisted with selected reconciliations for FY 2022–2023. The Town has completed the FY

2022–2023 audit and anticipates having FY 2023–2024 prepared and ready for audit within the next three months.

In addition, Hurricane Helene impacted Western North Carolina in September 2024, creating additional operational demands and competing priorities during an already resource-constrained period.

The Town hired a Finance Officer in December 2025. The Finance Officer has more than 30 years of local government experience, and a retired finance officer is also assisting. Together, these two staff members bring more than 60 years of local government finance and accounting experience. In addition, the Town has hired a new Town Manager with local government experience. The Town believes these staffing changes have significantly strengthened capacity and internal controls, and we are making strong progress toward restoring timely audit completion.

Recently, the Town was designated a **Distressed Unit** in the Viable Utility Program for the Town of Columbus' water and wastewater utility. Withholding the Town's sales tax distributions would further delay needed corrective actions and capital and operational work and would create additional hardship for the Town as it continues to bring audits current and stabilize financial operations.

The Town appreciates the LGC's leadership and guidance related to fiscal management and will provide any additional information needed to support the LGC's evaluation of this request.

Sincerely,

Jessica Trotman

Jessica Trotman 5/13/26

Manager, Town of Columbus