MONROE TOURISM DEVELOPMENT AUTHORITY
REGULAR MEETING

City Hall Conference Room
300 W. Crowell Street
Monroe, NC 28112
Thursday, February 11, 2021 - 8:30 AM

AGENDA

1. Approval of Minutes of Monroe Tourism Development Regular Meeting of November 12, 2020
2. Finance/Occupancy Report
3. Fiscal Year 2021 Audit Contract
4. Science Center Update
5. Dowd Center Theatre Update
6. Other

MONROE TOURISM DEVELOPMENT AUTHORITY

REGULAR MEETING

MONROE SCIENCE CENTER

318 E. FRANKLIN STREET, MONROE, NC 28112

NOVEMBER 12, 2020 – 8:30 A.M.

MINUTES

Present: Chairman Bobby Kilgore, Vice Chair Sheila Crunkleton, Pat Kahle, Ron Brown, Lorayn DeLuca, Dan Shive

Absent: None

Staff Present: Communications and Tourism Officer Pete Hovanec, Accounting Manager Ashley Ivey, Communications and Tourism Assistant Alison Nichols, Accountant I Hannah Parker

Staff Absent: Assistant City Manager/Director of Downtown Brian Borne, City Manager Larry Faison, Finance Director Lisa Strickland, Assistant City Attorney Ashley Duncan Britt

Visitors: Gina Day, Tracy Tripodi

Chairman Kilgore called the Monroe Tourism Development Authority Regular Meeting of November 12, 2020 to order at 8:30 a.m.

Item No. 1 Approval of Minutes of Monroe Tourism Development Authority Meeting of September 10, 2020 Vice Chairwoman Crunkleton made a motion to approve the Minutes of the Monroe Tourism Development Authority Regular Meeting of September 10, 2020. Mr. Shive seconded the motion, which passed unanimously with the following votes:

AYES: Crunkleton, Brown, Kahle, Shive, and DeLuca

NAYS: None

Item No. 2 Finance/Occupancy Report Ms. Ivey stated that September occupancy tax collections were $36,333, which is maintaining the status quo of the last few months. The numbers are lower than a normal year but steady. Over the last three months, the total collections have been about $106,000. The unreserved cash balance of the capital project fund is $360,151.

Vice Chairwoman Crunkleton asked if the new hotel is open

Mr. Hovanec answered that it is open and introduced Gina Day, General Manager of the Fairfield Inn, to the group. Ms. Day has applied for a seat on the Tourism Development Authority board.

Item No. 3 Presentation of the Fiscal Year 2020 Audit Report Ms. Ivey presented highlights from the 2020 Audit Report. The auditors issued an unmodified opinion, which is the highest they can award. There were no findings, which indicates the board is doing great. In comparing FY2019 and FY2020, revenues fell about $44,000, and expenditures fell about $26,000, mainly because the *Tinker Belle* has not been flying.

Mr. Hovanec interjected that staff has tried not to spend as much knowing that there is not as much money coming in.

Ms. Ivey stated that the available fund balance as of June 30, 2020 is $879,753. Last year that figure was $727, 580, so the amount has increased by $152,173. The total revenues of the general fund this year were $599,412, and the total expenditures were $436,939. Overall this was once again a great audit, and the auditors praised the accountants.

Mr. Hovanec noted that this audit is done every year with an outside agency to ensure our accounting is good.

Item No. 4 Air Show Update Mr. Hovanec reminded the board that the air show would have been the previous weekend but had to be cancelled due to Governor Cooper's orders regarding COVID 19. There was an appreciation lunch for the volunteers over the weekend. 95% of air shows all season long have been cancelled. There was a drive-through air show in Georgia recently, but there is not enough space at the Monroe Airport to have one here. Staff is planning for next year's air show to be as big as possible. Feedback from the public regarding this year's cancellation has been very positive since staff planned to hold the air show if at all possible. Some guests still showed up at the airport expecting the air show because of Facebook events created by outside groups. Normally staff would spend $20-25,000 on ads; however, this year they only spent about $1,000 for initial billboard designs, so there is a lot of saved revenue.

Item No. 5 Dowd Center Theatre Update Mr. Hovanec announced that the new governor's executive orders set back the number for indoor gatherings, which will probably mean that plans for some events at the theater will not be able to happen. This is very frustrating for staff and the public. The theater is 99% ready to go with cabling and wiring. There is much uncertainty in the entire entertainment industry. Staff plans to start with showing movies when people are finally allowed in to the theater. Right now, the costs of leasing movies and cleaning costs would be prohibitive without big enough audiences to offset costs. This is not a good time for entertainment venues. The theater received a donation of a baby grand piano for the lobby from Mrs. Dowd.

Item No. 6 Science Center Update and Walk Through Mr. Hovanec reminded the board that plans for the Science Center started on paper about six years ago, and construction started two and a half years ago. Construction was supposed to take 270 days and is currently over that by more 400 days. The walk-through and punch list generation will happen on Tuesday of next week. HM Kern fired the superintendent on Friday, and this is the fourth one they've fired. Currently, the major construction is done. Once the fine tuning is done, the exhibits can be set up.

Ms. Kahle asked how long it will be until we get the occupancy certificate.

Mr. Hovanec answered that it might be around January, and then there would be a six month window until opening to the public. The best-case scenario would be a June 2021 opening. Staff has started interviews for the Science Center supervisor position and would like to have that person in place by January. There is a good pool of candidates for the job.

Ms. Kahle noted that this person will be the public face of the Science Center, which is important.

Mr. Hovanec stated that because of Covid, the Science Center is in a better position than it would be during normal times because the construction delays are not affecting the opening of the center as much as they might have. Staff will still go after the construction company for liquidated damages when it's all said and done -- $500 per day for every day over 270 days. There has been poor management from the construction company. Mr. Hovanec discussed the layout of the Science Center rooms. Exhibits are being manufactured and delivered now, but staff can't put them in place until construction is complete. After the first of the year, the site plan for the parking lot will be implemented.

Item No. 7 Other Ms. Kahle said that the Chamber of Commerce annual awards will be presented virtually the week of November 30. There will be no gala due to Covid 19; the awards will be pre-recorded and released each day on the Chamber's website and social media. A posthumous lifetime achievement award will be given to Philip E. Bazemore.

Vice Chairwoman Crunkleton noted that, happily, sponsors have been sticking with the nonprofits for virtual events.

Mr. Hovanec announced that Mr. Shive's term on the board is coming to an end due to term limits and thanked him for his service.

The meeting adjourned at 8:59 a.m.

ATTEST:

Bobby Kilgore, Chairman

Alison H. Nichols

MTDA/11-12-20

CITY OF MONROE, NORTH CAROLINA
HOTEL OCCUPANCY TAX COLLECTIONS HISTORY

Collections

Month	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
July	$ -	$24,556.89	$27,208.12	$29,286.12	$28,559.50	$32,087.46	$24,549.05	$27,790.74	$27,818.09
August	-	25,022.32	30,345.70	30,787.10	30,115.11	32,033.40	25,786.36	28,032.25	29,928.88
September	-	23,650.32	25,663.34	27,638.59	26,326.66	30,674.71	24,355.49	25,216.46	29,075.25
October	23,898.98	25,473.20	27,055.75	28,562.74	31,670.44	30,657.74	26,223.58	28,169.20	27,991.73
November	22,494.05	21,146.42	22,983.34	25,543.85	28,526.48	24,889.11	21,999.34	24,475.06	27,316.22
December	16,840.00	18,153.54	19,603.53	22,332.76	23,850.96	22,574.32	17,584.24	19,915.52	21,837.96
January	20,665.34	20,582.21	22,515.21	23,357.77	28,635.44	23,883.63	19,615.02	21,103.77	23,391.38
February	21,943.99	21,854.75	22,916.93	26,649.30	32,343.36	23,992.82	26,678.68	22,835.19	27,762.95
March	23,020.95	27,654.43	28,608.28	31,187.99	35,210.37	27,000.53	24,336.17	28,069.68	31,538.28
April	23,655.79	24,442.11	25,763.12	28,374.34	34,877.90	29,873.15	25,712.31	26,000.83	27,103.36
May	24,877.18	29,180.42	30,325.62	31,500.43	34,667.79	30,725.91	27,459.38	27,747.78	29,612.56
June	22,969.04	26,509.85	28,506.59	30,525.80	34,605.93	27,755.05	28,609.00	29,627.13	28,256.66
Penalties/Interest	2,275.37	502.50		2,852.82	2,245.44		1,028.71		25.20
Total Collections	$202,640.69	$288,728.96	$311,495.53	$338,599.61	$371,635.38	$336,147.83	$293,937.33	$308,983.61	$331,658.52
Distribution of Collections									
Administrative Fee	$30,396.11	$43,309.34	$46,724.33	$50,789.96	$55,745.30	$10,084.43	$8,818.12	$9,269.51	$9,949.76
Operating (2/3)	$57,414.86	$81,806.54	$88,257.07	$95,936.54	$105,296.68	$108,687.80	$95,039.73	$99,904.70	$107,236.25
Capital (1/3)	$114,829.72	$163,613.08	$176,514.13	$191,873.11	$210,593.38	$217,375.60	$190,079.48	$199,809.39	$214,472.51
	$202,640.69	$288,728.96	$311,495.53	$338,599.61	$371,635.36	$336,147.83	$293,937.33	$308,983.60	$331,658.52

Month	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	Total from Inception
July	$29,545.33	$28,654.11	$43,035.55	$50,935.50	$57,757.87	$49,237.75	$52,555.67	$50,502.69	$36,361.82	
August	29,019.70	30,116.04	36,977.80	48,845.23	56,430.47	53,328.43	53,326.15	56,119.30	33,717.52	
September	34,306.54	26,188.56	36,170.00	43,971.63	52,501.28	49,280.40	57,322.54	54,601.79	36,333.99	
October	30,332.49	32,977.87	39,730.02	50,450.31	62,852.14	54,883.77	61,478.56	58,576.63	47,918.88	
November	23,851.33	28,593.65	36,201.55	44,935.28	53,718.49	52,159.03	52,344.58	44,677.93	33,689.77	
December	20,589.31	24,367.81	29,698.95	37,857.15	42,905.99	43,020.41	41,248.49	35,855.88	30,608.58	
January	24,429.80	28,568.49	33,174.57	47,446.36	49,314.76	44,917.89	45,790.70	37,998.34	-	
February	26,817.63	31,618.26	43,506.47	49,690.07	50,786.19	49,090.46	50,174.09	41,074.64	-	
March	32,723.61	35,351.64	45,588.42	54,238.06	58,370.59	58,151.91	55,628.08	44,213.52	-	
April	31,967.58	33,561.95	44,006.59	56,185.32	54,463.65	55,541.22	52,298.83	24,603.84	-	
May	30,685.57	33,436.34	46,174.97	55,415.35	59,183.07	56,465.45	58,606.08	30,748.09	-	
June	30,805.02	37,334.32	46,835.97	56,036.83	53,968.10	56,273.88	54,481.57	36,285.75	-	
Penalties/Interest	22.50	2.00	130.10	40.29						
Total Collections	$345,096.41	$370,771.04	$481,230.96	$596,047.38	$652,252.60	$622,350.60	$635,255.34	$515,258.40	$218,630.56	
Distribution of Collections										
Administrative Fee	$10,352.89	$11,123.13	$14,436.93	$17,881.42	$16,522.53	$16,415.73	$16,352.55	$15,152.58	$6,558.92	$389,883.54
Operating (2/3)	$111,581.17	$119,882.64	$273,630.07	$385,443.97	$423,820.05	$403,956.58	$412,601.86	$333,403.88	$141,381.10	$3,445,281.49
Capital (1/3)	$223,162.35	$239,765.27	$193,163.96	$192,721.99	$211,910.02	$201,978.29	$206,300.93	$166,701.94	$70,690.55	$3,385,555.69
	$345,096.41	$370,771.04	$481,230.96	$596,047.38	$652,252.60	$622,350.60	$635,255.34	$515,258.40	$218,630.56	$7,220,720.72

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

Fund Balance as of June 30, 2020 $958,044

* Includes total occupancy tax collection less adminstrative fee plus interest earnings and revenue for The Tinker Belle.

Capital Fund Activity:

Revenue			$3,385,555.69
Proceeds from 2018B Limited Obligation Bonds - Science Center			$3,651,935.65
Interest Earned Trustee Account for 2018B Limited Obligation Bonds			$80,095.72
Investment Earnings			117,447.41
Donations/Sponsorships			292,823.25
Expenses:			
Professional Fees for Civic Center			86,838
Monroe Park Master Plan and Site Assessment			23,058
Air Museum Advance Planning			19,240
Purchase "The Tinker Belle"			150,000
Capital Improvement to interior of "The Tinker Belle"			18,500
Storage Building			8,175
Tourism Study			7,500
Snow Machine			6,129
Tinker Belle Navigational Equipment			1,480
Center Theater Property			248,273
Tinker Belle Engine Purchase			80,046
Tinker Belle Tail Wheel			5,151
Purchase of Property Adjacent to Center Theater			260,497
Purchase of 318 E. Franklin Street Property			449,875
Capital Improvements to Science Center Building			3,757,767
Architectural/Engineering Services/Exhibits Consulting - Science Center			668,067
Fund Raising Services - Science Center			100,439
Capitalized Equipment/Exhibits - Science Center			262,159
Center Theater Expansion - Consulting Services			62,000
Branding Initiative/Website Design			33,830
2018B Limited Obligation Bonds - Issuance Costs - Science Center			84,256
2018B Limited Obligation Bonds - Debt Service & Annual Admin Fees			398,301
Cash Balance of the Capital Project Fund as of January 26, 2021			$796,276.59
Portion of Cash Balance Currently Committed in Projects:			
Projects:			
Branding Initiative	$	-	
Monroe Science Center Building		117,938.63	
Center Theatre Expansion		-	
Science Center Exhibits		282,672.64	
	$	400,611.27	
Unreserved Cash Balance of the Capital Project Fund			$395,665.32

$0.00

The Tinker Belle Operating Activity FY 2021	**Budget**	**FYTD Actual**
Revenue:		
Show Appearance Fees	20,000	$ -
Walk-Through/Merchandise Sales	10,000	-
Total	30,000	-
Expenses:		
Repair & Maintenance - Equipment	25,000	22,214
Travel	6,500	2,496
Fuel	20,000	3,893
Insurance	12,460	10,624
Contracted Services - Warriors & Warbirds	10,000	-
Merchandise for Resale	3,000	-
Marketing & Promotions	17,275	781
Printing	2,500	-
Total	96,735	40,009
Net Income (Loss)	(66,735)	(40,009)

Update and e-mail to Pete Hovanec, Mary Lou, Brian Borne, Lisa Strickland, Alison Nichols, Bethany H lawver

STAFF REPORT

TO:	Monroe Tourism Development Authority Board
VIA:	E.L. Faison, City Manager
DATE:	February 11, 2021
FROM:	Lisa Strickland, Finance Director
PREPARED BY:	Ashley Ivey, Accounting Manager
SUBJECT:	Fiscal Year 2021 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, 2021.

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 renewed five-year service agreement was approved in fiscal year 2018 that will last through fiscal year 2023. If approved, this will be the eighth year with this audit firm. The cost estimates given by the firm for the upcoming years are as follows:

$2,800	Fiscal Year 2021
$2,900	Fiscal Year 2022
$2,900	Fiscal Year 2023

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, 2021 is $2,800. 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 $2,800.

Attachment:
Audit Contract
Engagement Letter

The	Governing Board Board of Directors
of	Primary Government Unit (or charter holder) 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 Dr. SE, Hickory, NC 28602

Hereinafter referred to as Auditor

for	Fiscal Year Ending 06/30/21	Audit Report Due Date 10/31/21

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).

2. At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with GAAS. The Auditor shall perform the audit in accordance with *Government Auditing Standards* if required by the State Single Audit Implementation Act, as codified in G.S. 159-34. If required by OMB *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act, the Auditor shall perform a 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 performed under the requirements found in Subpart F of 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).

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 Accounting 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 this due date or the audit fee, an amended contract along with a written explanation of the delay 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.

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 (Units') records for audit, financial statement preparation, any finance-related investigations, or any other audit- related work in the State of North Carolina. Approval is not required on 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 along with an Audit Report Reissued Form (available on the Department of State Treasurer website). 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, 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 charter schools or 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, the Governing Board, and the Auditor.

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 28 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 charter schools or 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 Governmental 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. T**he 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.

30. Applicable to charter school contracts only: No indebtedness of any kind incurred or created by the charter school shall constitute an indebtedness of the State or its political subdivisions, and no indebtedness of the charter school shall involve or be secured by the faith, credit, or taxing power of the State or its political subdivisions.

31. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted (See Item 16 for clarification).

32. 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

33. 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.

34. 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 *Governmental 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 not applicable for GAAS-only audit 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. Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the billings for the last annual audit of the unit submitted to the Secretary of the LGC. Should the 75% cap provided below conflict with the cap calculated by LGC Staff based on the billings on file with the LGC, the LGC calculation prevails. 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 FEES

Primary Government Unit	City of Monroe Tourism Development Authority
Audit Fee	$ See fee section of engagement letter
Additional Fees Not Included in Audit Fee:	
Fee per Major Program	$ N/A
Writing Financial Statements	$ See fee section of engagement letter
All Other Non-Attest Services	$ N/A
75% Cap for Interim Invoice Approval *(not applicable to hospital contracts)*	$ 2,043.75

DPCU FEES (if applicable)

Discretely Presented Component Unit	N/A
Audit Fee	$
Additional Fees Not Included in Audit Fee:	
Fee per Major Program	$
Writing Financial Statements	$
All Other Non-Attest Services	$
75% Cap for Interim Invoice Approval *(not applicable to hospital contracts)*	$

SIGNATURE PAGE

AUDIT FIRM

Audit Firm* Martin Starnes & Associates, CPAs, P.A.	
Authorized Firm Representative (typed or printed)* Amber Y. McGhinnis	Signature* Amber Y McGhinnis
Date* 01/28/21	Email Address* amcghinnis@martinstarnes.com

GOVERNMENTAL UNIT

Governmental Unit* City of Monroe Tourism Development Authority	
Date Primary Government Unit Governing Board Approved Audit Contract* (G.S.159-34(a) or G.S.115C-447(a))	
Mayor/Chairperson (typed or printed)* Bobby G. Kilgore, Chairman	Signature*
Date	Email Address bkilgore@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.

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* (Ref: G.S. 159-34(a) or G.S. 115C-447(a))	
DPCU Chairperson (typed or printed)*	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.

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

KWH
Koonce, Wooten & Haywood, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Report on the Firm's System of Quality Control

To the Shareholders of Martin Starnes & Associates CPAs, P.A. and the
Peer Review Committee, North Carolina Association
Of Certified Public Accountants

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, 2017. 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, 2017, 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.

Koonce, Wooten & Haywood, LLP

Koonce, Wooten & Haywood, LLP

May 3, 2018

Raleigh
4060 Barrett Drive
Post Office Box 17806
Raleigh, North Carolina 27619

919 782 9265
919 783 8937 FAX

Durham
3500 Westgate Drive
Suite 203
Durham, North Carolina 27707

919 354 2584
919 489 8183 FAX

Pittsboro
10 Sanford Road
Post Office Box 1399
Pittsboro, North Carolina 27312

919 542 6000
919 542 5764 FAX

STAFF REPORT

TO: Tourism Development Authority

VIA: Bobby G. Kilgore, Chairman

DATE: February 11, 2021

FROM: Peter Hovanec, Communications and Tourism Director

SUBJECT: Monroe Science Center Update

SUMMARY STATEMENT

The TDA will be presented an update on construction and exhibit completion for the Monroe Science Center.

REVIEW

With construction is nearing completion, staff is working to develop the exhibit areas as well as the overall layout and design of the purchased exhibits and design of peripheral materials (directional signage, vinyl graphic panels, donor signage, etc.). Staff is contracting with Verner Johnson to continue with their exhibit consulting services. This professional service is needed to assist staff in the overall layout of the facility and will ensure exhibit placement meets ADA standards while maintaining the aesthetic intent of the design elements. It is anticipated that exhibit moving and construction should take roughly six months from time of construction completion. Nearly 20 exhibits have been secured, and the initial staffing process has begun. Verner Johnson has worked closely with the City staff as well as the Science Center architect, Morris-Berg, since the project's inception. Verner Johnson has not only been instrumental in securing the exhibits but also in ensuring that the construction and fabrication of the exhibits meet the size and design standards of the facility.

RECOMMENDATION

No action is needed at this time.

Attachment(s):

City of Monroe
Where Heartland Meets High Tech

STAFF REPORT

TO: Tourism Development Authority

VIA: Bobby G. Kilgore, Chairman

DATE: February 11, 2021

FROM: Peter Hovanec, Communications and Tourism Director

SUBJECT: Dowd Center Theatre Update

SUMMARY STATEMENT

The TDA will be presented an updated on events for the Dowd Center Theatre and how they are impacted by COVID 19.

REVIEW

The Dowd Center Theatre and the adjacent building have been purchased through hotel occupancy taxes, and the process of renovating the existing structure is moving forward. The feasibility and cost estimates were completed by Webb Management, and an RFQ contract was awarded to Clearscapes Architecture for the schematic design and construction documents. The theater is mostly completed, and we have a certificate of occupancy. The theatre has held two successful preliminary events. Due to the pandemic, the gala event is currently postponed until the first of the year, and events are cancelled through the rest of the year. The first public event is yet to be determined. Everything is in a holding pattern awaiting governor's orders. Staff is working on internal programming.

RECOMMENDATION

No action is needed at this time.

Attachment(s):