

Agenda

Hillsborough Tourism Board

5:30 p.m. May 4, 2026

Town Annex Board Meeting Room, 105 E. Corbin St.



1. **Call to order and confirmation of quorum**
2. **Agenda changes and approval**
3. **Minutes**
None
4. **Presentations**
 - A. Dave McCole- Hillsborough Finance Director, on investing fund balance
5. **Regular Discussion/Action Items**
 - A. Tourism Board Audit Engagement Letter and Audit Contract (FY26)
 - B. Tourism Grant Requests and Scoring totals
 - C. Contract Scope of Work Response Updates:
Alliance- Visitors Center (\$271,922)
Hillsborough Arts Council (\$75,000)
OC Museum (\$59,500)
Hillsborough Chamber of Commerce- Parade & Tree Lighting (\$14,600)
Burwell School (\$85,000) proposal included now
 - D. Continue to discuss FY 2027 draft budget
6. **Monthly Reports and Comments**
 - A. Tourism Staff/Visitors Center/OC Visitors Bureau Updates
 - B. Tourism Board Member Comments & Updates
7. **Adjournment**

Interpreter services or special sound equipment for compliance with the Americans with Disabilities Act is available on request. If you are disabled and need assistance with reasonable accommodations, call the Town Clerk's Office at 919-296-9443 a minimum of one business day in advance of the meeting.

101 E. Orange St., PO Box 429, Hillsborough, NC 27278
www.hillsboroughnc.gov | [@HillsboroughGov](https://twitter.com/HillsboroughGov)
www.visithillsboroughnc.com | [@HillsboroughNC](https://twitter.com/HillsboroughNC)

North Carolina's Local Government Commission (LGC) does place restrictions on **where local governments can deposit public funds**. Here's a clear summary:

1. Approved Depositories Under **NC G.S. 159-31**, local governments may deposit money **only** in:

- **Official depositories approved by the governing board**, and
- These depositories must be: – *Financial institutions licensed under U.S. or NC law*, – That have **federally insured deposits** (FDIC or equivalent).

You cannot deposit public funds in institutions that lack federal insurance unless the funds are *fully collateralized*.

2. Collateralization Requirement If deposits exceed FDIC coverage, the bank must provide collateral through:

- **The NCCMT's collateralization pool** (for pooled collateral), or
- **Dedicated collateral** pledged specifically for your unit and held by an approved third-party custodian.

The LGC requires that **unsecured deposits are not allowed** under any circumstance.

3. Governing Board Approval Your governing board must pass a resolution designating:

- Which banks are official depositories
- Who is authorized to sign checks or initiate transfers

You cannot deposit funds into a bank **until it appears on the approved list**.

4. LGC Oversight Expectations The LGC expects finance directors to:

- Maintain documentation of collateral agreements
- Monitor daily cash balances vs. FDIC & collateral coverage
- Ensure deposits are reconciled monthly
- Avoid banking institutions under enforcement actions unless risks are managed

5. Investment Restrictions (related but separate) Deposits are distinct from investments, but note that the LGC also restricts investments under **NC G.S. 159-30**, limiting you primarily to:

- CDs
- Government securities
- NCCMT funds
- High-grade commercial paper (with limits)



North Carolina Capital Management Trust - Government Portfolio

ASSET CLASS: Cash Mgmt MORNINGSTAR CATEGORY: Money Market-Taxable

Yield as of 04/17/2026

1 Day	7 Day	30 Day
3.56%	3.55%	3.55%

Mil-Rate as of 04/17/2026

Daily	0.000097627
MTD Cum.	0.001650797

NAV as of 04/17/2026

\$1.00

Avg. Annual Returns As of 03/31/2026

1 Yr.	3 Yr.	5 Yr.	10 Yr.
+4.05%	+4.75%	+3.37%	+2.19%

Top Instruments As of 03/31/2026

U.S. Treasury Bills	33.35%
U.S. Government Repurchase Agreements	29.39%
Agency Floating-Rate Securities	26.27%
Agency Fixed-Rate Securities	8.16%
U.S. Treasury Coupons	4.86%



Ratings ⓘ

Moodys	AAA-mf
S&P	AAAm

Range from AAAm/AAA-mf (highest) to Dm/C-mf (lowest)

Fund Basics

Fund ID#	47
CUSIP	658191101
Inception Date	09/02/1982
Portfolio Assets (\$M) <small>as of 03/31/2026</small>	\$22,141.30
Exp Ratio (Net) - Financial Statement <small>as of 12/31/2025</small>	0.14%
Weighted Avg Maturity <small>as of 03/31/2026</small>	42

Cash Portfolio

Date	1-Day Yield	7-Day Yield	Compound Effective Yield
03/31/2026	3.57%	3.56%	3.62%
02/28/2026	3.58%	3.58%	3.64%
01/31/2026	3.60%	3.60%	3.66%
12/31/2025	3.71%	3.70%	3.77%
11/30/2025	3.93%	3.91%	3.99%
10/31/2025	3.99%	4.05%	4.14%
09/30/2025	4.07%	4.07%	4.15%
08/31/2025	4.22%	4.23%	4.32%



S. Preston Douglas & Associates, LLP

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS

American Institute of CPAs

N. C. Association of CPAs

March 7, 2026

To the Board Chairman and
Board of Directors
and the Finance Officer

Hillsborough Tourism Board
101 E, Orange Street
Hillsborough, NC 27278

We are pleased to confirm our understanding of the services we are to provide Hillsborough Tourism Board for the years ended June 30, 2026.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information, and the disclosures, which collectively comprise the basic financial statements of Hillsborough Tourism Board as of and for the year ended June 30, 2026. 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 Hillsborough Tourism Board's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Hillsborough Tourism Board's 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 preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate 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.

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS, 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 of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

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

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

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our audit of the financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including the system of internal control, 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. 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.

We have identified the following significant risk(s) of material misstatement as part of our audit planning:

- 1) Management override of controls
- 2) Revenue recognition

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Hillsborough Tourism Board’s compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America with the oversight of those charged with governance.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us; for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers); and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the government’s ability to continue as a going concern for the 12 months after the financial statements date or shortly thereafter (for example, within an additional three months if currently known). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management 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 and regulations.

You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America (GAAP).

You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the 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.

Other Services

We will also prepare the financial statements of Hillsborough Tourism Board in conformity with U.S. generally accepted accounting principles based on information provided by you.

We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole 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 responsibilities for the financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

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.

The audit documentation for this engagement is the property of S. Preston Douglas & Associates, LLP 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 Local Government Commission or its designee. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of S. Preston Douglas & Associates, LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to Local Government Commission or its designee. The Local Government Commission or its designee may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

Lee Grissom, CPA, is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. We expect to begin our audit on approximately August 1, 2026 and to issue our reports no later than December 31, 2026.

Our fee for services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, confirmation service provider fees, etc.) except that we agree that our gross fee, including expenses, will not exceed \$6,000. 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. 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.

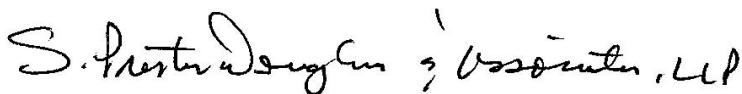
Reporting

We will issue a written report upon completion of our audit of Hillsborough Tourism Board’s financial statements. Our report will be addressed to Board of Directors of Hillsborough Tourism Board. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our 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 withdraw from this engagement.

We appreciate the opportunity to be of service to the Hillsborough Tourism Board 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.

Respectfully yours,



S. Preston Douglas & Associates, LLP
Ocean Isle Beach, North Carolina

RESPONSE:

This letter correctly sets forth the understanding of Hillsborough Tourism Board.

Finance Officer's signature: _____

Title: _____

Date: _____

Board Chairman's signature: _____

Title: _____

Date: _____

The	Governing Board
of	Primary Government Unit
and	Discretely Presented Component Unit (DPCU) (if applicable)

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

and	Auditor Name
	Auditor Address

Hereinafter referred to as Auditor

for	Fiscal Year Ending	Date Audit Will Be Submitted to LGC
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Must be within six months of FYE

hereby agree as follows:

1. The Auditor shall audit all statements and disclosures required by “U.S. Auditing Standards – AICPA (Clarified),” referred to as 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). Budgetary comparison information shall be prepared in accordance with applicable GASB standards. Budget-to-actual comparisons at the level of the legally adopted budget ordinance shall be presented as required supplementary information and shall not be included in the basic financial statements. Any other budgetary comparison information shall be presented only as supplementary information for funds required to be budgeted under NCGS Chapter 159, Article 3.

2. At a minimum, the Auditor shall conduct the audit and render the report in accordance with GAAS. If the Governmental Unit expended \$100,000 or more in combined Federal and State financial assistance during the reporting period, the Auditor shall perform the audit in accordance with *Generally Accepted Government Auditing Standards* (GAGAS). The Governmental Unit is subject to federal single audit requirements in accordance with Title 2 US Code of Federal Regulations Part 200 *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Subpart F (*Uniform Guidance*) and the State Single Audit Implementation Act. Currently the threshold is \$1,000,000 for federal and state single audits, or such other threshold as applicable for the fiscal year under audit. 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 staff 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) the Auditor and Governmental Unit(s) should discuss, in advance of the execution of this contract, the responsibility for submission of the audit and the accompanying data collection form (form SF-FAC) to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512) to ensure proper submission.

If the audit and Auditor communication are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners (NC State Board).

3. If an entity is determined to be a component of another government as defined by the group audit standards, the entity's auditor shall make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.
4. This contract contemplates an unmodified opinion being rendered. If during the process of conducting the audit, the Auditor determines that it will not be possible to render an unmodified opinion on the financial statements of the unit, the Auditor shall contact the LGC Staff to discuss the circumstances leading to that conclusion as soon as is practical and before the final report is issued. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.
5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards* (2018 revision or subsequent revisions, as applicable) issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he or 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 to 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 the Auditor's receipt of an updated peer review report. If the audit firm receives 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 six months of fiscal year end. At the time of the execution of this contract, if the parties know that the anticipated submission date of the audit exceeds six months after fiscal year end, a written explanation shall be provided to the Secretary of the LGC on this contract form (see the space provided on Page 7). 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 they 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 the Auditor's findings, together with his or her recommendations for improvement. That written report shall include all matters determined to be "significant deficiencies and material weaknesses" in accordance with AU-C §265 "Communicating Internal Control Related Matters Identified in an Audit" of GAAS. 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, "Auditor's Communication With Those Charged With Governance," commonly referred to as a "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 paragraphs 12 - 14. This would include issues such as difficulties encountered during the audit, significant or unusual transactions, uncorrected misstatements, matters that are difficult or contentious for which the Auditor consulted outside the engagement team and, in the Auditor's judgment, are significant and relevant to those charged with governance, and other findings or issues that the Auditor believes are significant and relevant. If matters identified during the audit were required to be reported as described in AU-C §260 paragraphs 12 - 14 and were communicated in a method other than an AU-C §260 letter, the written documentation must be submitted.

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 Single Audit Act and the State Single Audit Act. This does not include fees for any pre-issuance reviews that may be required by the North Carolina Association of Certified Public Accountants (NCACPA) Peer Review Committee or North Carolina State Board of CPA Examiners (see Paragraph 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 Secretary of the Local Government Commission to obtain a pre-issuance review or take corrective action as a result of peer review findings or quality control deficiencies, such corrective action shall be consistent with the authority and requirements of the North Carolina State Board of Certified Public Accountant Examiners, the AICPA Peer Review Program, and established Local Government Commission practice, including the use of report addenda or other remedial measures, as appropriate.

14. In accordance with G.S. 159-34, the Finance Officer of the Unit is responsible for filing the audited financial statements with the Secretary of the Local Government Commission.

The Auditor may upload the audit report and related documents through the LGC's electronic submission system; however, submission shall not be deemed complete until the Finance Officer has reviewed and certified the submission.

The Auditor, Finance Officer, other Unit staff member designated by the Finance Officer, or a third party approved by the Unit may enter all Data Input Report information except the information on the "transmittal doc info" tab. The "transmittal doc info" tab must be completed by the Auditor.

The Finance Officer shall review, approve, and certify the accuracy and completeness of the Data Input Report (DIR) in the LGC's LOGOS system prior to LGC review, regardless of whether the DIR is prepared by the Auditor or the Unit.

Finance Officer certification is required for any corrected or revised submissions.

Finance Officer certification of the DIR shall be completed in a timely manner following notification that the DIR is ready for review and within time frames prescribed by the LGC. Failure to complete certification in a timely manner may result in the audit being considered late due to unit action rather than auditor performance.

The Auditor shall conduct the audit in accordance with generally accepted auditing standards and shall ensure that the financial statements are prepared in accordance with generally accepted accounting principles as of the fiscal year end. Budget-to-actual comparisons at the level of the legally adopted budget ordinance shall be presented in required supplementary information, separate from the basic financial statements, and shall not be included in the audit opinion. The Auditor shall confirm that such information reconciles to the financial statements and is consistent with applicable accounting guidance and any LGC reporting requirements.

The Finance Officer shall certify in a timely manner that all data inputted in LOGOS used for preparation of the financial statements and required supplementary information is complete and accurate.

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 preaudited if the change includes a change in audit fee (preaudit 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.
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 Paragraph 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, preaudited (preaudit 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. The Auditor shall comply with the requirements of NCGS Chapter 64 Article 2. Further, if the Auditor utilizes any subcontractor(s), Auditor shall require such subcontractor(s) to comply with the requirements of NCGS Chapter 64, Article 2.

27. 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 or 2024 Revision* (as applicable). Preparing financial statements in their entirety 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, the Auditor must document and include in the audit workpapers how the Auditor 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 Board 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 of the LGC. The Auditor's presentation to the Governing Board 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;
- b) the status of the prior year audit findings;
- c) the values of Financial Performance Indicators based on information presented in the audited financial statements; and
- d) notification to the Governing Board that the Governing Board shall develop a "Response to the Auditor's Findings, Recommendations, and Fiscal Matters," if required under Rule 20 NCAC 03 .0508.

29. Information based on the audited financial statements shall be submitted to the Secretary of the LGC through the LGC's LOGOS system, including completion of the Data Input Report (DIR). Submission is not complete and shall not be accepted by the LGC until the Finance Officer has reviewed and certified the DIR in accordance with Paragraph 14 of this contract.

30. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted (See Paragraph 17 for clarification).

31. The process for submitting contracts, audit reports and invoices is subject to change. Auditors and Units should use the submission process and instructions in effect at the time of submission. Refer to the N.C. Department of State Treasurer website at <https://www.nctreasurer.com/state-and-local-government-finance-division/local-government-commission/submitting-your-audit>.

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

33. **Applicable to audits with fiscal year ends of June 30, 2025, and later.** The Unit authorizes the LGC to grant access to the LGC's LOGOS system, including the Data Input Report (DIR), to employees of the contracted audit firm who are associated with and acting on behalf of the firm for purposes of performing audit and reporting services under this contract. Such access shall be limited to the scope necessary to perform contracted services and shall not relieve the Auditor or the Unit of their respective responsibilities under this contract.

34. Changes or edits to the text of this contract form are not permitted, except for the Secretary's authority to revise or update this contract form pursuant to LGC Rule 20 NCAC 03. 0502.

For contracts with an anticipated audit submission date exceeding six months after fiscal year end, please use this space to explain the reason for the late submission, as required by Paragraph 6 of this contract form:

SIGNATURE PAGE

AUDIT FIRM

Audit Firm*	
Authorized Firm Representative (typed or printed)*	Signature*
Date*	Email Address*

GOVERNMENTAL UNIT

Governmental Unit*	
Date Governing Board Approved Audit Contract* (Enter date in box to right)	
Mayor/Chairperson (typed or printed)*	Signature*
Date	Email Address*

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

GOVERNMENTAL UNIT – PREAUDIT CERTIFICATE

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

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

Sum Obligated by This Transaction:	\$
Primary Governmental Unit Finance Officer* (typed or printed)	Signature*
Date of Preaudit Certificate*	Email Address*



STAFF REPORT
Hillsborough Tourism Board
May 4, 2026

PRESENTER/INFORMATION CONTACT

Tourism Program Manager, Shannan Campbell

ITEM TO BE CONSIDERED

Subject: FY 2027 Contract Scope Responses and Updates from April meeting

Attachments:

1. Alliance for Historic Hillsborough (Visitors Center Operations/Services & Events) + budget justification form
2. Hillsborough Arts Council (Visitors Services & Events) + budget justification form
3. Orange County Historical Museum (Visitors Services)
4. Hillsborough Chamber of Commerce (Visitors Services & Events)
5. Burwell School (Visitors Services & Events) **RESPONSE RECEIVED**

Background:

The Tourism Program has contracted with local organizations since FY17 to provide visitor services, operations of historic sites, and to put on annual events. Going to contracted services was in lieu of having every regularly funded partner competing for grants every year and not being sure if they would have funding the next year or not. Contracting ensures a more defined level of funding year after year.

Summary, key points, and questions:

- The Alliance is asking for \$271,922 in FY27, a \$5,618 increase over the FY26 contract amount of \$266,304. Budget Justification Forms are included explaining expanded needs in the following budget lines:
 - Increase for staff COLA and retirement benefits
 - Increase of professional dues and fees
- HAC is asking for \$75,000 in FY27, a \$5,000 increase over the FY26 contract amount of \$70,000. Budget Justification Forms are included explaining expanded needs in the following budget lines:
 - Increase for puppets and production of Handmade Parade in 2027
- Orange County Historical Museum is asking for \$59,500 in FY27, with no increases requested over the previous fiscal year.
- Chamber of Commerce is asking for \$14,600 in FY 27, with no increases over the previous fiscal year.
- **Burwell School is asking for \$85,000 in FY 27, a \$15,000 increase over the FY26 contract amount of \$70,000. Budget Justification Form is included explaining expanded personnel needs in salary.**

Staff recommendation and comments:

None. Staff has simplified the requests for the purposes of summary in the staff report. Staff encourages board members to read through the full proposals and budgets and ask questions of the contract partners during their presentations as needed to understand the full picture and requests for FY27.

Burwell Schools' response was received since the April meeting and is in the packet. The April packet has the full responses from the other contract partners and is available online here:

<https://mccmeetings.blob.core.usgovcloudapi.net/hillsbronc-pubu/MEET-Packet-e192e96e6a294299a385d81efa127666.pdf>

The Hillsborough Arts Council may be reducing their ask due to receiving additional funding from the Tourism Development Authority for their event programming since the April Tourism Board meeting.

FY27 Tourism Contract Budget Increase Justification Form:

Explain any increase in the requested contract line item amounts or any added line items from the previous fiscal year. **Use multiple sheets for multiple budget increases or requests.** For example, if you're asking for additional funds for marketing AND additional funding for a new staff member, you would submit two separate budget justification forms, one for each line item.

Request Overview: The BSHS requests an additional \$15,000 for FY27 in order to keep a full-time Site Coordinator on staff. Please note this position is the only full-time staff member as BSHS.

Prioritize Requests as 1, 2, or 3 (1=Must do; 2=Should do; and 3=Could do):

Personnel=1: Must do

Line-item where funds are requested (number from budget and description of line-item):

1. Personnel Expense – requesting \$15,000 increase

Describe request:

Burwell respectfully requests an increase in funding of \$15,000 to support personnel costs. This increase should be temporary for this fiscal year only. Our previous Site Coordinator took another job with full health benefits in February so our largest fundraiser had to be put on hold (due to lack of full-time staff). We are in the process of hiring a new Site Coordinator, scheduled to onboard full-time in June of this fiscal year. That staff member will take over the planning and execution of our fundraiser for FY27, so we anticipate holding this fundraiser in FY27, after which time, our financial needs should lower to FY25 or FY26 levels.

Alternatives & impact if request is not funded:

The Site Coordinator position must remain a full-time position. This individual is responsible for handling administrative tasks and marketing, overseeing site organization and maintenance, community partnerships, and most importantly, fundraising. We have been successfully rebuilding our small non-profit since Covid and need this position to help us work toward achieving financial sustainability. If our request is not funded, we will need to reduce Site Coordinator hours, and/or cut other staff hours. We would also need to close for a longer period during the winter months, which affects our tourist traffic and our on-site donations.

Additional information:

N/A



STAFF REPORT
 Hillsborough Tourism Board
 May 4, 2026

PRESENTER/INFORMATION CONTACT

Tourism Program Manager, Shannan Campbell

ITEM TO BE CONSIDERED

Subject: FY 2027 Grant Applications and Scores

Grant Requests Summary 2026 (FY27)

	Organization	Project Name/General Description	Grant Request Amount	DRAFT SCORE
1	Hillsborough Garden Club	Hillsborough Garden Tour 2027	\$3,000.00	98
2	Orange County Arts Commission	Uproar Festival of Public Art	\$10,000.00	93.7
3	Orange Community Players	Anything Goes Production	\$7,996.00	75
4	Humanity International	Flow Fest	\$15,000.00	51
5	Wendy Olsen Arboretuem/Nature Park	Babushka and the boiling frogs	\$10,000.00	40.3
6				
7				
8				
Total Amount of Grant Funding Requested:			\$45,996.00	

TOURISM BOARD- DRAFT FY27 BUDGET		
OBJECT	FY26 BUDGET	FY27 BUDGET
Audit Fees	8,000	10,500
Attorney Fees	200	300
Training/Conferences/Conventions	2,500	2,600
Advertising	300	300
<i>Public Hearing Notice for Budget</i>	300	300
Data Processing Services	4,500	4,450
<i>Submittable Online Platform Fees</i>	2,000	2,000
<i>Website Hosting & Maintenance</i>	2,500	2,450
C.S./Other	209,100	234,100
<i>Arts Council Events & Visitor Services</i>	70,000	75,000
<i>Burwell School Visitor Services</i>	65,000	85,000
<i>Hillsborough Chamber Holiday Parade</i>	10,000	10,000
<i>Hillsborough Chamber Holiday Tree Lighting</i>	4,600	4,600
<i>Orange County Museum Visitor Services</i>	59,500	59,500
<i>Unassigned</i>	-	-
C.S./Alliance For Historic Hillsborough	266,304	271,922
<i>Operate Visitor's Center</i>	266,304	271,922
C.S./Town Of Hillsborough	26,000	26,000
<i>Board Staffing</i>	26,000	26,000
Insurance	1,250	1,250
<i>Bond Insurance</i>	200	200
<i>Liability Insurance</i>	1,050	1,050
Miscellaneous	3,000	2,000
<i>Miscellaneous</i>	3,000	2,000
Special Projects/Partnerships	6,000	45,000
<i>Revolutionary War Interpretive Sign (2)</i>	6,000	-
<i>Calvin/Nash St kiosk sign cost share (ToH)</i>		9,000
<i>VisitHillsborough Website Update (TB, TDA)</i>		14,000
<i>Riverwalk Entrance Shelter cost share (ToH)</i>		12,000
<i>Unassigned</i>	-	10,000
Grants Expense	12,025	20,000
<i>Alliance Holiday Nights</i>	5,000	-
<i>OCP - Suessical</i>	7,025	-
<i>Unassigned</i>	-	20,000
6% Holdback	-	-
Starting in FY26 finance holding at revenue collection		
GRAND TOTAL	539,179	618,422
Assumed FY27 Revenues:		525,000
Fund Balance:		93,422

FY25 Approx. Revenue: \$526,924.61