



Board of Commissioners Agenda

Town of Swansboro

Tuesday, June 25, 2024

Board Members

John Davis, Mayor | William Justice, Mayor Pro Tem | Pat Turner, Commissioner
Jeffrey Conaway, Commissioner | Douglas Eckendorf, Commissioner | Joseph Brown, Commissioner

I. Call to Order/Opening Prayer/Pledge

II. Public Comment

Citizens have an opportunity to address the Board for no more than three minutes per speaker regarding items listed on the agenda. There is a second opportunity at the end of the agenda for the public to address the Board on items not listed on the agenda.

III. Adoption of Agenda and Consent Items

The Town Clerk respectfully submits to the Board, the Regular Agenda and the below consent items, which are considered to be of general agreement and little or no controversy. These items may be voted on as a single group without Board discussion "or" if so desired, the Board may request to remove any item(s) from the consent agenda and placed for consideration separately.

III. Consent Items:

- [a.](#) March 12, 2024, Regular Meeting Minutes
- [b.](#) March 14, 2024, Special Meeting Minutes
- [c.](#) Budget Ordinance Amendment #2024-11
- [d.](#) Ordinance Amendment #4 to the Swansboro Bicentennial Park Boardwalk Extension with Public Day Docks Project
- [e.](#) Tax Refund Request

The Onslow County Tax Collector recommends refunds of the below listed taxes totaling \$846.46.

Vehicle Tax

| | | |
|---------------------------------------|----------|---------------|
| Busclas, John Martin & Ashlee Lin | \$372.42 | Military |
| Dudley, Della Doreen or Richard Wayne | \$85.62 | Tag Surrender |
| Hawkins, Julius | \$388.42 | Tag Surrender |

- [f.](#) Audit Contract with Gregory T. Redman, CPA (July 1, 2023 thru June 30, 2024)

IV. Appointments/Recognitions/Presentations

- a. **Recognition of Swansboro Historical Association**
Presenter: Mayor Pro Tem Bill Justice
- b. **Recognition of Onslow County Schools Teacher of the Year – Marissa Bak**
Presenter: Mayor Pro Tem Bill Justice
- c. **Recognition of Onslow County Assistant Principal of the Year – Gary Cassidy**
Presenter: Mayor Pro Tem Bill Justice
- d. **Presentation – Ricky's Retreat**
Presenter: Wendie Kidwell – Chairman of the Board for Ricky's Retreat
- e. **Arts by the Sea, Taste of the Town Winners**
Presenters: Anna Stanley – Parks & Recreation Director and Deb Pylypiw – Recreation Aide
The Town of Swansboro Parks and Recreation Department will announce the winners of the 2024 Taste of the Town.

V. Public Hearing – None

VI. Business Non-Consent

- a. **Monthly Financial Report as of May 31, 2024**
Presenter: Sonia Johnson - Finance Director
- b. **Future Agenda Topics**
Presenter: Alissa Fender – Town Clerk

Future agenda items are shared for visibility and comment. In addition, an opportunity is provided for the Board to introduce items of interest and subsequent direction for placement on future agendas.

Recommended Action: Discuss and provide any guidance.

VII. Items Moved from Consent

VIII. Public Comment

Citizens have an opportunity to address the Board for no more than five minutes regarding items not listed on the Agenda.

IX. Manager's Comments

X. Board Comments

XI. Closed Session

XII. Adjournment

Town of Swansboro
Board of Commissioners
March 12, 2024, Regular Meeting Minutes

Item IV - a.

In attendance: Mayor Pro Tem William Justice, Commissioner Jeffrey Conaway, Commissioner Joseph Brown, Commissioner Douglas Eckendorf and Commissioner Pat Turner. Mayor John Davis was absent. Mayor Pro Tem Justice facilitated the meeting.

Call to Order/Opening Prayer/Pledge

The meeting was called to order at 6:00 pm. Mayor Pro Tem Justice gave the invocation and led the Pledge of Allegiance.

Public Comment

Frank Tursi of 270 River Reach Drive addressed the board regarding the agenda item to amend Board of Commissioners Policy # 15. He shared that this change could result in the town accepting all roads regardless of condition because any contractor could come up with unusual circumstances. Additionally, he felt the process was a backdoor way of changing the ordinance, and he urged the board to table and hold a public hearing to give the citizens a chance to speak on it.

Adoption of Agenda and Consent Items

On a motion by Commissioner Eckendorf, seconded by Commissioner Conaway, the agenda along with the below consent items was approved unanimously.

- August 14, 2023, Regular Meeting
- August 14, 2023, Closed Session
- August 28, 2023, Regular Meeting
- August 28, 2023, Closed Session
- Budget Ordinance Amendment #2024-7

Appointments/Recognitions/Presentations

Recognition of McKenna Panos

Mayor Pro Tem Bill Justice recognized McKenna Panos by presenting her with a proclamation for her outstanding performance at the NCHSAA 3-A Indoor Track and Field Championship securing the State Indoor High Jump Title. Mayor Pro Tem Justice also provided Ms. Panos with a photograph he had of her grandfather, who was a close friend of his.

Public Hearing

UDO Text Amendment to Massing Study Standards in the Historic District

Projects/Planning Coordinator Brehmer reviewed that during the October 17, 2023, and November 28, 2023, Swansboro Historic Preservation Commission meetings, a request

was made by the board to review and amend the current Massing Study Standards found under Section 11 New Construction of our Historic District Design Standards. The Planning Board recommended this amendment to the Board of Commissioners at their February 6, 2024, meeting.

The public hearing was opened at 6:12 pm, then closed. No comments were made.

On a motion by Commissioner Eckendorf, seconded by Commissioner Turner, Ordinance 2024-O4 amending Appendix III Historic District Design Standards Section 11 New Construction was unanimously approved.

Business Non-Consent

Sidewalk Repair and Street Repaving Project

Interim Town Manager Barlow reviewed that the property owner of 101-104 Church Street, aka Port of Swannsborough, was replacing the concrete parking pad in front of this business location. The Town owned a 6' wide portion of this pad along Church Street. The Town received a quote from the contractor working for the private property owner to replace the Town's portion in the amount of \$7,560 for 4 inches of concrete or \$9,000 for 6 inches of concrete (120 feet in length). Additionally, a quote to repave the portion of Church Street from Water Street to Front Street was received from Onslow Grading and Paving in the amount of \$22,755.50. Both of these projects are Powell Bill eligible, and the FY23/24 Budget had funds remaining to cover these expenditures.

In response to inquiries from the board, Interim Manager Barlow clarified the following.

- The project was below an expense threshold to require more than 1 quote.
- Recommends the 6-inch concrete option over the 4-inch option due to vehicular traffic crossing it.
- The owner of 101-104 Church Street intended to proceed with the project even if the Town did not, however, at a later date the cost will likely be more.
- The project was Powell Bill eligible because that fund provides funding for sidewalks and street maintenance for Town maintained streets.

On a motion by Mayor Pro Tem Justice, seconded by Commissioner Turner, unanimous authorization was given for staff to enter into a contract with Sun City Contractors in the amount of \$9,000 to replace 6'x120' of concrete and a separate contract with Onslow Grading and Paving in the amount of \$22,755.50 to repave a portion of Church Street.

Future Agenda Topics

Future agenda items were shared for visibility and comment. In addition, an opportunity was provided for the board to introduce items of interest and subsequent direction for placement on future agendas. No additional items were addressed.

Amendment to Board Policy # 15 – Private Roads and Associated Facilities Acceptance of Dedication and Maintenance

Interim Town Manager Barlow reviewed that as requested by the board, an amendment to Board Policy #15 had been drafted by the Town Attorney for review.

Interim Attorney Rasberry shared with the board that this amendment provided flexibility to address items such as the Charleston Park subdivision. If the board approved the amendment the next action would be to accept the subdivisions infrastructure and identify specifics.

In response to inquiries from the board, Interim Attorney Rasberry clarified the following.

- The intention is to set general guidelines and not specify certain properties/projects
- The Town UDO standards would still apply

Concerns were shared that the policy was not strict enough and that future boards could make changes at any time, along with how the acceptance of Charleston Park could affect the budget.

On a motion by Commissioner Brown, seconded by Commissioner Eckendorf, Board Policy # 15 – Private Roads and Associated Facilities Acceptance of Dedication and Maintenance was amended as presented by a vote of 3:2.

Ayes: Brown, Eckendorf, Justice

Noes: Conaway, Turner

Public Comment

Citizens were offered an opportunity to address the Board regarding items not listed on the agenda. No comments were given.

Manager's Comments

Interim Attorney Rasberry shared that a conversation was held with the litigation lawyers related to the skatepark, and further discussion was still needed related to reopening the skatepark. Additionally, he shared that the Town's prior attorney, Cliff Parson, had reached out to him regarding his association with a client that would be

having an upcoming project in the Town of Swansboro, and inquired if the board would provide a waiver of conflict for the project to allow Mr. Parson to represent his client.

By consensus, the board was not in favor of granting the waiver.

Board Comments

Commissioner Conaway shared that his vote against the board policy was not an indication that he was against Charleston Park, he just has concern on what the potential outfalls could be for making such changes.

Board members shared their appreciation to staff and those in attendance at the meeting, and to Mayor Pro Tem Justice for his first successful facilitation of a meeting as Mayor Pro Tem.

Adjournment

On a motion by Commissioner Conaway, seconded by Commissioner Brown, the meeting adjourned at 6:55 pm.

Town of Swansboro
Board of Commissioners
March 14, 2024, Special Meeting Minutes

Item IV - b.

In attendance: Mayor John Davis, Mayor Pro Tem William Justice, Commissioner Jeffrey Conaway, Commissioner Joseph Brown, Commissioner Douglas Eckendorf and Commissioner Pat Turner.

Call to Order/Opening Prayer/Pledge

The meeting was called to order at 6:00 pm. Mayor Davis led the Pledge of Allegiance. The purpose of the meeting was for discussion/direction of the FY 23/24 year end projections and FY 24/25 Budget requests.

FY 23/24-year end projections and FY 24/25 Budget

Interim Manager Jon Barlow shared that he had met with each department head and was working to go through all the budgets. Preliminary projections for FY 23/24 estimated that the General Fund expenditures would exceed revenues by approximately \$217,174, the Stormwater Enterprise Fund revenues would exceed expenditures by \$8,901, and the Solid Waste Enterprise Fund revenues would exceed expenditures by \$7,953. The budgets for Governing Body, Legal, Fire, and Permitting were all identified as potentially over budget due to salaries, legal fees, emergency repairs, and board direction to change event cost.

In looking at the FY 24/25 Budget, Finance Director Sonia Johnson shared that the county had provided preliminary projections for ad-valorem taxes at collection rate of 98.70%. Revenues were estimated at \$6,539,833. The requested expenditures and accounting for a 5% increase on medical/dental insurance, 10% increase on property liability and workman's comp, and incorporating a 3.4% COLA, expenditures were \$8,436,421. That was an excess of expenditure over revenue of \$1,896,588. Preliminary projections for both the Stormwater Enterprise fund and Solid Waste fund would be net zero.

Mrs. Johnson reviewed the following departmental requests for personnel Capital Improvements, Capital Reserves and Capital Outlay.

- Personnel Request totaled \$378,455
 - o Police – 2 officers, 1 lieutenant
 - o Fire – 3 firefighters (January – June)
 - o Parks & Rec – Recreation Coordinator
- CIP/Capital Reserve Requests totaled \$343,500
 - o Fire – Apparatus replacement & equipment
 - o Police – vehicles

- Parks & Recreation – Property acquisition, Waterfront implementation, Tennis court resurfacing, Municipal Park Tol Lot repairs, and fitness equipment
- Capital Outlay totaled \$478,000
 - Police – Police Interceptor
 - Emergency Management – Festival crosswalks
 - Public Work – Non CDL vac truck

Interim Manager Barlow shared that the goal of net zero with no usage of Fund balance would require more edits and cuts to the departments.

In response to inquiries from the board the following details were clarified by the appropriate department head.

- Public Works needed the CDL vac truck more than it needed new personnel
- Fire Department personnel request was not full time due to awarded grants that funded part of the salaries
- Police department vehicle request was due to the loss of a vehicle due to an accident
- Parks & Recreation property acquisition request were part of the established Parks & Rec Master plan, in the event that property became available for purchase
- Parks & Recreation fitness room equipment was over 10 years old and desires to replace 1 piece a year.

Board Comments

Commissioner Conaway shared that the budget goes up each year and would like to see that trend stop.

Commissioner Eckendorf shared that he would like to see what each department gets from property taxes and inquired if that could be provided by way of a pie graph.

Mayor Davis shared that he has asked for a tax cut each year, along with a salary increase to police and fire. He believes that efficiency of jobs needs to be looked into and should put consideration into some combined jobs.

XIII. Adjournment

On a motion by Commissioner Brown, seconded by Commissioner Eckendorf the meeting adjourned at 6:58 pm.



Board of Commissioners Meeting Agenda Item Submittal

Item To Be Considered: **Budget Ordinance Amendment #2024-11**

Board Meeting Date: **June 25, 2024**

Prepared By: **Sonia Johnson, Finance Director**

Overview: A Budget Ordinance Amendment is requested for multiple departments.

1. Non-Departmental: Funds were collected for payment in lieu of sidewalks and needs to be transferred to the Capital Reserve Fund. Requesting \$2,350 to be transferred to the Capital Reserve Fund.

Source: Sidewalk Development Fee

2. Non-Departmental: Occupancy tax exceeded the budgeted amount for FY 23/24 by \$11,186. The net proceeds of the tax collected to the authority shall be the gross proceeds of the tax less the 3% cost to the town of administering the tax.

Source of Funds: Taxes-Occupancy

3. Non-Departmental: Property & liability/workers' compensation annual premium exceeded the anticipated budget for FY 23/24 by \$19,532. The increase was due to changes made at renewal, an increase in property values, and loss ratio.
(Property & Liability-\$14,700/Workers' Compensation-\$4,832)

Source of Funds-Appropriated Fund Balance

4. Non-Departmental: A budget amendment was approved for \$101,450 on August 28, 2023 for the bulkhead replacement. To recoup some of the cost, staff sought funding from the Swansboro TDA and Onslow County TDA, each providing \$12,500. The Permit/Design Fees for this project were exhausted due to all the additional permit work that was required from the bulkhead failure and other required work by Kathy Vinson and the engineer.

Grants-Swansboro TDA/Grants-Various

5. Police Department: The Town was awarded several Walmart Community Grants totaling \$6,750 for the Police Department.

Source of Funds: Grants-Police

Action: _____

6. Admin Services: Due to retirement, payment of accrued vacation leave to include retirement benefits of \$22,137 needs to be disbursed.

Item IV - c.

Source of Funds: Appropriated Fund Balance

7. Legal Department: Additional funds are needed in the amount of \$10,000 for the Legal Department to pay for unfunded legal fees projected through June 30, 2024.

Source of Funds-Appropriated Fund Balance

8. Finance Department: The projected payment for services to Onslow County to collect taxes exceeded the budgeted amount by \$3,000.

Source of Funds-Appropriated Fund Balance

9. Fire Department: Additional funds of \$5,000 are needed for fuel costs due to the increase in calls.

Source of Funds-Appropriated Fund Balance

10. Public Works-Streets: The Board of Commissioners directed staff to purchase additional Christmas Lights in the amount of \$9,000.

Source of Funds-Appropriated Fund Balance

Background Attachment(s): Budget Ordinance Amendment #2024-11

Recommended Action: Motion to approve Budget Ordinance Amendment #2024-11

AN ORDINANCE AMENDING THE ANNUAL BUDGET FOR FY 23/24

Item IV - c.

BUDGET ORDINANCE AMENDMENT #2024-11

BE IT ORDAINED by the Board of Commissioners of the Town of Swansboro that the following amendment be made to the annual budget ordinance for fiscal year ending June 30, 2024:

Section 1. To amend the General Fund budget, the following changes are to be made:

| <u>Appropriations</u> | <u>Increase</u> |
|-----------------------|-----------------|
| Non-Departmental | \$58,068 |
| Police | \$6,750 |
| Admin Services | \$22,137 |
| Legal | \$10,000 |
| Finance | \$3,000 |
| Fire | \$5,000 |
| Public Works-Streets | \$9,000 |

| <u>Revenues</u> | <u>Increase</u> |
|---------------------------|-----------------|
| Appropriated Fund Balance | \$68,669 |
| Sidewalk Development Fee | \$2,350 |
| Taxes-Occupancy | \$11,186 |
| Grants-Police | \$6,750 |
| Grants-Variou s | \$12,500 |
| Grants-Swansboro TDA | \$12,500 |

Section 2. To amend the Capital Reserve Fund budget, the following changes are to be made:

| | |
|---|---------|
| Transfer In: | |
| Transfer from General Fund into Capital Reserve | \$2,350 |
| Sidewalk Development Fee | \$2,350 |

Section 3. Copies of this budget amendment shall be furnished to the Town Clerk, the Budget Officer, and the Finance Director, to carry out their duties.

Adopted by the Board of Commissioners in regular session, June 25, 2024.

John Davis, Mayor

Attest:

Alissa Fender, Town Clerk



Board of Commissioners Meeting Agenda Item Submittal

Item To Be Considered: **Ordinance Amendment #4 to the Swansboro Bicentennial Park Boardwalk Extension with Public Day Docks Project**

Board Meeting Date: **June 25, 2024**

Prepared By: **Sonia Johnson – Finance Director**

Overview: Ordinance Amendment #4 to the Swansboro Bicentennial Park Boardwalk Extension with Public Day Docks Project

A budget amendment was approved for \$101,450 on August 28, 2023 for the bulkhead replacement. To recoup some of the cost, staff sought funding from the Swansboro TDA and Onslow County TDA, each providing \$12,500. The Permit/Design Fees for this project have been exhausted due to all the additional permit work that was required from the bulkhead failure and other required work by Kathy Vinson and the engineer.

Background Attachment(s): Ordinance Amendment #4 to the Swansboro Bicentennial Park Boardwalk Extension with Public Day Docks Project

Recommended Action: Amend Ordinance Amendment #4 to the Swansboro Bicentennial Park Boardwalk Extension with Public Day Docks Project.

Action: _____

**Ordinance Amendment #4 to the Grant Project Ordinance for
Swansboro Bicentennial Park Boardwalk Extension
with Public Day Docks Project**

Section 1. The following revenues and appropriations are amended per grant application narrative.

| Revenues | Current Budget | Change | Revised |
|---|-----------------------|-----------------|------------------|
| NC Public Beach and Coastal Waterfront Access Program | \$142,350 | \$0 | \$142,350 |
| Transfer from General Fund (Cash Match-\$9,000; Dredging-\$18,000, Bulkhead Repairs-\$101,450, Grants STDA \$12,500-Onslow County TDA \$12,500) | \$128,450 | \$25,000 | \$153,450 |
| Transfer from Capital Reserve | \$7,000 | \$0 | \$7,000 |
| Total | \$277,800 | \$25,000 | \$302,800 |

Appropriations

| | | | |
|-------------------------|------------------|-----------------|------------------|
| Design and Construction | \$277,800 | \$25,000 | \$302,800 |
|-------------------------|------------------|-----------------|------------------|

Section 2. This ordinance shall be effective upon its adoption.

Adopted by the Swansboro Board of Commissioners in regular session, June 25, 2024.

John Davis, Mayor

Attest:

Alissa Fender, Town Clerk



Board of Commissioners Meeting Agenda Item Submittal

Item To Be Considered: **Tax Refund Request**

Board Meeting Date: **June 25, 2024**

Prepared By: **Sonia Johnson - Finance Director**

Overview: The Onslow County Tax Collector recommends refunds of the below listed taxes totaling \$846.46.

Vehicle Tax

| | | |
|---------------------------------------|----------|---------------|
| Busclas, John Martin & Ashlee Lin | \$372.42 | Military |
| Dudley, Della Doreen or Richard Wayne | \$85.62 | Tag Surrender |
| Hawkins, Julius | \$388.42 | Tag Surrender |

Recommended Action: Motion to approve refunds as recommended by Onslow County.

Action: _____



Board of Commissioners Meeting Agenda Item Submittal

Item To Be Considered: **Audit Contract with Gregory T. Redman, CPA (July 1, 2023 thru June 30,2024)**

Board Meeting Date: **June 25, 2024**

Prepared By: **Sonia Johnson – Finance Director**

Overview: The Town is required to have an annual audit performed. This is a proposed contract for services with Gregory T. Redman to prepare the Town’s financial statements and perform the audit for FY 23/24. The proposed fee to audit this fiscal year ended June 30, 2024. is \$15,500.

Background Attachment(s): Audit Contract with Gregory T. Redman, CPA for the period July 1, 2023 thru June 30, 2024

Recommended Action: Motion to approve the Audit Contract with Gregory T. Redman, CPA for the period July 1, 2023 thru June 30, 2024

Action: _____

| | |
|-----|--|
| The | Governing Board |
| of | Board of Commissioners |
| | Primary Government Unit |
| | Town of Swansboro, North Carolina |
| and | Discretely Presented Component Unit (DPCU) (if applicable) |
| | N/A |

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

| | |
|-----|------------------------------------|
| and | Auditor Name |
| | Gregory T. Redman, CPA |
| | Auditor Address |
| | 410 Dowd Street, Tarboro, NC 27886 |

Hereinafter referred to as Auditor

| | | |
|-----|--------------------|-------------------------------------|
| for | Fiscal Year Ending | Date Audit Will Be Submitted to LGC |
| | 06/30/24 | 10/31/24 |

Must be within four months of FYE

hereby agree as follows:

1. The Auditor shall audit all statements and disclosures required by U.S. generally accepted auditing standards (GAAS) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit(s). The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion shall be rendered in relation to (as applicable) the governmental activities, the business- type activities, the aggregate DPCUs, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types). The basic financial statements shall include budgetary comparison information in a budgetary comparison statement, rather than as RSI, for the General Fund and any annually budgeted Special Revenue funds.

2. At a minimum, the Auditor shall conduct the audit and render the report in accordance with GAAS. The Auditor shall perform the audit in accordance with *Government Auditing Standards (GAGAS)* if the Governmental Unit expended \$100,000 or more in combined Federal and State financial assistance during the reporting period. The auditor shall perform a Single Audit if required by Title 2 US Code of Federal Regulations Part 200 *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart F* (Uniform Guidance) or the State Single Audit Implementation Act. This audit and all associated audit documentation may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit requires a federal single audit in accordance with the Uniform Guidance (§200.501), it is recommended that the Auditor and Governmental Unit(s) jointly agree, in advance of the execution of this contract, which party is responsible for submission of the audit and the accompanying data collection form to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512).

Effective for audits of fiscal years beginning on or after June 30, 2023, the LGC will allow auditors to consider whether a unit qualifies as a State low-risk auditee based upon federal criteria in the Uniform Guidance §200.520(a), and (b) through (e) as it applies to State awards. In addition to the federal criteria in the Uniform Guidance, audits must have been submitted timely to the LGC. If in the reporting year, or in either of the two previous years, the unit reported a Financial Performance Indicator of Concern that the audit was late, then

the report was not submitted timely for State low-risk auditee status. Please refer to "Discussion of Single Audits in North Carolina" on the LGC's website for more information.

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

3. If an entity is determined to be a component of another government as defined by the group audit standards, the entity's auditor shall make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-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, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he/she has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of the most recent peer review report to the Governmental Unit(s) and the Secretary of the LGC prior to the execution of an audit contract. Subsequent submissions of the report are required only upon report expiration or upon auditor's receipt of an updated peer review report. If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit(s) without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.

If the audit engagement is not subject to *Government Auditing Standards* or if financial statements are not prepared in accordance with U.S. generally accepted accounting principles (GAAP) and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment to this contract or in an amendment.

6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to LGC Staff within four months of fiscal year end. If it becomes necessary to amend the audit fee or the date that the audit report will be submitted to the LGC, an amended contract along with a written explanation of the change shall be submitted to the Secretary of the LGC for approval.

7. It is agreed that GAAS include a review of the Governmental Unit's (Units') systems of internal control and accounting as same relate to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor shall make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his/her findings, together with his recommendations for improvement. That written report shall include all matters defined as "significant deficiencies and material weaknesses" in AU-C 265 of the *AICPA Professional Standards (Clarified)*. The Auditor shall file a copy of that report with the Secretary of the LGC.

For GAAS or *Government Auditing Standards* audits, if an auditor issues an AU-C §260 report, commonly referred to as "Governance Letter," LGC staff does not require the report to be submitted unless the auditor cites significant findings or issues from the audit, as defined in AU-C §260.12 - .14. This would include issues such as difficulties encountered during the audit, significant or unusual transactions, uncorrected misstatements, matters that are difficult or contentious reviewed with those charged with governance, and other significant matters. If matters identified during the audit were required to be reported as described in AU-C §260.12-.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 and State Single Audit Acts. This does not include fees for any pre-issuance reviews that may be required by the NC Association of CPAs (NCACPA) Peer Review Committee or NC State Board of CPA Examiners (see Item 13).
11. If the Governmental Unit(s) has/have outstanding revenue bonds, the Auditor shall submit to LGC Staff, either in the notes to the audited financial statements or as a separate report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor shall submit to LGC Staff simultaneously with the Governmental Unit's (Units') audited financial statements any other bond compliance statements or additional reports required by the authorizing bond documents, unless otherwise specified in the bond documents.
12. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, but not be limited to, the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit(s) and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the Governmental Unit(s) or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board upon completion.
13. If the audit firm is required by the NC State Board, the NCACPA Peer Review Committee, or the Secretary of the LGC to have a pre-issuance review of its audit work, there shall be a statement in the engagement letter indicating the pre-issuance review requirement. There also shall be a statement that the Governmental Unit(s) shall not be billed for the pre-issuance review. The pre-issuance review shall be performed prior to the completed audit being submitted to LGC Staff. The pre-issuance review report shall accompany the audit report upon submission to LGC Staff.

14. The Auditor shall submit the report of audit in PDF format to LGC Staff. For audits of units other than hospitals, the audit report should be submitted when (or prior to) submitting the final invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the LGC by any interested parties. Any subsequent revisions to these reports shall be sent to the Secretary of the LGC. These audited financial statements, excluding the Auditors' opinion, may be used in the preparation of official statements for debt offerings by municipal bond rating services to fulfill secondary market disclosure requirements of the Securities and Exchange Commission and for other lawful purposes of the Governmental Unit(s) without requiring consent of the Auditor. If the LGC Staff determines that corrections need to be made to the Governmental Unit's (Units') financial statements and/or the compliance section, those corrections shall be provided within three business days of notification unless another deadline is agreed to by LGC Staff.

15. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Secretary of the LGC, this contract may be modified or amended to include the increased time, compensation, or both as may be agreed upon by the Governing Board and the Auditor.

16. If an approved contract needs to be modified or amended for any reason, the change shall be made in writing and pre-audited if the change includes a change in audit fee (pre-audit requirement does not apply to hospitals). This amended contract shall be completed in full, including a written explanation of the change, signed and dated by all original parties to the contract. It shall then be submitted to the Secretary of the LGC for approval. No change to the audit contract shall be effective unless approved by the Secretary of the LGC.

17. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit(s), shall be attached to this contract, and except for fees, work, and terms not related to audit services, shall be incorporated by reference as if fully set forth herein as part of this contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract shall take precedence. Engagement letter terms that conflict with the contract are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item 30 of this contract. Engagement letters containing indemnification clauses shall not be accepted by LGC Staff.

18. Special provisions should be limited. Please list any special provisions in an attachment.

19. A separate contract should not be made for each division to be audited or report to be submitted. If a DPCU is subject to the audit requirements detailed in the Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not to be issued and the DPCU is included in the primary government audit, the DPCU shall be named along with the primary government on this audit contract. DPCU Board approval date, signatures from the DPCU Board chairman and finance officer also shall be included on this contract.

20. The contract shall be executed, pre-audited (pre-audit requirement does not apply to hospitals), and physically signed by all parties including Governmental Unit(s) and the Auditor, then submitted in PDF format to the Secretary of the LGC.

21. The contract is not valid until it is approved by the Secretary of the LGC. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. The audit should not be started before the contract is approved.

22. Retention of Client Records: Auditors are subject to the NC State Board of CPA Examiners' Retention of Client Records Rule 21 NCAC 08N .0305 as it relates to the provision of audit and other attest services, as well as non-attest services. Clients and former clients should be familiar with the requirements of this rule prior to requesting the return of records.

23. This contract may be terminated at any time by mutual consent and agreement of the Governmental Unit(s) and the Auditor, provided that (a) the consent to terminate is in writing and signed by both parties, (b) the parties have agreed on the fee amount which shall be paid to the Auditor (if applicable), and (c) no termination shall be effective until approved in writing by the Secretary of the LGC.

24. The Governmental Unit's (Units') failure or forbearance to enforce, or waiver of, any right or an event of breach or default on one occasion or instance shall not constitute the waiver of such right, breach or default on any subsequent occasion or instance.

25. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the LGC.

26. E-Verify. Auditor shall comply with the requirements of NCGS Chapter 64 Article 2. Further, if Auditor utilizes any subcontractor(s), Auditor shall require such subcontractor(s) to comply with the requirements of NCGS Chapter 64, Article 2.

27. **Applicable to audits with fiscal year ends of June 30, 2020 and later.** For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and *Government Auditing Standards, 2018 Revision* (as applicable). Financial statement preparation assistance shall be deemed a "significant threat" requiring the Auditor to apply safeguards sufficient to reduce the threat to an acceptable level. If the Auditor cannot reduce the threats to an acceptable level, the Auditor cannot complete the audit. If the Auditor is able to reduce the threats to an acceptable level, the documentation of this determination, including the safeguards applied, must be included in the audit workpapers.

All non-attest service(s) being performed by the Auditor that are necessary to perform the audit must be identified and included in this contract. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the services and accept responsibility for the results of the services performed. If the Auditor is able to identify an individual with the appropriate SKE, s/he must document and include in the audit workpapers how he/she reached that conclusion. If the Auditor determines that an individual with the appropriate SKE cannot be identified, the Auditor cannot perform both the non-attest service(s) and the audit. See "Fees for Audit Services" page of this contract to disclose the person identified as having the appropriate SKE for the Governmental Unit.

28. **Applicable to audits with fiscal year ends of June 30, 2021 and later.** The auditor shall present the audited financial statements including any compliance reports to the government unit's governing body or audit committee in an official meeting in open session as soon as the audited financial statements are available but not later than 45 days after the submission of the audit report to the Secretary. The auditor's presentation to the government unit's governing body or audit committee shall include:

- a) the description of each finding, including all material weaknesses and significant deficiencies, as found by the auditor, and any other issues related to the internal controls or fiscal health of the government unit as disclosed in the management letter, the Single Audit or Yellow Book reports, or any other communications from the auditor regarding internal controls as required by current auditing standards set by the Accounting Standards Board or its successor;
- b) the status of the prior year audit findings;
- c) the values of Financial Performance Indicators based on information presented in the audited financial statements; and
- d) notification to the governing body that the governing body shall develop a "Response to the Auditor's Findings, Recommendations, and Fiscal Matters," if required under 20 NCAC 03 .0508.

29. Information based on the audited financial statements shall be submitted to the Secretary for the purpose of identifying Financial Performance Indicators and Financial Performance Indicators of Concern. See 20 NCAC 03 .0502(c)(6).

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

31. The process for submitting contracts, audit reports and invoices is subject to change. Auditors and units should use the submission process and instructions in effect at the time of submission. Refer to the N.C. Department of State Treasurer website at <https://www.nctreasurer.com/state-and-local-government-finance-division/local-government-commission/submitting-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. Modifications to the language and terms contained in this contract form (LGC-205) are not allowed.

FEES FOR AUDIT SERVICES

1. For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct (as applicable) and *Government Auditing Standards, 2018 Revision*. Refer to Item 27 of this contract for specific requirements. The following information must be provided by the Auditor; contracts presented to the LGC without this information will be not be approved.

Financial statements were prepared by: ☒ Auditor ☐ Governmental Unit ☐ Third Party

If applicable: Individual at Governmental Unit designated to have the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the non-attest services and accept responsibility for the results of these services:

Name:**Title and Unit / Company:****Email Address:**

OR Not Applicable ☒ (Identification of SKE Individual on the LGC-205 Contract is not applicable for GAAS-only audits or audits with FYEs prior to June 30, 2020.)

2. Fees may not be included in this contract for work performed on Annual Financial Information Reports (AFIRs), Form 990s, or other services not associated with audit fees and costs. Such fees may be included in the engagement letter but may not be included in this contract or in any invoices requiring approval of the LGC. See Items 8 and 13 for details on other allowable and excluded fees.

3. The audit fee information included in the table below for both the Primary Government Fees and the DPCU Fees (if applicable) should be reported as a specific dollar amount of audit fees for the year under this contract. If any language other than an amount is included here, the contract will be returned to the audit form for correction.

4. Prior to the submission of the completed audited financial report and applicable compliance reports subject to this contract, or to an amendment to this contract (if required) the Auditor may submit interim invoices for approval for services rendered under this contract to the Secretary of the LGC, not to exceed 75% of the billings for the unit's last annual audit that was submitted to the Secretary of the LGC. All invoices for services rendered in an audit engagement as defined in 20 NCAC .0503 shall be submitted to the Commission for approval before any payment is made. Payment before approval is a violation of law. (This paragraph not applicable to contracts and invoices associated with audits of hospitals).

| | |
|--|-----------------------------------|
| Primary Government Unit | Town of Swansboro, North Carolina |
| Audit Fee (financial and compliance if applicable) | \$ 15,500.00 |
| Fee per Major Program (if not included above) | \$ |
| Additional Fees Not Included Above (if applicable): | |
| Financial Statement Preparation (incl. notes and RSI) | \$ |
| All Other Non-Attest Services | \$ |
| TOTAL AMOUNT NOT TO EXCEED | \$ 15500.00 |

| | |
|--|-----|
| Discretely Presented Component Unit | N/A |
| Audit Fee (financial and compliance if applicable) | \$ |
| Fee per Major Program (if not included above) | \$ |
| Additional Fees Not Included Above (if applicable): | |
| Financial Statement Preparation (incl. notes and RSI) | \$ |
| All Other Non-Attest Services | \$ |
| TOTAL AMOUNT NOT TO EXCEED | \$ |

SIGNATURE PAGE**AUDIT FIRM**

| | |
|--|---|
| Audit Firm* | |
| Gregory T. Redman, CPA | |
| Authorized Firm Representative (typed or printed)* | Signature* |
| Gregory T. Redman |  |
| Date* | Email Address* |
| 03/05/24 | greg@redman-cpa.com |

GOVERNMENTAL UNIT

| | |
|---|----------------|
| Governmental Unit* | |
| Town of Swansboro, North Carolina | |
| 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 |
| N/A | |
| Date | Email Address |

GOVERNMENTAL UNIT – PRE-AUDIT CERTIFICATE

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

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

| | |
|---|----------------|
| Sum Obligated by This Transaction: | \$ 15500.00 |
| Primary Governmental Unit Finance Officer* (typed or printed) | Signature* |
| Date of Pre-Audit Certificate* | Email Address* |

Member
North Carolina Association of
Certified Public Accountants



Member
American Institute of
Certified Public Accountants

March 5, 2024

Town of Swansboro
601 W. Corbett Avenue
Swansboro, NC 28584

I am pleased to confirm my understanding of the services I am to provide the Town of Swansboro, North Carolina for the year ended June 30, 2024.

Audit Scope and Objectives

I will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the disclosures, which collectively comprise the basic financial statements of the Town of Swansboro, North Carolina as of and for the period ended June 30, 2024. 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 the Town of Swansboro, North Carolina'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 my engagement, I will apply certain limited procedures to the Town of Swansboro, North Carolina'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 my inquiries, the basic financial statements, and other knowledge I obtained during my 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 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
2. Schedule of the Proportionate Share of the Net Pension Liability – Local Government Employees' Retirement Systems
3. Schedule of Contributions – Local Government Employees' Retirement System
4. Schedule of Changes in Total OPEB Liability
5. Schedule of Changes in Total Pension Liability

I have also been engaged to report on supplementary information other than RSI that accompanies own of Swansboro, North Carolina's financial statements. I will subject the following supplementary information to the auditing procedures applied in my audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and I will provide an opinion on it in relation to the financial statements as a whole:

1. Combining and Individual Non-major Fund Financial Statements and Schedules
2. Schedule of Ad Valorem Taxes Receivable
3. Analysis of Current Tax Levy – Town-wide Levy

The objectives of my 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 my 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Auditor's Responsibilities for the Audit of the Financial Statements

I will conduct my audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records of the Town of Swansboro, North Carolina and other procedures I consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, I exercise professional judgment and maintain professional skepticism throughout the audit.

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

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because I 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 and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, I will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to my attention. I will also inform the appropriate level of management of any violations of laws or governmental regulations that come to my attention, unless clearly inconsequential. My responsibility as auditors is limited to the period covered by my audit and does not extend to any later periods for which I am not engaged as auditors.

I 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.

My 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.

I will also request written representations from your attorneys as part of the engagement.

I have identified the following significant risk(s) of material misstatement as part of my audit planning: Management Override of Controls, Improper Revenue Recognition, Segregation of Duties, and preparation of Financial Statements.

I may, from time to time and depending on the circumstances, use third-party service providers in serving your account. I may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, I maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, I will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and I 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 I am 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, I will remain responsible for the work provided by any such third-party service providers. My audit of financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

I will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for my opinion. 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 my report on internal control

issued pursuant to *Government Auditing Standards*. 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 significant deficiencies or material weaknesses. Accordingly, I will express no such opinion. 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 and *Government Auditing Standards*.

Audit Procedures—Compliance

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

Other Services

I will also assist in preparing the financial statements and related notes of the Town of Swansboro, North Carolina in conformity with accounting principles generally accepted in the United States of America based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. I will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. I, in my 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 relating to the financial statements and related notes and any other nonaudit services I provide. You will be required to acknowledge in the management representation letter my assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Responsibilities of Management for the Financial Statements

My audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that I may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom I determine it necessary to obtain audit evidence. At the conclusion of my audit, I will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

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

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, or contracts or grant agreements that I report.

You are responsible for the preparation of the supplementary information, which I have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America (GAAP). You agree to include my 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 my report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

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

Engagement Administration, Fees, and Other

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

I will provide copies of my reports to the Town Council however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of my reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Gregory T. Redman, CPA 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 [Name of Regulator] or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for the 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 Gregory T. Redman, 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 date or for any additional period requested by the cognizant agency. If I am aware that a federal awarding agency or auditee is contesting an audit finding, I will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Gregory T. Redman, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. I expect to begin my audit on approximately August 1, 2024 and to issue my reports no later than October 31, 2024.

My fee for these services will be at my standard hourly rates, as per item 3 under the Fees and Audit Services section of the attached Contract to Audit Accounts. If I elect to terminate my services for nonpayment, my engagement will be deemed to have been completed upon written notification of termination, even if I have not completed my 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, I will discuss it with you and arrive at a new fee estimate before I incur the additional costs.

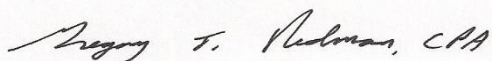
Reporting

I will issue a written report upon completion of my audit of the Town of Swansboro, North Carolina's financial statements. My report will be addressed to Board of Commissioners of the Town of Swansboro, North Carolina. Circumstances may arise in which my report may differ from its expected form and content based on the results of my audit. Depending on the nature of these circumstances, it may be necessary for us to modify my opinion, add a separate section, or add an emphasis-of-matter or other-matter paragraph to my auditor's report, or if necessary, withdraw from this engagement. If my opinion is other than unmodified, I will discuss the reasons with you in advance. If, for any reason, I am unable to complete the audit or are unable to form or have not formed opinions, I may decline to express opinions or issue reports, or I may withdraw from this engagement.

I will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during my audit I become aware that the Town of Swansboro, North Carolina is subject to an audit requirement that is not encompassed in the terms of this engagement, I will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

I appreciate the opportunity to be of service to the Town of Swansboro, North Carolina and believe this letter accurately summarizes the significant terms of my engagement. If you have any questions, please let us know. If you agree with the terms of my engagement described in this letter, please sign the attached copy and return it to us.

Very truly yours,



Gregory T. Redman, CPA

RESPONSE:

This letter correctly sets forth the understanding of the Town of Swansboro, North Carolina.

By: _____

Title: _____

Date: _____



Board of Commissioners Meeting Agenda Item Submittal

Item To Be Considered: **Arts by the Sea, Taste of the Town Winners**

Board Meeting Date: **June 25, 2024**

Prepared By: **Anna Stanley – Parks & Recreation Director and Deb Pylypiw – Recreation Aide**

Overview: Arts by the Sea was held on June 8, 2024. In 2022 the Town brought back the Wine Tasting event and was proven to be a success. This year, Taste of the Town was a new element of the event. It was an exquisite evening celebrating the culinary excellence of Swansboro's local restaurants. Participants indulged their palates with selections of delicious dishes perfectly paired with fine wines. The Town of Swansboro Parks and Recreation Department is proud to announce the winners of the 2024 Taste of the Town.

Winners:

Best Appetizer: Crab Dip, Boro Restaurant and Bar

Best Entrée: Tropical Pork Chops, Preston's Corner

Best Dessert: Key Lime Cheesecake, il Cigno Italiano

Background Attachment(s):

Recommended Action: Present awards

Action: _____

**TOWN OF SWANSBORO
FINANCIAL REPORT
(AS OF MAY 31, 2024)**

REVENUES

EXPENDITURES

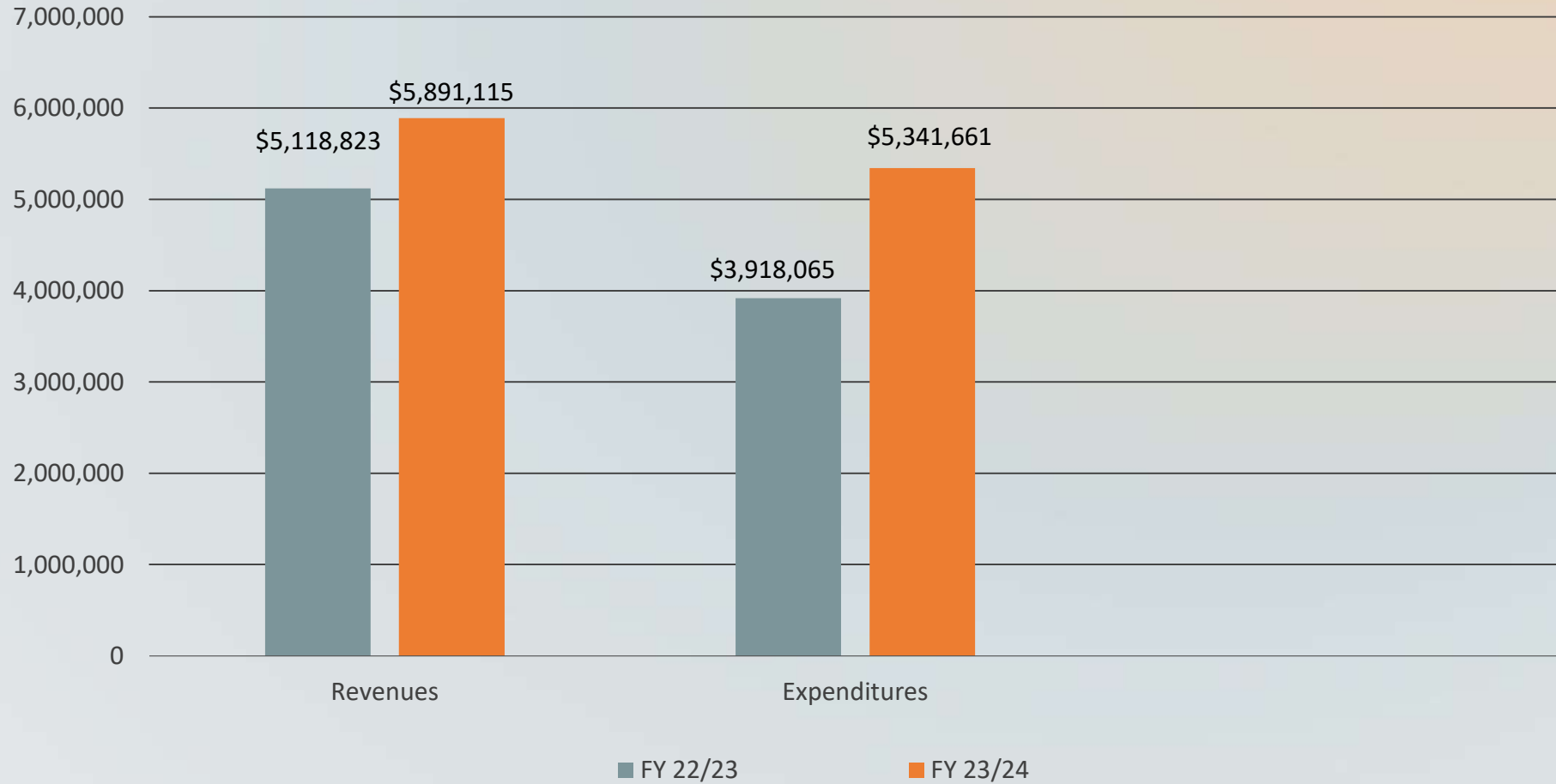
LOAN PAYMENTS

INVESTMENTS

**TOWN OF SWANSBORO
REVENUES/EXPENDITURES
TWO YEAR COMPARISON
(AS OF MAY 31, 2024)**

Item VI - a.

GENERAL FUND



ENCUMBRANCES INCLUDED

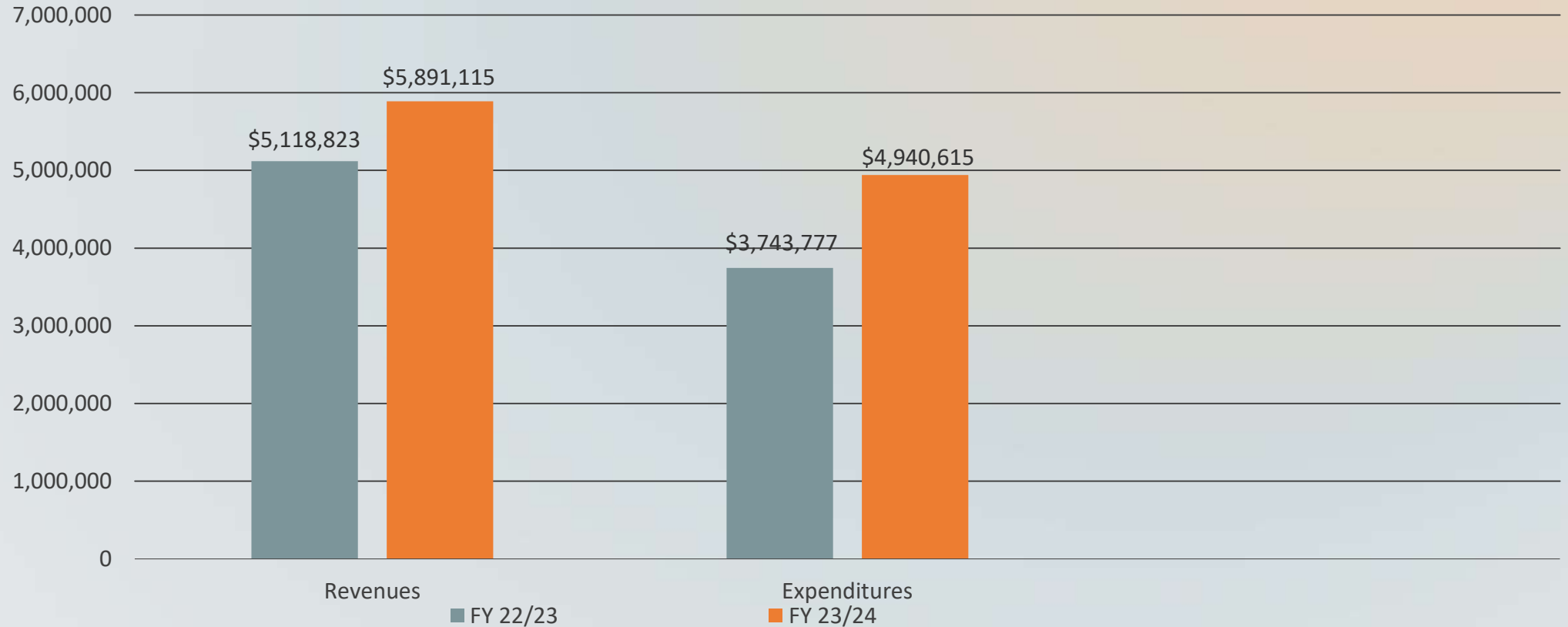
Total Excess of Revenues Over Expenditures \$549,454

**TOWN OF SWANSBORO
REVENUES/EXPENDITURES
TWO YEAR COMPARISON
(AS OF MAY 31, 2024)**

Item VI - a.

(ACTUAL)

GENERAL FUND



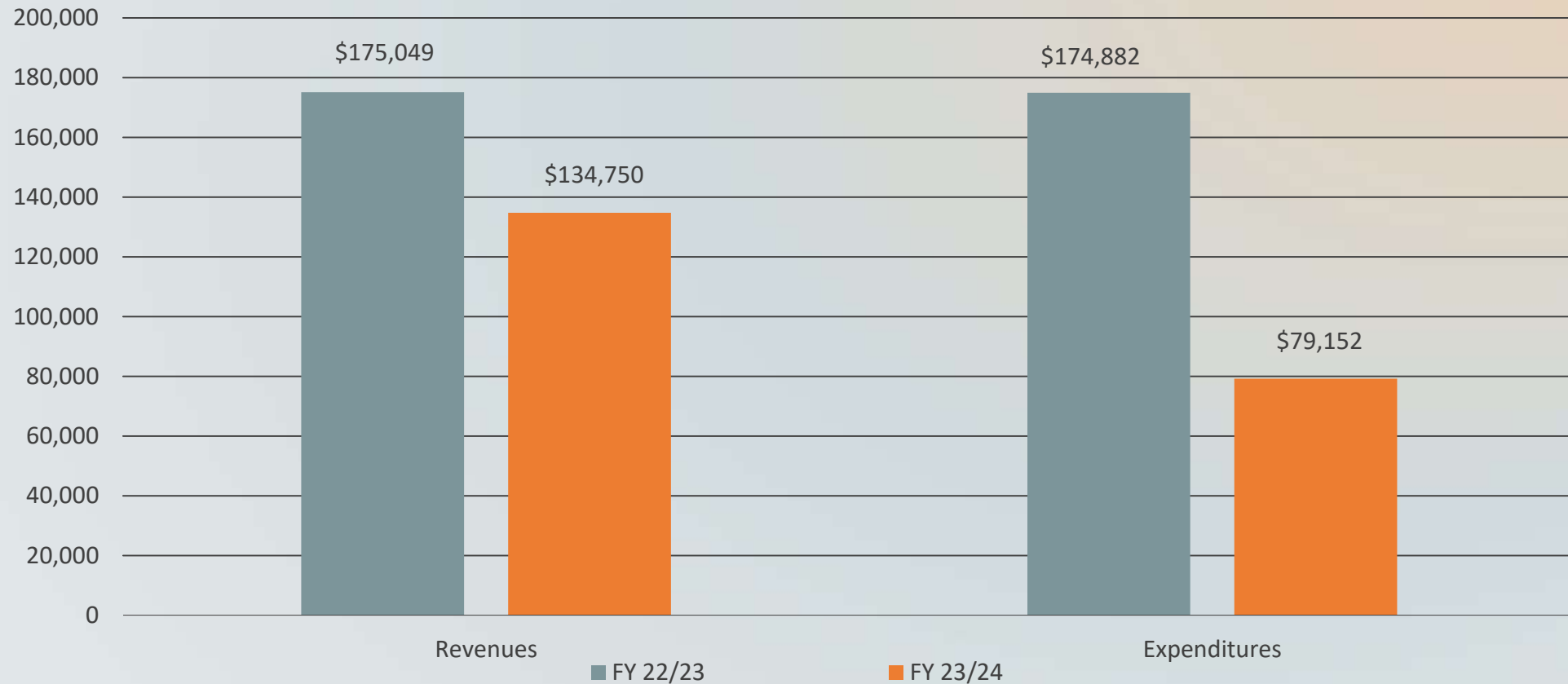
(ENCUMBRANCES NOT INCLUDED)
Total Excess of Revenues Over Expenditures \$950,500

| DEPT. | BUDGET | YTD ACTUAL | (PURCHASE ORDERS) ENCUMBERED BALANCE | SPENT % May 31, 2024 |
|-----------------------------------|-----------|------------|--|-------------------------|
| GOVERNING BODY | 43,476 | 40,910 | 242 | 94.7% |
| ADMIN SERVICES | 427,686 | 378,165 | 1,016 | 88.7% |
| FINANCE | 289,345 | 265,921 | 423 | 92.1% |
| LEGAL | 63,000 | 51,235 | - | 81.3% |
| PUBLIC BUILDINGS | 393,435 | 325,686 | 2,358 | 83.4% |
| FIRE | 1,395,815 | 1,336,607 | 2,626 | 95.9% |
| PERMITTING | 393,592 | 326,473 | - | 82.9% |
| POLICE | 1,256,251 | 1,001,680 | 14,856 | 80.9% |
| PUBLIC WORKS-STREETS | 598,148 | 286,085 | 250,068 | 89.6% |
| POWELL BILL-STREETS | 126,636 | 37,762 | 78,824 | 92.1% |
| PARKS & RECREATION | 359,232 | 287,072 | 30,435 | 88.4% |
| CHURCH STREET DOCK/VISITOE CENTER | 179,302 | 62,063 | 3,415 | 36.5% |
| EMERGENCY MANAGEMENT | 44,306 | 20,063 | 5,055 | 56.7% |
| FESTIVALS & EVENTS | 124,653 | 103,158 | 11,728 | 92.2% |
| NON DEPARTMENTAL | 586,580 | 417,735 | - | 71.2% |
| TOTAL | 6,281,457 | 4,940,615 | 401,046 | 85.04% |

**TOWN OF SWANSBORO
REVENUES/EXPENDITURES
TWO YEAR COMPARISON
(AS OF MAY 31, 2024)**

Item VI - a.

STORMWATER ENTERPRISE FUND

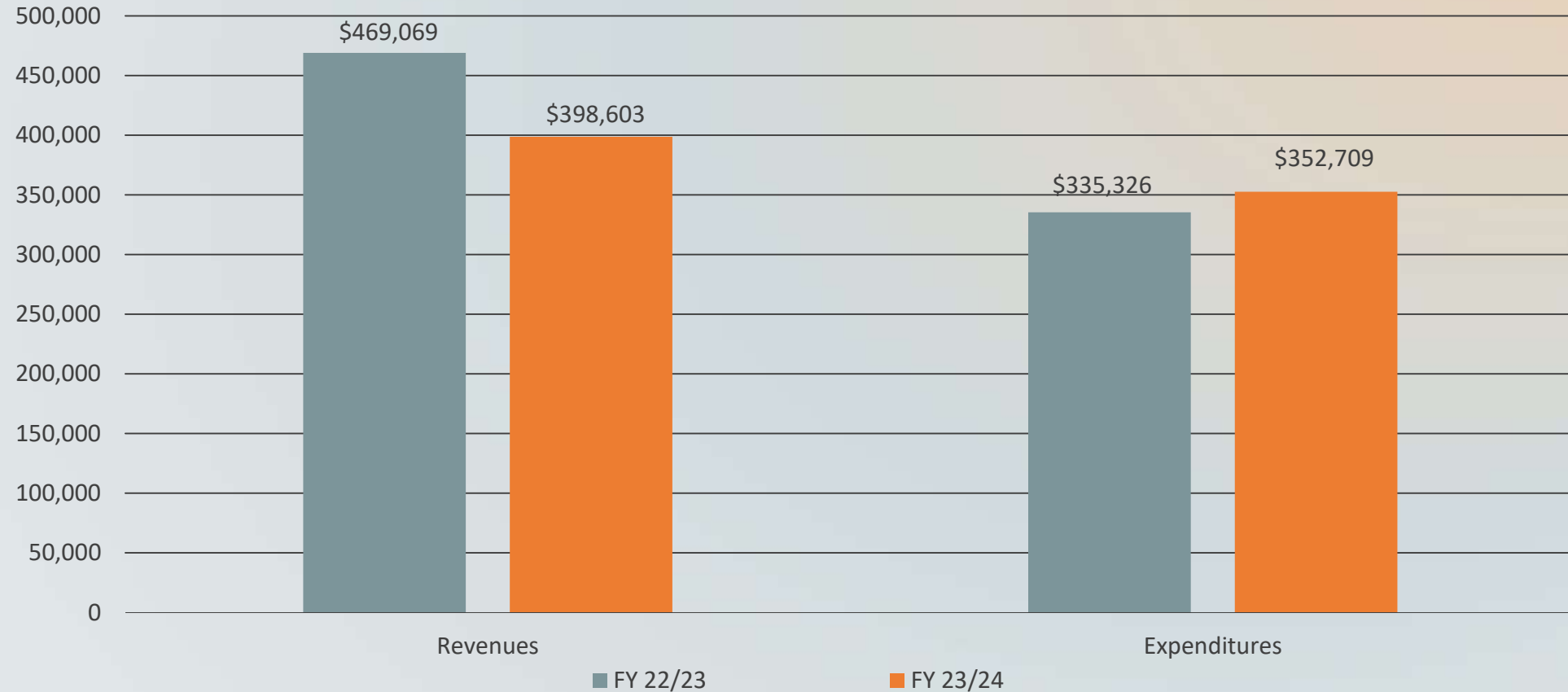


ENCUMBRANCES INCLUDED
Total Excess of Revenues Over Expenditures \$55,598

**TOWN OF SWANSBORO
REVENUES/EXPENDITURES
TWO YEAR COMPARISON
(AS OF MAY 31, 2024)**

Item VI - a.

SOLID WASTE ENTERPRISE FUND



ENCUMBRANCES INCLUDED
Total Excess of Revenues Over Expenditures \$45,894

TOWN OF SWANSBORO
LOAN REPORT
(AS OF MAY 31, 2024)

Item VI - a.

| Item | Principal Balance | Interest Rate | End Date | Annual Debt Service |
|---|-------------------|---------------|------------|---------------------|
| Town Hall/Tanker | \$317,275 | 2.69 | 03/21/2028 | \$84,724 |
| Public Safety Facility | \$40,000 | 2.58 | 12/22/2024 | \$42,064 |
| Fire Truck | \$136,806 | 2.08 | 11/01/2026 | \$47,512 |
| Sleeping Quarters | \$75,000 | 2.43 | 12/14/2026 | \$28,038 |
| Grapple Truck/Town Hall Generator | \$93,416 | 1.72 | 6/25/2025 | \$47,917 |
| Vehicles(Police & Fire Department) & Software | \$67,627 | 1.84 | 7/15/2026 | \$23,377 |
| Cab Tractor/Dump Truck | \$254,500 | 4.82 | 4/3/2029 | \$58,491 |
| Total Debt | \$984,624 | | | \$332,123 |

**TOWN OF SWANSBORO
CASH & INVESTMENTS REPORT
(AS OF MAY 31, 2024)**

CASH & INVESTMENTS

| BANK | BALANCE | INTEREST RATE |
|---|-------------|---------------|
| First Citizens Bank | \$263,388 | .05% |
| NC CMT-General | \$6,027,233 | 5.23% |
| TD Bank (SCIF Funds for EOC & Sidewalks) | \$6,233,672 | 5.21% |

GRANT UPDATE

| | Budget | YTD Expenditures | Encumbrances | Unencumbered |
|---|-------------|------------------|--------------|--------------|
| American Rescue Plan Act Fund | \$1,102,599 | \$955,329 | \$46,850 | \$100,420 |
| Swansboro Bicentennial Park Boardwalk Extension | \$277,800 | \$140,673 | \$0 | \$137,127 |
| Emergency Operation Center | \$6,131,566 | \$19,543 | \$0 | \$6,112,023 |
| Emmertton School Repairs | \$424,000 | \$22,125 | \$0 | \$401,875 |
| Stormwater Master Plan | \$400,000 | \$18,050 | \$0 | \$381,950 |
| Total Outstanding Grants | \$8,335,965 | \$1,155,720 | \$46,850 | \$7,133,395 |

Any Questions
?



Board of Commissioners Meeting Agenda Item Submittal

Item To Be Considered: **Future Agenda Topics**

Board Meeting Date: **June 25, 2024**

Prepared By: **Alissa Fender – Town Clerk**

Overview: The purpose of this memo is to provide the Board with matters that staff anticipates/proposes for upcoming meetings. It should be noted that these items are tentatively scheduled for the specified monthly agenda but are subject to change due to preparation of materials, public notice requirements, etc.

In providing this memo each month, we hope it will also provide an opportunity for the Board to introduce items of interest and subsequent direction for placement on future agendas, which will allow staff the opportunity to plan accordingly.

July 9th

- * Onslow Memorial Hospital

August meeting dates

13th & 27th

July 23rd

- * Financial Report

Future Agenda Items

- * Minimum Housing Code
- * High School Recognitions – *Valedictorian/Salutatorian/other achievements (pending response from principal)*
- * Street Acceptance of Swansgate and Shadow Creek *(developer has applied)*
- * Waterfront Access and Development Plan *(review/revision considerations)*
- * Town Code Amendment to Chapter 91: Fire Prevention
- * Community Presentations (ongoing monthly)
- * 2nd Amendment/Weapon Allowance at Town Hall
- * DOD Grant
- * EV Charging fees
- * Text Amendment related to Boat Storage
- * Resolution on Fund Balance threshold
- * Sidewalk Priorities
- * EMS Plan
- * Presentation – Proposal for Heritage Center Museum in Emmerton School Building *(postponed by presenter)*
- * One Place Funding
- * Museum of the Marine Funding
- * UDO/Policy Amendment on acceptance of streets, sidewalks and stormwater infrastructure
- * Consideration to enable paid parking for downtown
- * Policy Reviews
 - o TDA
 - o Funding to non-profit organizations