105 S. Long Street
Post Office Box 339
East Spencer, North
Carolina 28039

EAST SPENCER
NORTH CAROLINA
*The Original Southern City.*

Telephone: (704) 636-7111
Fax: (704) 639-7734
Website: www.eastspencer.gov

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**Town of East Spencer**
**Appeal of Notice of Noncompliance**
**Pursuant to G.S. 159-34(f) – Other Good Cause with Evidence**

Dear Members of the Local Government Commission:

The Town of East Spencer respectfully submits this appeal of the Notice of Noncompliance pursuant to N.C. General Statute 159-34(f) based upon **other good cause with supporting evidence**. The Town acknowledges the importance of timely annual audit submissions and understands its responsibility to comply with the statutory reporting requirements. We respectfully request that the Commission consider the extraordinary staffing and operational challenges that contributed to the delay, as well as the significant corrective actions the Town has implemented to return to compliance.

During the twelve months preceding the Notice of Noncompliance, the Town experienced significant staffing instability within its finance function. From January 2024 through October 2024, the Town did not have a dedicated Finance Officer. To maintain continuity of operations, the Town's Human Resources Specialist and Town Clerk, ShaTaira Bailey, assumed the responsibilities of the Finance Officer in addition to her existing duties. While Ms. Bailey worked diligently to support the Town's financial operations, she was simultaneously responsible for carrying out her regular responsibilities as Town Clerk and Human Resources Specialist. Managing these multiple critical functions limited the Town's ability to maintain the level of financial reconciliation and audit preparation necessary to complete the annual audits within the required timeframe.

In October 2024, the Town hired Ashley McFarland as Finance Officer in an effort to restore stability to the finance department. Unfortunately, following the conclusion of her employment in February 2026, the Town determined that significant account reconciliations and financial work necessary to support completion of the annual audits remained outstanding. As a result, substantial corrective work became necessary before the audit process could move forward. During the period between Ms. McFarland's departure and the hiring of a new Finance Officer in April 2026, the Town again found itself without a qualified individual to perform the specialized accounting and financial responsibilities required to prepare for the annual audits. During this vacancy, audit preparation and reconciliation efforts were necessarily delayed until qualified financial leadership could be restored.

In April 2026, the Town hired Julie Mullins as Finance Officer. Since her appointment, Ms. Mullins has made substantial progress in restoring the Town's financial records by completing outstanding reconciliations and reconstructing the financial information necessary to support completion of the audits. The Town anticipates that all reconciliations for Fiscal Years 2023–2024 and 2024–2025 will be completed by **September 1, 2026**. Once those reconciliations are complete, all necessary documentation will be provided to the Town's independent auditor so the outstanding audits may be completed as expeditiously as possible.

The Town recognizes that these delays have affected compliance with the statutory audit requirements. However, the circumstances were the result of documented staffing challenges, repeated turnover within the Finance Officer position, and the resulting need to reconstruct and reconcile financial records before the audits could be completed. The Town has now established qualified financial leadership, implemented corrective measures, and is committed to restoring timely compliance with all audit requirements going forward.

The Town also recognizes that the audit for **Fiscal Year 2025–2026** is due by **December 31, 2026**, and is fully committed to meeting that deadline. With the progress already made under the leadership of Finance Officer Julie Mullins, the Town is confident it is on a path toward full compliance and establishing a stable financial reporting process that will support timely audits in the future.

The Town of East Spencer respectfully requests that the Local Government Commission consider these documented circumstances as **other good cause with evidence** and grant this appeal. We appreciate the Commission's consideration and remain committed to working cooperatively with the Commission and our independent auditor to complete the outstanding audits and ensure future compliance.

Sincerely,

For: Adriana Ramos Perry

**Michael Douglas**
Town Manager