



**MONROE TOURISM DEVELOPMENT AUTHORITY
REGULAR MEETING**

City Hall Conference Room
300 W. Crowell Street
Monroe, NC 28112
Thursday, March 13, 2025 - 8:30 AM

AGENDA

1. Approval of Minutes of Monroe Tourism Development Authority Meeting of February 13, 2025
2. Finance/Occupancy Report
3. Fiscal Year 2025 Audit Contract for the Monroe Tourism Development Authority
4. Budget Amendment - GASB 87 Leases & GASB 96 Subscription-Based Information Technology Agreements
5. Budget Presentation and Call for Public Hearing

MONROE TOURISM DEVELOPMENT AUTHORITY

REGULAR MEETING

CONFERENCE ROOM

300 W. CROWELL STREET, MONROE, NC 28112

FEBRUARY 13 – 8:30 A.M.

MINUTES

Present: Chairman Robert Burns, Vice Chairwoman Pat Kahle, MaryAnn Rasberry (left 9:10 a.m.), Sheila Crunkleton, Joyce Rentschler, Ron Hinson, Gina Day, and Arpan Bhakta (arr. 8:35 a.m.)

Absent:

Staff Present: Parks & Recreation and Tourism Director Pete Hovanec, Finance Director Lisa Strickland (arr. 8:45 a.m.), Accounting Manager Ashley Ivey, Parks & Recreation and Tourism Administrative Services Supervisor Alison Nichols, Monroe Science Center Supervisor Lauren Fike, Communications Specialist Bradley Lucore, Senior Staff Attorney Terry Sholar, Assistant City Manager Jeff Wells, and Assistant City Manager Lisa Hollowell (left 9:23 a.m.)

Staff Absent:

Visitors: Jennifer Moore, Greg Moore, Chris Prince, and William Heisner

Chairman Burns called the Monroe Tourism Development Authority Regular Meeting of February 13, 2025 to order at 8:31 a.m.

Item No. 1 Approval of Minutes of Monroe Tourism Development Authority Regular Meeting of November 21, 2024 Ms. Crunkleton made a motion to approve the Minutes of Monroe Tourism Development Authority Regular Meeting of November 21, 2024. Ms. Rasberry seconded the motion, which passed unanimously with the following votes:

AYES: Rentschler, Day, Hinson, Kahle, Rasberry, and Crunkleton

NAYS: None

Item No. 2 Finance/Occupancy Report Ms. Ivey presented the finance report. Collections for the first half of the fiscal year are in. December collections were \$62,565, the highest December numbers in history. Collections at this point are up about 10% over last year at this point. Ms. Ivey reviewed fund balances of the operating fund, the capital project fund, and special revenue fund. Picnic shelter numbers look funny because money will come in annually from Rotary. Nothing is out of line.

Item No. 3 Legislative Agenda Discussion Mr. Hovanec explained that the City puts together a legislative agenda of initiatives and projects each year to present to our representatives in Raleigh.

Ms. Hollowell outlined five policy items and five money items to promote to the legislature.

Item No. 4 Dowd Center Theatre Update Mr. Hovanec stated that the theater has been very busy and discussed a few of the upcoming events. Lauren Fike has stepped up to help with staffing and streamlining operations. Staff is hoping to take over beer and wine concessions soon and bring in revenues. The committee will meet next week to discuss budgeting and rentals. The consultant continues to work with staff on the strategic plan. Mr. Hovanec outlined plans to staff the theater since James Vesce retired.

Chairman Burns commended Mr. Hovanec and the theater staff and reminded the board about new software being implemented to track visitors to the theater and Downtown, which will help staff promote City events and facilities.

The board discussed the timeline of the completion of the strategic plan and the application of policies regarding rental partnerships and age restriction.

Item No. 5 Science Center Update Mr. Hovanec announced that a new traveling exhibit will be installed soon and will be open late March through August. There are more expensive traveling exhibits, but they would require sponsorships to fund.

Ms. Fike stated that the Science Center is closed to the public on Tuesdays to accommodate school groups. Tuesdays and birthday parties are currently booked all spring. Staff hosted a community day in January with free admission, which was met with success. Staff is currently planning an adult evening with cocktails and special programming. Ms. Fike described the new interactive travel exhibit, Motion Mania.

Mr. Hovanec talked about the partnership of the Science Center with UNC Charlotte. A class there has designed and built an exhibit for the Science Center, which has been mutually beneficial. Plans are in place for this partnership to continue.

The board discussed the condition of a few exhibits, including the retirement of the dental/teeth exhibit, and the newly constructed picnic shelter sponsored by Monroe Rotary.

Item No. 6 Air Show Update Mr. Hovanec stated that the air show was very successful with the largest crowd in the show's history. Mr. Hovanec presented the air show budget analysis on the screen, noting that ticket sales were up \$50,000 over last year.

The board discussed all the factors that contributed to this year's success.

Mr. Hovanec discussed the probability of doing the show again next year with the challenges presented by ongoing construction and improvements at the airport. Staff is moving forward with plans for a show but is not sure what it will look like. This is a huge show put on by a very small department. In order to keep going, we need to consider staffing and sponsorships.

The board discussed ideas for partnerships and sponsorships.

Item No. 7 Pickleball Complex Mr. Hovanec emphasized the popularity of pickleball and questioned how the City can get more involved by providing a venue for competitive pickleball. Staff is exploring potential locations for a pickleball complex of 15-20 courts that would function as a destination. Some of

the tennis courts at Dickerson are already being converted to pickleball courts, but staff is looking at other places to house a pickleball complex.

The board looked at a map of Monroe on the screen and discussed several possible locations for this.

Ms. Crunkleton asked Ms. Price if she spends the night when she travels to pickleball tournaments.

Ms. Price responded that staying overnight depends on several factors but that she almost always visits restaurants in the destination cities.

The board and visitors discussed the merits of indoor facilities and outdoor courts with canvas covers.

The board continued its discussion of possible locations.

Item No. 8 Budget Discussion Mr. Hovanec stated that he would be presenting the budget at next month's meeting and asked the board to let him know if there are any requests or comments regarding budget items.

The board discussed upcoming community events as well as ideas about a skate park at Belk Tonawanda Park.

Ms. Crunkleton made a motion to adjourn. Mr. Hinson seconded the motion, which passed unanimously with the following votes:

AYES: Rentschler, Day, Hinson, Kahle, Bhakta, and Crunkleton

NAYS: None

The meeting adjourned at 9:30 a.m.

ATTEST:

Robert Burns, Chairman

Alison H. Nichols

MTDA/2-13-25

**CITY OF MONROE, NORTH CAROLINA
HOTEL OCCUPANCY TAX COLLECTIONS HISTORY**

Month	Collections										Total from FY2024	Total from FY2025	Inception
	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024			
July	\$43,035.55	\$50,935.50	\$57,757.87	\$49,237.75	\$52,555.67	\$50,502.69	36,361.82	\$58,632.48	\$77,203.59	\$71,311.91	\$70,875.15		
August	36,977.80	48,845.23	56,430.47	53,328.43	53,326.15	56,119.30	33,717.52	\$57,897.52	\$72,112.89	\$70,250.44	\$76,578.66		
September	36,170.00	43,971.63	52,501.28	49,280.40	57,322.54	54,601.79	36,333.99	\$57,646.95	\$67,860.45	\$70,961.74	\$80,412.65		
October	39,730.02	50,450.31	62,852.14	54,883.77	61,478.56	58,576.63	47,918.88	\$60,324.82	\$72,465.20	\$78,388.15	\$90,971.64		
November	36,201.55	44,935.28	53,718.49	52,159.03	52,344.58	44,677.93	33,689.77	\$62,776.88	\$69,846.82	\$66,133.93	\$78,695.22		
December	29,698.95	37,857.15	42,905.99	43,020.41	41,248.49	35,855.88	30,608.58	\$55,627.44	\$58,041.30	\$61,688.92	\$62,565.29		
January	33,174.57	47,446.36	49,314.76	44,917.89	45,790.70	37,998.34	34,555.26	\$47,425.62	\$57,371.07	\$66,446.68	\$68,625.18		
February	43,506.47	49,690.07	50,786.19	49,090.46	50,174.09	41,074.64	35,790.58	\$55,074.93	\$64,640.72	\$62,730.49	\$0.00		
March	45,588.42	54,238.06	58,370.59	58,151.91	55,628.08	44,213.52	49,982.86	\$68,473.24	\$77,373.44	\$73,443.47	\$0.00		
April	44,006.59	56,185.32	54,463.65	55,541.22	52,298.83	24,603.84	54,315.36	\$72,023.49	\$69,155.17	\$68,463.29	\$0.00		
May	46,174.97	55,415.35	59,183.07	56,465.45	58,606.08	30,748.09	57,003.16	\$72,299.75	\$76,655.92	\$77,856.16	\$0.00		
June	46,835.97	56,036.83	53,968.10	56,273.88	54,481.57	36,285.75	57,435.41	\$72,729.08	\$74,197.82	\$80,517.94	\$0.00		
Penalties/Interest	130.10	40.29											
Total Collections	\$481,230.96	\$596,047.38	\$652,252.60	\$622,350.60	\$635,255.34	\$515,258.40	\$507,713.19	\$740,932.20	\$836,924.39	\$848,193.12	\$528,723.79		
Distribution of Collections													
Administrative Fee	\$14,436.93	\$17,881.42	\$16,522.53	\$16,415.73	\$16,352.55	\$15,152.58	\$15,077.13	\$17,409.32	\$17,296.09	\$18,481.93	\$15,287.24	\$466,876.34	
Operating (2/3)	\$273,630.07	\$385,443.97	\$423,820.05	\$403,956.58	\$412,601.86	\$333,403.88	\$328,424.04	\$482,348.59	\$546,418.86	\$553,140.79	\$342,291.03	\$5,556,523.71	
Capital (1/3)	\$193,163.96	\$192,721.99	\$211,910.02	\$201,978.29	\$206,300.93	\$166,701.94	\$164,212.02	\$241,174.29	\$273,209.43	\$276,570.40	\$171,145.52	\$4,441,176.80	
	\$481,230.96	\$596,047.38	\$652,252.60	\$622,350.60	\$635,255.34	\$515,258.40	\$507,713.19	\$740,932.20	\$836,924.39	\$848,193.12	\$528,723.79	\$10,464,576.85	

Operating Fund Activity:

Fiscal Year	Total Revenue*	Operating Expense	Capital Fund Transfer Out	Increase/(Decrease) in Net Assets	Fund Balance
2004	\$ 172,430	\$ 249	\$ 114,830	\$ 57,351	\$ 57,351
2005	245,420	49,354	163,613	32,453	89,804
2006	268,539	70,628	176,514	21,397	111,201
2007	292,730	69,590	191,873	31,267	142,468
2008	319,940	79,519	210,593	29,828	172,296
2009	327,232	85,108	217,376	24,748	197,044
2010	286,292	105,147	190,079	(8,934)	188,110
2011	306,323	141,300	199,809	(34,786)	153,324
2012	338,380	218,328	214,473	(94,421)	58,903
2013	366,349	157,025	223,162	(13,839)	45,064
2014	389,562	132,144	239,765	17,653	62,717
2015	505,323	229,769	193,164	82,390	145,107
2016	603,262	324,214	192,722	86,326	231,433
2017	677,786	243,750	211,910	222,126	453,559
2018	634,804	270,913	201,978	161,913	615,472
2019	643,745	257,345	206,301	180,099	795,571
2020	599,412	270,236	166,702	162,473	958,044
2021	501,615	385,603	164,212	(48,200)	909,844
2022	732,524	459,705	241,174	31,645	941,489
2023	973,580	720,369	273,209	(19,999)	921,490
2024	1,068,593	788,070	276,570	3,953	925,443

Fund Balance as of June 30, 2024

\$925,443

Capital Expense History:

Professional Fees for Civic Center	86,838
Monroe Park Master Plan and Site Assessment	23,058
Air Museum Advance Planning	19,240
Purchase of "The Tinker Belle"/Capital Upgrades	255,177
Storage Building	8,175
Tourism Study	7,500
Snow Machine	6,129
Center Theatre Property/Adjacent Property Purchase	508,770
Purchase of 318 E. Franklin Street Property for Science Center & Capital Improvements/Consulting/Fun	5,034,446
Capitalized Equipment/Exhibits - Science Center	749,909
Center Theatre Expansion	332,497
Branding Initiative/Website Design	33,830
NC DPCR Grant Capital Equipment Expenses - Science Center Exhibits	100,000

**Cash Balance of the Capital Project Fund
as of February 27, 2025**

Projects:	
Monroe Science Center Building	3,108.06
Science Center Exhibits	33,521.79
Rotary Picnic Shelter Project	(23,104.76)
	<u>13,525.09</u>
	<u>\$ 13,525.09</u>

Occupancy Tax Special Revenue Fund Operating Activity FY 2025

	<u>Budget</u>	<u>FYTD Actual</u>
Revenue:		
Occupancy Tax	273,863	\$ 148,765
Sales of TinkerBelle	-	-
Investment Earnings	17,481	8,613
Appropriation of Fund Balance	-	-
Total	<u>291,344</u>	<u>157,379</u>
Expenses:		
Debt Service - Principal & Interest	253,973	29,086
Debt Service - Bond Admin Fees	1,056	1,056
Total	<u>255,029</u>	<u>30,142</u>
Net Income (Loss)	<u><u>36,315</u></u>	<u><u>127,236</u></u>

Fund Balance History of the Occupancy Tax Special Revenue Fund

<u>Fiscal Year</u>	<u>Total Revenue*</u>	<u>Debt Service Expense</u>	<u>Capital Fund Transfer In/(Out)</u>	<u>Increase/(Decrease) in Net Assets</u>	<u>Fund Balance</u>
2022	\$ 241,649	\$ 254,351	\$ 260,565	\$ 247,863	\$ 247,863
2023	278,051	258,403	-	19,648	267,511
2024	406,745	256,665	(70,000)	80,080	347,591

Monroe Science Center Operating Activity FY 2025

	<u>Budget</u>	<u>Current Year Actuals</u>	<u>Prior Year Actuals</u>
Revenue:			
Admission Fees	350,000	\$ 110,209	\$ 172,846
Gift Shop Sales	-	22,800	31,328
Birthday Party Packages	10,000	2,348	11,644
Misc Annual Membership	5,000	-	-
Rent Science Center Facility	10,000	-	-
Total	<u>375,000</u>	<u>135,358</u>	<u>215,819</u>
Expenses:			
Salaries & Benefits	412,645	250,972	340,411
Bank Service Charges	2,500	4,595	7,006
Technical Contracted Services	15,002	1,711	8,471
Repairs & Maintenance - Buildings & Equipment	9,186	3,765	4,574
Software License & Support	1,977	1,444	(5)
Repairs & Maintenance - Copiers	1,000	165	601
Property Damage/Wellness & Clinic Cost	3,871	3,871	3,248
Marketing & Promotions/Printing	29,875	16,028	16,627
Training and Travel Exp	4,535	1,751	1,591
General Supplies	3,000	5,052	7,470
Small Equipment	500	531	1,940
PC's Peripherals	6,229	6,139	-
Utilities & Telecommunications	31,960	17,073	26,332
Items for Resale - Giftshop	23,821	8,500	14,434
Organizational Dues	1,000	-	1,060
Subscriptions & Publications	550	858	517
Special Events	10,000	1,064	1,765
Other Operating Expense & Cost Allocations	5,638	5,025	5,613
Total	<u>563,289</u>	<u>328,544</u>	<u>441,655</u>
Net Income (Loss)	<u><u>(188,289)</u></u>	<u><u>(193,186)</u></u>	<u><u>(225,837)</u></u>



STAFF REPORT

TO: Monroe Tourism Development Authority Board
VIA: Mark Watson, City Manager
DATE: March 13, 2025
FROM: Lisa Strickland, Finance Director
PREPARED BY: Ashley Ivey, Assistant Finance Director
SUBJECT: Fiscal Year 2025 Audit Contract for the Monroe Tourism Development Authority

SUMMARY STATEMENT

The purpose of this report is to provide information regarding the contract for audit services for the Monroe Tourism Development Authority to Martin Starnes & Associates, CPA’s, P.A. for the year ending June 30, 2025.

REVIEW

A Request for Proposals was done in February 2014 and Martin Starnes & Associates, CPA’s P.A. was the firm selected by the Finance Committee’s audit selection team. The Tourism Development Authority first contracted with Martin Starnes & Associates, CPA’s P.A. for the fiscal year 2014 audit. A five-year service agreement was approved in fiscal year 2018 that lasted through fiscal year 2023. A new five-year service agreement was approved in fiscal year 2024 that lasts through fiscal year 2028. If approved, this will be the twelfth year with this audit firm. The cost estimates given by the firm for the next four years are as follows:

\$8,000	Fiscal Year 2025
\$8,500	Fiscal Year 2026
\$9,000	Fiscal Year 2027
\$9,500	Fiscal Year 2028

*The audit firm will enter into an annual contract with the Tourism Development Authority only if also engaged to perform the City of Monroe’s audit for the same fiscal year. The City of Monroe is set to approve the fiscal year 2025 audit contract with Martin Starnes & Associates, CPA’s. P.A. at the City Council meeting of March 11, 2025.

There were no disputes or conflicts with the audit firm in the prior year and the Tourism Development Authority received the audit report and financial statements in a timely manner in order to meet the Local Government Commission's submission deadline of October 31st.

The proposed contract for audit services for the Tourism Development Authority for the fiscal year ending June 30, 2025 is \$8,000. This fee reflects maintaining the current level of audit services. This includes testing of internal controls to ensure that the Authority's financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and preparation of the annual financial statements.

RECOMMENDATION

Staff asks that the Monroe Tourism Development Authority Board approve the audit contract with Martin Starnes & Associates, CPA's, P.A. for \$8,000.

Attachment:
Audit Contract

The	Governing Board Board of Directors
of	Primary Government Unit City of Monroe Tourism Development Authority
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 Martin Starnes & Associates, CPAs, P.A.
	Auditor Address 730 13th Avenue Drive SE, Hickory, NC 28602

Hereinafter referred to as Auditor

for	Fiscal Year Ending 06/30/25	Date Audit Will Be Submitted to LGC 12/31/25
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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. 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. 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 *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 \$750,000 for a federal single audit and \$500,000 for a State Single 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 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) 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 to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512) to ensure proper submission.

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. 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 six 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). 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, 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.

FEEES 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:
<input type="text"/>	<input type="text"/>	<input type="text"/>

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.

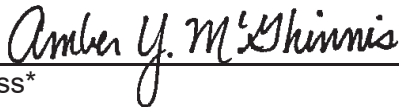
4. Prior to the submission of the completed audited financial report and applicable compliance reports subject to this contract, or to an amendment to this contract (if required) the Auditor may submit interim invoices for approval for services rendered under this contract to the Secretary of the LGC, 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	City of Monroe Tourism Development Authority
Audit Fee (financial and compliance if applicable)	\$ 6,975
Fee per Major Program (if not included above)	\$
Additional Fees Not Included Above (if applicable):	
Financial Statement Preparation (incl. notes and RSI)	\$ 1,025
All Other Non-Attest Services	\$
TOTAL AMOUNT NOT TO EXCEED	\$ 8,000

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* Martin Starnes & Associates, CPAs, P.A.	
Authorized Firm Representative (typed or printed)* Amber Y. McGhinnis	Signature* 
Date* 02/27/25	Email Address* amcghinnis@msa.cpa

GOVERNMENTAL UNIT

Governmental Unit* City of Monroe Tourism Development Authority	
Date Governing Board Approved Audit Contract* (Enter date in box to right)	
Mayor/Chairperson (typed or printed)* Robert Burns, Mayor	Signature*
Date	Email Address* rburns@monroenc.org

Chair of Audit Committee (typed or printed, or "NA") N/A	Signature
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:	\$ 8,000
Primary Governmental Unit Finance Officer* (typed or printed) Lisa Strickland, Finance Director	Signature*
Date of Pre-Audit Certificate*	Email Address* lstrickland@monroenc.org

**SIGNATURE PAGE – DPCU
(complete only if applicable)**

DISCRETELY PRESENTED COMPONENT UNIT

DPCU* N/A	
Date DPCU Governing Board Approved Audit Contract* (Enter date in box to right)	
DPCU Chairperson (typed or printed)* N/A	Signature*
Date*	Email Address*

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

DPCU – 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:	\$
DPCU Finance Officer (typed or printed)* N/A	Signature*
Date of Pre-Audit Certificate*	Email Address*

Remember to print this form, and obtain all required signatures prior to submission.

PRINT

Report on the Firm's System of Quality Control

To the Shareholders of Martin Starnes & Associates, CPAs, P.A. and the Peer Review Committee, Coastal Peer Review, Inc.

We have reviewed the system of quality control for the accounting and auditing practice of Martin Starnes & Associates, CPAs, P.A. (the firm) in effect for the year ended December 31, 2023. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under Government Auditing Standards, including compliance audits under the Single Audit Act and an audit of an employee benefit plan.

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Martin Starnes & Associates, CPAs, P.A. in effect for the year ended December 31, 2023, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Martin Starnes & Associates, CPAs, P.A. has received a peer review rating of *pass*.

Dean Dorton Allen Ford, PLLC

Dean Dorton Allen Ford, PLLC

May 10, 2024



STAFF REPORT

TO: Monroe Tourism Development Authority Board
VIA: Mark Watson, City Manager
DATE: March 13, 2025
FROM: Ashley Ivey, Assistant Finance Director
PREPARED BY: Nathan Miracle, Accountant II
SUBJECT: Budget Amendment – GASB 87 Leases & GASB 96 Subscription-Based Information Technology Agreements

SUMMARY STATEMENT

Staff is requesting the Monroe Tourism Development Authority Board consider a budget amendment to designate funds for lease agreements and subscription-based information technology agreements in accordance with governmental accounting standard (GASB) 87 and 96.

REVIEW

In accordance with GASB 87 and 96, leases for equipment and certain subscription-based information technology agreements must now be treated as capital assets and amortized over the life of the lease or subscription. The monthly lease/subscription payments are considered debt payments, rather than operating expense as previously shown in the financials. The budget amendment will designate funds for the related capital outlay, debt proceeds and debt service expenditures for compliance with GASB 87 and 96.

RECOMMENDATION

Staff recommends the Monroe Tourism Development Authority Board approve Budget Amendment BA-2025-01.

Attachment: BA-2025-01

**BUDGET AMENDMENT
BA-2025-01**

Amendment necessary to designate funds for a lease and a subscription-based information technology agreement in accordance with governmental accounting standards (GASB) 87 and 96. An amendment is necessary to designate funds for a lease contract for copiers in compliance with GASB 87. The present value of the lease liabilities is booked as debt proceeds. The lease assets will be capitalized and the liability is to be amortized over the life of the lease agreement. The monthly lease payments are considered debt payments, rather than operating expenses as previously shown in the financials. The following amendment designates funds for the related capital outlay and debt proceeds as well as debt service expenditures for compliance with GASB 87. An amendment is also necessary to designate funds for a location intelligence and foot traffic data subscription-based information technology agreement in compliance with GASB 96. The present value of the subscription liability is booked as debt proceeds. The subscription payments made are considered debt payments, rather than operating expense as previously shown in the financials. The following amendment designates funds for the related capital outlay and debt proceeds as well as debt service expenditures for compliance with GASB 96.

TDA:

Revenues:

Other Financing Sources – Inception of Lease	\$12,218
Other Financing Sources – Inception of Subscription	\$28,970
Appropriation of Fund Balance	\$3,697

Expenditures:

Capital Outlay – Tourism Development	\$41,188
Debt Service	\$3,697

Adopted this 13th day of March, 2025.

Robert A. Burns, Chairman

Attest:

Alison Nichols, Clerk



STAFF REPORT

TO: Tourism Development Authority
VIA: Mark Watson, City Manager
DATE: March 13, 2025
FROM: Peter Hovanec, Parks & Recreation and Tourism Director
PREPARED BY: Peter Hovanec, Parks & Recreation and Tourism Director
SUBJECT: Call for Public Hearing to be held April 10, 2025 for FY 2025-2026 Budget

SUMMARY STATEMENT

The consideration of calling for a Public Hearing on the Fiscal Year 2025-2026 Budget to be held on April 10, 2025 at 8:30 a.m.

REVIEW

North Carolina General Statute 159-12 stipulates that a public hearing be held to receive public comment on the proposed Annual Budget prior to adoption of such Budget.

RECOMMENDATION

Staff recommends that the TDA board call for a public hearing to be held on April 10, 2025 at 8:30 a.m. to receive public input.

Attachment(s):