



PROCLAMATION

WHEREAS, the Reverend Dr. James A. Webster was a beloved husband, father and grandfather, friend, pastor, and community member; and

WHEREAS, he was a native of Rockingham County, North Carolina, and after graduating from Charles R. Drew High School, he honorably served for four years in the United States Air Force; and

WHEREAS, he was ordained into the ministry in 1976, serving for six years as pastor of Zion Baptist Church before being appointed in 1984 as pastor of Oak Ridge First Baptist Church, a position he held for 39 years; and

WHEREAS, Dr. Webster's many accomplishments include receiving the Associate of Business Management, Bachelor of Arts in Religion and Philosophy, Master of Divinity, and Doctor of Theology degrees as well as teaching others as a Continuing Christian Education Instructor; and serving with distinction on many boards and committees; and

WHEREAS, during his long and productive life, he demonstrated in countless ways his dedication and deep love his family, the churches he served, and all around him, leaving a deep void with his passing; and

WHEREAS, the Town Council of the Town of Oak Ridge, North Carolina, notes with deep regret the loss of James A. Webster, and wishes to acknowledge and express appreciation to his family for his life of dedicated service to his church and community.

NOW, THEREFORE, by virtue of the authority vested in me as Mayor of the Town of Oak Ridge, North Carolina, I do hereby deem it an honor to extend this proclamation of recognition and appreciation to the family of the Reverend Dr. James A. Webster and to the Oak Ridge First Baptist Church, and offer the Town's sincerest condolences for their loss.

IN WITNESS WHEREOF, I have set my hand and caused the seal of the Town of Oak Ridge to be affixed this 1st day of June, 2023.

Ann K. Schneider
Mayor

ATTEST:

Sandra B. Smith, CMC, NCCMC
Asst. Town Manager/Town Clerk

Ordinance No. 2023-01

**AN ORDINANCE
ADOPTING AND RATIFYING
THE TOWN OF OAK RIDGE BUDGET FOR FISCAL YEAR 2023-2024**

WHEREAS, The Town Council at its regular monthly meeting on June 1, 2023, adopts by motion, second, and ____ - ____ vote the Town's Proposed Budget for fiscal year 2023-2024, following presentation of the proposed budget and a budget message to the Council by the Town Manager as budget officer, and following a public hearing on same at the Council's regular June meeting, all in compliance with Chapter 159, Article 3, of North Carolina General Statutes; and,

NOW, THEREFORE, BE IT ORDAINED:

That, pursuant to Chapter 159, Article 3, of North Carolina General Statutes, the Town Council of the Town of Oak Ridge hereby adopts the attached "Proposed Budget for FY 2023-2024" and does hereby adopt and levy an ad valorem tax rate of .08 per \$100.00 being the rate that will produce the revenue necessary to balance the appropriations and revenues therein set forth.

Adopted this 1st day of June, 2023.

Ann K. Schneider
Mayor

ATTEST:

Sandra B. Smith, CMC, NCCMC
Asst. Town Manager/Town Clerk

Date: May 4, 2023

To: Mayor Ann Schneider
Mayor Pro Tem Jim Kinneman
Council Member George McClellan

Council Member Martha Pittman
Council Member Spencer Sullivan

From: Bill Bruce, Town Manager

Re: Budget Message

It is my pleasure to present the proposed Town of Oak Ridge Fiscal Year 2023/2024 budget for your consideration. The budget has been prepared with considerable input and oversight from the Finance Committee and Finance Officer, as well as input from various committees and Town citizens. After four meetings of the Finance Committee, concluding with a favorable recommendation, I present this report to the Council and citizens in the form of a recommended budget. The recommendation is in the proper form for budgetary adoption and has been verified as to accuracy and completeness.

The proposed FY23/24 budget reflects the culmination of several multi-year planning efforts for major capital investments, including the construction of a 250,000-gallon elevated water storage tank and engineering for a 3.5-mile water line to connect the elevated tank to Winston-Salem/Forsyth County Utilities. Providing a clean, reliable source for both drinking water and firefighting has been a priority for the Town of Oak Ridge since at least 2003 when the Town conducted its first water study. The \$2.9M allocated in the proposed budget toward these crucial investments will be fully funded by state and federal grants.

The Town's commitment to investment in parks, open space, and trails is also reflected in this year's budget. Renovation of the Redmon House into the Farmhouse Community Center (including a new addition), beautification and functional improvements to the grounds surrounding the Farmhouse site, including new parking facilities; and construction of the Veterans Honor Green at Heritage Farm Park are all programmed in the coming fiscal year. An additional \$430,000 in state and federal grants (in addition to over \$90,000 in generous donations for the Veterans Honor Green) will contribute to the construction costs of these projects.

Construction of Heritage Farm Park has been approved by Council as a separate Capital Project Ordinance, and is included in this Budget Message as an attachment. It should be noted that over \$2M in grants were secured for this project.

Other initiatives include an accessible playground at Heritage Farm Park, further investment in the Town's growing network of trails, new bleachers and other functional and aesthetic improvements at Town Park, and a much-needed modernization of the Town's Development Ordinance. The budget also supports an expanded Music in the Park series and a Town of Oak Ridge 25th anniversary celebration, as well as popular annual events such as RidgeFest, Light Up the Night, Heritage Day, and other holiday celebrations.

The budget supports staff as they continue to provide exceptional service and guidance to the Town's thirteen standing boards and committees, as well as other project-specific working groups, consultants, and contractors; to maintain exceptional parks facilities; to provide outstanding citizen service; and to manage the increasingly demanding day-to-day responsibilities of a growing town.

On the revenue side, through steady and well-planned growth the Town anticipates a 10% increase in revenues, including property and sales tax collections, interest earnings and ABC revenue, as well as other formula-based state distributions. The 10% increase in revenue does not include almost \$4M in grant funding for capital projects anticipated in the next fiscal year, in addition to over \$1.7M in state and federal funds already received and programmed. Revenue increases are offset by a 14% increase in operating expenses, due to a number of factors including inflation, higher expenses related to grant administration and consulting services, as well as a growing staff with increasing administrative responsibilities. All expenses have been researched and vetted by the Finance Committee, and all income has been conservatively estimated after due consideration of our own historic financial data as well as the best information we could obtain from the North Carolina State Treasurer, the North Carolina Department of Revenue, and the Guilford County Tax Department as well as other sources. As in past years, all requests for expenditures have been heard, debated, and evaluated before being included in the budget.

The 2023-2024 recommended budget **proposes no change to the property tax rate of .0800** as adopted in 2017. Even with a number of major capital investments, including investments in parks and water infrastructure, the budget anticipates a fund balance in excess of \$2M at the end of FY23/24. This year's proposed budget therefore maintains the current tax rate, funds these initiatives, and also maintains adequate reserves.

The following budget message provides a recap of major initiatives in the 2022/23 budget year, summarizes major initiatives in the upcoming budget year, and then provides background information on the Town plans and policies that provide input into the budget process. The budget message also includes the 2023/24 budget ordinance and budget worksheet.

Re-cap of 2022/23 Fiscal Year Priorities

The Town of Oak Ridge began its 25th year as an incorporated town in position to advance several multi-year initiatives including planning for the construction of a new park and planning for a future municipal water system. These priorities were set during Town Council's annual Capital Planning workshop, by the Strategic Plan, and through other adopted plans and studies.

1. *Heritage Farm Park.* Plans to begin construction of Heritage Farm Park were delayed by a long, but ultimately successful, search for adequate groundwater to serve the new park's irrigation and potable water needs. Following resolution of this issue and completion of engineered plans, the Town issued a Request for Proposals to contractors for construction of the park in November 2022. Town Council approved a bid from BAR Construction of Greensboro in February 2023, received Local Government Commission approval for a \$3M loan from Truist Bank to finance a portion of the project in April, and signed a contract in May (pending). The beginning of construction will mark a multi-year process that included purchase of the Whitaker and McCandless tracts, adoption of a Parks and Recreation Master Plan, a site-specific development plan, acquisition of a \$490,000 PARTF grant, allocation of \$1.656M in American Rescue Plan funding, and engineering and permitting.
2. *Water.* The establishment of a municipal water system advanced through two major initiatives in FY22/23. In early 2023 the community well system at the Honeycutt Reserve subdivision was completed and dedicated to the Town as the first component of the Town's municipal water system. An Enterprise Fund was established and seeded with a \$50,000 appropriation from the General Fund to pay for start-up costs associated with the new system. Community well systems in future residential developments in excess of thirty lots will be dedicated to the Town and will provide a base of customers to establish

the system. While currently served by groundwater sources, the Town made a major advancement in its effort to provide a long-term and viable surface water source for both firefighting and drinking water when it completed the Water for Firefighting Study and engaged the Wooten Company to prepare construction and engineering plans for a water tower (to initially be served by groundwater) and a water main to connect the Town's system to Winston-Salem/Forsyth County Utilities. Engineering of the water tower and water main, and construction of the tower, will be fully funded by \$2.915M in state funding and federal ARP funding allocated by Guilford County

3. *Farmhouse Community Center.* During this current fiscal year, the Town finalized and approved construction plans to convert the historic Redmon House at Oak Ridge Town Park into the Farmhouse Community Center. The former farm tenant house will be converted into a community center capable of hosting meetings and events of up to fifty people. On March 30, Town Council approved a bid from BAR Construction for \$630,000 to renovate and construct the community center, offset by \$380,000 in state funding and federal ARP funding allocated by Guilford County.
4. *NC 68 / NC 150 Intersection Improvements and Roundabouts.* In February 2023 the Town Council approved a Municipal Agreement with NCDOT to cost-share several functional and aesthetic improvements to the upcoming NC68/NC150 intersection improvement project. The town's \$326,700 commitment to sidewalks and aesthetic improvements to the proposed roundabouts and intersection further implements the Town of Oak Ridge Streetscape Vision Plan, adopted by Council in 2018.
5. *Trails and Open Space.* The Mountains-to-Sea Trail Committee and the Conservation Easement Committee continued their work planning and building trails and prioritizing conservation and historic preservation easements. Several miles of new trail easements were secured on the eastern side of Oak Ridge near the Carriage Cove and Pemberley Estates subdivisions, and volunteer crews have been busy constructing these new trails in addition to maintaining the Town's growing network of existing trails. In addition, through the work of the Conservation Easement Committee, Town Council agreed to provide matching funds toward a grant to purchase property along the Haw River for open space protection and passive recreation.
6. *Veterans Honor Green.* Construction plans for the Veterans Honor Green are complete and the Special Events Committee reached its ambitious initial fundraising goal in FY23/24. The committee secured over \$90,000 in private donations, which are matched by \$68,000 in Town funds and a \$50,000 State Capital and Infrastructure Fund (SCIF) grant.



Priorities for 2023/2024 Fiscal Year

Oak Ridge Strategic Plan: Vision Statement

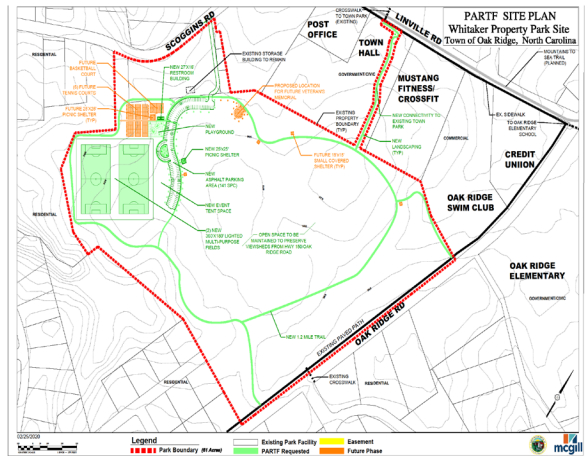
Oak Ridge is a safe and livable community that takes great pride in its natural beauty and small-town village charm. The Town’s rich history and rural roots inspire an independent, family-oriented community engaged in planning for its future while preserving its unique character, historic resources, and open spaces.

Priorities for the 2023/24 Fiscal Year were shaped by the Goals and Policies adopted in the Town’s Strategic Plan, Capital Improvement Plan, the Parks and Recreation Master Plan, and the Streetscape Vision Plan. Below is a summary of the major proposed initiatives in 2023/24:

1. **Construction of Heritage Farm Park.** Construction of Heritage Farm Park will be underway during

Summer of 2023 and will be wrapping up toward late Spring of 2024. The Town will use a combination of American Rescue Plan funds, a Parks and Recreation Trust Fund grant, and debt proceeds to fund construction, which includes two multi-purpose playing fields, a picnic shelter, restrooms, parking lot, walking trails, and a playground. The project will add much-needed facilities for youth athletics, provide additional recreational opportunities for Oak Ridge citizens, and preserve an iconic vista of fields and woods in the Town’s Historic District.

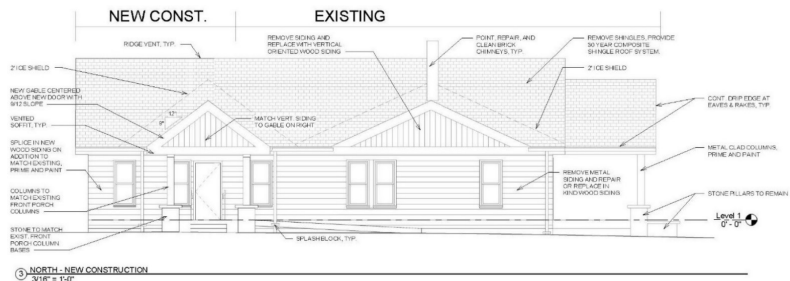
Budgeted in separate Capital Project Ordinance
Total Grants Awarded: \$2,146,102
Town Funds: \$3,213,998
Project Total: \$5,360,100



2. **Water.** Plans and permits for a 250,000 gallon elevated water storage tank located behind Town Hall will be complete and ready to bid by Summer 2023. When constructed (pending Council approval) the tower will be filled by a groundwater well and will initially serve the Oak Ridge Fire Department and irrigation and restroom facilities at Heritage Farm Park. Engineering for a 3.5-mile water main along NC 150 to connect the tower with Winston-Salem/Forsyth County Utilities will continue through FY23/24.

Total Grants Awarded: \$2,915,000
Town Funds: \$0
Project Total: \$2,915,000

3. **Farmhouse Community Center (Redmon House).** Renovation and new construction to transform the historic Redmon House into the Farmhouse Community Center will begin in Summer 2023. When completed, the community



center will be used as an indoor meeting and event rental space and will bring new life to a vernacular historic structure in the heart of the Town's Historic District.

Total Grants Awarded: \$380,000

Town Funds: \$270,000

Project Total: \$650,000

4. *Town Park Entrance Master Plan.* A companion project to the Farmhouse Community Center, implementation of the Town Park Entrance Master Plan (under development) will include new parking facilities, sidewalks, and landscaping to the grounds surrounding the Farmhouse and will create an attractive and inviting entrance to the Town Park.

Project Total: \$150,000

5. *68/150.* Construction of intersection improvements at NC68/150, as well as roundabouts at NC150/Marketplace Dr. and NC68/Linville Rd. is slated to begin in September 2023. While federal and state dollars are the primary source of funds for the project, the Town has approved a municipal agreement for sidewalks and other improvements designed to further the goals of the Streetscape Vision Plan. While NCDOT construction work will be a major theme of the next fiscal year, the Town's obligation will not come due until after project completion in late 2025.

6. *MST.* The Mountains-to-Sea Trail Committee will continue its work planning and constructing sections of trail in Oak Ridge. Completion of over two new miles of trail in 2022/23 near the new Reserve at Carriage Cove and Pemberley Estates subdivisions is anticipated in 2024, and will further the committee's goal of connecting trails with the new Bandera Farms property on Bunch Rd., providing a gateway to the Piedmont Greenway, Summerfield, and Greensboro. Construction of a new trailhead parking lot for the new trails is included in the proposed budget.

Project Total: \$68,000

7. *Veterans Honor Green.* Construction of the Veterans Honor Green is anticipated in FY23/24. The Honor Green is designed as a contemplative space near and within a scenic stand of pines on the Heritage Farm Park property. Available funding currently exceeds the project's 2020 cost estimate of \$200,000.

Total Grants Awarded: \$50,000

Total Donations: \$90,000

Town Funds: \$68,000

Project Total: \$208,000



8. *Town Park/ Beautification.* The Parks and Recreation Department will undertake several projects at the Town Park in FY22/23, including window replacement at the caretaker's house, replacement of ballfield bleachers, top-dressing of multi-purpose fields, and equipment replacement.

Project Total: \$67,000

9. *Development Ordinance Modernization.* While the Town has adopted periodic updates to its Development Ordinance over the years, the bulk of the ordinance is over thirty years old. With the assistance of a consultant the Town will undertake a project to reorganize, streamline, and modernize the Development Ordinance to reflect building trends and best practices in planning and zoning, as well as to improve functionality and user-friendliness.

Project Total: \$85,000

10. *Water Enterprise Fund.* The Town will connect its first customers to the municipal water system, currently limited to the Honeycutt Reserve Subdivision, in FY2023/24. An Enterprise Fund budget of \$27,041 will cover meter purchases and contracted management services. These expenses will be fully offset by user fees and enterprise fund balance.

Documents that set priorities for budget

Operational and capital expenses in the proposed budget are developed, debated, and vetted in a multitude of ways. Ideas for major capital expenses typically begin through long-range and strategic planning processes, which are conducted over many months of analysis and public involvement. Below is a summary of the long-range planning documents that are used as inputs into the proposed budget:

1. *Strategic Plan.* The Strategic Plan, adopted in December 2018 and revised in 2021 and 2023, was developed by Town Council to provide a strategic direction for initiatives over the next 5-10 years. The Plan highlights strategic priorities in four focus areas and sets an ambitious schedule for implementation.
2. *Capital Improvement Program (CIP).* Town Council meets in February of every year to review its current five-year Capital Improvement Program and to revise as necessary in order to reflect new or emerging priorities, infrastructure or equipment needs, or projects no longer deemed feasible. The result is a five-year Capital Improvement Program that guides budget development.
3. *Parks and Recreation Master Plan.* The Parks and Recreation Master Plan, adopted in 2020, sets priorities for system-wide investments in parks and recreation over the next 10 years. The plan analyzes existing facilities and community input, reviews recreation standards, and provides recommendations and strategies for improving and enhancing the park system in the Town of Oak Ridge. The Plan also includes detailed recommendations for development of Heritage Farm Park.
4. *Pedestrian Plan.* The Oak Ridge Pedestrian Plan was adopted in 2013. Through stakeholder and public involvement, the Plan prioritizes pedestrian improvements including sidewalks, side paths, and trails. The Plan is used as a guide in setting pedestrian priorities in the five-year CIP.
5. *Future Land Use Plan.* The Future Land Use Plan, first adopted in 2003, was amended and adopted by Town Council in 2016. The Plan primarily guides land use decisions and has particular relevance during rezoning requests as well as guides transportation policy, prioritizes open space preservation, and influences building and site design. The Plan also includes the Town's Thoroughfare and Collector Street Plan.
6. *Streetscape Vision Plan.* Oak Ridge adopted the Streetscape Vision Plan in April 2018. The Plan envisions streetscape improvements including sidewalks, lighting, planters, benches, and other improvements in the Town Core. It also recommends other design features to create a safe and inviting public realm for pedestrians and bicyclists.

Budget calendar

Preparation of the Town budget began on February 15 when the Town Council met to discuss and adopt the Capital Improvement Plan (CIP) for 2023-2028. Following adoption of the CIP the Town Manager and Finance Officer met to review current year spending, prior year trends, and upcoming projects and initiatives. Input and requests were collected from Town staff, boards, and committees. Drafts of these figures were then reviewed, vetted, and amended through four Finance Committee meetings. The final version of the draft budget was released on May 4 with a public hearing scheduled for June 1 for public comment and Council consideration.

Finance Committee Meeting Schedule FY 2022-23

Wednesday, Feb. 15	Town Council Capital Improvement Plan Workshop
Monday, Mar. 6	Finance Committee Meeting
Monday, Mar. 20	Finance Committee Meeting
Monday, Apr. 3	Finance Committee Meeting CANCELED
Monday, Apr. 17	Finance Committee Meeting
Monday, May 1	Finance Committee Meeting
Thursday, May 4	Preliminary Budget Released for Public Review
Thursday, June 1	Budget Public Hearing and Possible Adoption (7 pm)

Budget summary

Revenues

Increased revenues reflect the Town's continued trend of steady, well-planned growth. Property and sales tax revenues are projected to increase by 7% over the previous year's budget. Interest earnings and ABC revenue are projected to increase as well, though formula-based intergovernmental revenue sources, such as cable tax and electric power receipts, are projected to hold steady. An increase in park revenue is also projected, primarily due to an expanded Music in the Park series. Park facility rentals overall, however, continue to decline as the Town continues to lose tournament revenue to larger facilities.

Grant income, at 61.1% of the Town's revenue, is by far the largest source of income in the FY23/24 budget. All grants are tied to specific capital expenditures, and most grant revenue is payable as reimbursement of funds expended.

	Amount	Percent
• Grants	\$3,885,000	60.9%
• Property Tax Receipts	\$1,200,000	18.8%
• Sales Tax Receipts	\$422,000	6.6%
• Intergovernmental Revenue (e.g. utility and other taxes collected by the state and distributed to local governments)	\$324,385	5.1%
○ ABC Distribution	\$250,000	3.9%
• Interest Earnings	\$90,000	1.4%
• Park Revenues	\$81,500	1.3%
• Planning and Zoning Fees	\$10,000	0.2%
• Fund Balance Appropriation	\$93,269	1.4%
• Water Enterprise Fund Revenue	\$20,603	0.3%
• Enterprise Fund Balance Appropriation	\$6,438	0.1%
TOTAL	\$6,383,195	100.0%

Operating Expenses- Administrative

Administrative operating expenses include salaries and benefits for administrative employees; contracts for accounting, legal services, and consulting; expenses for Town committees and boards; as well as other miscellaneous operating expenses.

This year's budget includes allocations for merit increases for Town employees (5%), a small increase to Town Council stipends (\$100/month) and maintains benefits and retirement contributions for Town staff at current levels. The budget also maintains adequate funding for professional contracts for accounting and legal services and includes a consulting budget to address on-call engineering services and IT administration. An increase in accounting and consulting expenses reflects the additional auditing expenses associated with several large grants and a major reorganization and modernization of the Town's Development Ordinance.

Budget requests for Town committees and boards were reviewed by the Town Manager and Finance Committee with an eye toward historic funding levels and any new or proposed initiatives. Highlights include: training and education for the Planning and Zoning Board, Historic Preservation Commission, and Board of Adjustment; funding for grant programs including the Historic Heritage Grant Program and the Conserving Oak Ridge through Easements (CORE) grant initiative; development costs for a book documenting historic structures in Oak Ridge, as well as funding for communications and outreach for HPC; outreach and materials for the Tree Committee and MST Committee; and Special Events Committee programs, including Heritage Day, Light Up the Night, and an Oak Ridge 25th anniversary celebration.

	Amount	Percent
• Salaries and benefits for administrative employees	\$504,870	50.4%
• Contracts for accounting, legal services, consulting, Animal control, and tax collection	\$340,991	34.1%
• Expenses for Town committees and boards	\$63,077	6.3%
• Other operating expenses	\$91,600	9.2%
TOTAL	\$1,000,538	100.0%

Operating Expenses- Building and Grounds

	Amount	Percent
• Electricity, maintenance, furnishings, etc.	\$41,200	100.0%

Operating Expenses- Culture and Recreation

A 7% increase in Parks and Recreation expenses is proposed for the coming fiscal year, due in large part to expanded special events programming and continued increases in operations and maintenance expenses. A modest additional expense for maintenance of Heritage Farm Park is anticipated, though full maintenance responsibilities will not be realized until project completion in Summer 2024. The budget also continues a subsidy program for the Oak Ridge Youth Association (ORYA) for up to \$30,000 in facility use fees.

In addition to these added tasks and programs, Parks and Recreation staff will continue to provide superior service to the Town Park, the grounds at Town Hall, the Cascades Preserve, Union Cemetery, the “Welcome” signs, Town-installed sidewalks, the intersection of NC68 and NC150, the Redmon house, and a portion of the Mountains-to-Sea Trail. Staff will also continue to support facility rentals and special events held at the park. Culture and Recreation operating expenses also includes contributions to Senior Services of Guilford County.

	Amount	Percent
• Salaries and benefits for Parks employees	\$404,466	60.5%
• Operations and maintenance	\$174,900	26.1%
• Special events	\$42,000	6.3%
• Other (Senior Services, insurance, etc.)	\$17,500	2.6%
• ORYA stipend expense	\$30,000	4.5%
TOTAL	\$668,866	100.0%

Capital Expenses

Capital expenses, summarized in the Priorities for 2023/24 Fiscal Year section of the Budget Message, include:

	Amount	Percent	Grant Total
• Water tank	\$2,680,000	57.2%	\$2,680,000
• Farmhouse Community Center	\$650,000	13.9%	\$380,000
• Debt service	\$313,933	6.7%	
• Heritage Farm Park Playground	\$280,000	6.0%	
• Water main (engineering only)	\$235,000	5.0%	\$235,000
• Veterans Honor Green	\$200,000	4.3%	\$132,000
• Town Park Entrance Master Plan Implementation	\$150,000	3.2%	
• Parks and Rec Equipment/Capital	\$67,000	1.4%	
• MST	\$65,000	1.4%	
• Property Acquisition (matching funds for LWCF grant approved FY22/23)	\$40,000	0.8%	
• IT equipment	\$7,250	0.1%	
TOTAL	\$4,688,183	100.0%	\$3,427,000*

*Includes some grant money already in hand, but exclusive of PARTF grant budgeted in Capital Project Ordinance. Total grant INCOME in FY23/24 is \$3,885,000.

Water Enterprise Fund

The Water Enterprise Fund is funded by user fees generated by customers of the Town's water system, currently limited to the Honeycutt Reserve subdivision. A modest enterprise fund balance appropriation is needed to balance the Water Enterprise Fund budget in the first full year of operation as homes are constructed and customers are added to the system.

Revenues (tap fees and water usage fees)	\$20,603
Water Enterprise Fund Balance Appropriation	<u>\$6,438</u>
	\$27,041
Expenses (Management fees, contingency reserve, meter costs)	\$27,041

**Fiscal Year 2023-2024 Proposed Budget Ordinance
Released May 4, 2023**

Revenues

Ad valorem Taxes	1,200,000
Unrestricted Intergovernmental	4,881,335
Permits and Fees	10,000
Investment Earnings	90,000
Other Income	81,500
Donations	50
Water Enterprise Fund Revenue	20,603
Appropriation from Water Enterprise Fund Balance	6,438
Appropriation from Fund Balance	135,902
Total Revenues and Appropriation from Fund Balance	<u>6,425,828</u>

Expenditures

General Government	1,041,738
Cultural and Recreation	668,866
Capital Expenditure	4,688,183
Water Enterprise Fund Expense	27,041
Appropriation to Water Enterprise Fund Balance	0
Total Expenditures	<u>6,425,828</u>

Total Expenditures and Appropriation to Fund Balance	<u>6,425,828</u>
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Town of Oak Ridge
Proposed Budget FY 2023-2024
Modified Accrual Basis

10 General Fund

Revenues	2023-2024
Planning and Zoning Fees	
3110 Planning and Zoning Fees	10,000
Total Planning and Zoning	10,000
Tax Receipts	
3210 Property Tax Receipts	1,200,000
3220 Excise Tax Receipts	32,000
3230 Sales Tax Receipts	422,000
3250 Solid Waste Disposal Tax Dist.	6,000
3261 Telecommunication Services	9,000
3262 Video Programming	57,334
3263 Cable Tax Receipts	0
3264 Electric Power	205,000
3265 Piped Natural Gas	15,000
3839 Miscellaneous Revenues	1
Total Tax Receipts	1,946,335
3311 Grants	3,885,000
Total Grants	3,885,000
ABC Store	
3325 ABC Distribution	250,000
Total ABC Store	250,000
3350 HPC Donations	0
3360 Special Events Committee Revenue	0
3370 Veterans Memorial Donations	0
3380 MST Committee Revenues	50
Total Donations	50
Interest	
3831 Interest Earnings	90,000
Total Interest	90,000

15 Cultural & Recreation Fund

Other Park Revenues	
3331 Dog Park Fund Donations	0
3341 Special Events-Park	22,800
3342 Facility Rental	14,000
3343 Program Fees	1,200
3344 User Fees	10,500
3345 Other Park Revenue - Other	3,000
3346 ORYA Stipend Revenue	30,000
Total Other Park Revenues	81,500

Total Revenues	6,262,885
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Town of Oak Ridge
Proposed Budget FY 2023-2024
Modified Accrual Basis

Operating Expenses

4100 Administrative

	Administrative Salaries	341,866
1008	Medicare Expense	4,957
1009	Social Security Expense	21,196
1010	Retirement Expense	43,930
1011	Health/Dental/Vision	74,730
1013	Life Insurance	2,835
1014	Worker Comp	2,800
1015	Unemployment	800
1016	Disability Insurance	1,500
1017	SIMPLE Contribution	10,256
1035	Property Taxes	0
1081	Accounting	120,000
1082	Consulting	134,000
1084	Animal Control	25,991
1090	Legal Fees	50,000
1091	Tax Collection Fees	5,500
1095	Well Monitoring	5,500
2610	Office Supplies	5,500
2611	Postage and Delivery	1,000
3100	Travel	1,000
3101	Travel-Administrative	3,000
3120	Mileage Reimbursement	3,000
3150	Education	6,000
3210	Communications	6,000
3320	Web Hosting Fees	3,000
3700	Advertising	4,000
3950	Dues and Subscriptions	35,000
3960	Bank and Merchant Fees	2,000
3970	Elections	5,000
3990	Miscellaneous	500
4210	Board of Adjustments	500
4220	Historical Committee	17,990
4230	Ordinance Conversion	3,000
4240	Planning Board	1,000
4250	Tree Board	1,500
3981	Special Events Committee-Town	17,587
4300	Equipment Lease	6,600
4350	MST Committee	1,500
4360	Conservation Easement Committee	20,000
4500	Liability Insurance	10,000
	Total Administrative	1,000,538

Town of Oak Ridge
Proposed Budget FY 2023-2024
Modified Accrual Basis

Building and Grounds		
1083	Security Monitoring	700
2110	Furnishings	3,500
3310	Electricity	19,000
3510	Repairs & Maintenance	12,000
3515	Cleaning	6,000
Total Building and Grounds		41,200

Cultural and Recreation Expense		
1004	Salary-Other	271,257
1008	Medicare Expense	3,933
1009	Social Security Expense	16,818
1010	Retirement Expense	34,857
1011	Health/Dental/Vision	61,785
1013	Life Insurance	1,890
1014	Worker Comp	5,726
1015	Unemployment	1,000
1016	Disability Insurance	1,200
1017	SIMPLE Contribution	6,000
3500	Operations and Maintenance	174,900
3833	Contributions to Other Agencies	9,000
3981	Special Events-Park	42,000
3982	Dog Park Expense	0
3983	ORYA Stipend Expense	30,000
4500	Liability Insurance	8,500
Total Cultural and Recreation Expense		668,866

Total Expenses	1,710,604
-----------------------	------------------

Net Revenue Before Capital	4,552,281
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91 Capital Expense

Capital Expenses		
5210	Capital Exp - Computer, etc	7,250
5500	Capital Outlay - Land-Improvements-ROW	4,327,000
5700	Capital Outlay - Park Land and Debt Service	353,933
Total Capital Expense		4,688,183

Total Expenditures	6,398,787
---------------------------	------------------

Net Revenue	(135,902)
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Town of Oak Ridge
Proposed Enterprise Fund Budget FY 2023-2024
Accrual Basis

20 Water Enterprise Fund

Revenues	2023-2024
Fees	
Tap Fees	11,000
Water Usage Fees	9,603
Total Fees	20,603
<hr/>	
Total Revenues	20,603
<hr/>	

Expenses	
Operating Expenses	
Management Fee Expense	15,000
Customer Service Fee Expense	561
Transfer to Contingency Reserve	480
Meter Cost	11,000
Total Enterprise Expense	27,041
<hr/>	
Total Expenditures	27,041
<hr/>	

Net Revenue	(6,438)
<hr/>	



RESOLUTION R-2023-04

AMENDED CAPITAL PROJECT BUDGET ORDINANCE FOR THE TOWN OF OAK RIDGE

BE IT ORDAINED by the Town Council of Oak Ridge that, pursuant to N.C. Gen. Stat. § 159-13.2, the following capital project ordinance is hereby adopted:

Section 1: The project authorized by this ordinance is the construction of Phase One of Heritage Farm Park, and includes a parking lot and access drive, two multi-purpose athletic fields, a walking trail, restroom building, playground, picnic shelter, and associated appurtenances.

Section 2: The Parks and Recreation Director and the Town Manager are hereby authorized to proceed with the capital project within the guidelines set by the budget contained herein.

Section 3: The following amounts are appropriated for the project:

Phase One Heritage Farm Park	\$ 4,790,000
Athletic Field Lighting	\$ 422,500
Construction Administration	\$ 147,600
TOTAL	\$5,360,100

Section 4: The following financing sources are anticipated to be available to complete the project:

American Rescue Plan Act (ARPA) appropriation	\$ 1,656,102
PARTF grant	\$ 490,000
Proceeds from installment contract	\$ 3,000,000
Fund balance appropriation	\$ 213,998
TOTAL	\$5,360,100

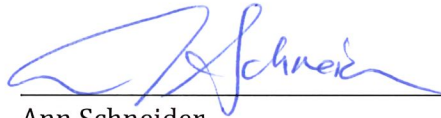
Section 5: The Finance Officer is hereby authorized to transfer appropriations as set forth herein between line item expenditures as he deems necessary during the course of development of the project, provided that (a) the amount of any such transfer shall not exceed the total amount of \$5,360,100 approved for the project without prior approval of the Council, and (b) the finance officer make periodic reports of all such transfers at regular Council meetings.

Section 6: Copies of this capital project ordinance shall be furnished to the Town Clerk, the Town Manager, the Mayor, and the Finance Officer for direction in carrying out the project.

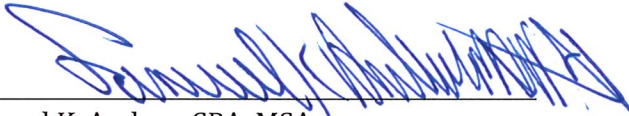
AMENDED this 30th day of March, 2023.



Sandra B. Smith, CMC, NCCMC
Asst. Town Manager/Town Clerk



Ann Schneider
Mayor



Samuel K. Anders, CPA, MSA
Finance Officer



Bill Bruce
Town Manager

Staff Report. Proposed Text Amendment

Amendment proposed to Chapter 30 of the Oak Code of Ordinances to amend a portion of Article IV Boards and Commissions, Division 2, Planning and Zoning Board, Section 30-167 *Membership* ordinance.

Sec. 30-167. - Membership.

The planning and zoning board shall consist of seven members and may have alternates as appointed by the city council. Two members residing in the extraterritorial jurisdiction areas shall be appointed as outside representatives in accordance with the provisions of G.S. 160D-307; provided, that one outside representative shall reside in the extraterritorial jurisdiction areas lying north of Haw River Road, and one outside representative shall reside in the extraterritorial jurisdiction areas lying south of Haw River Road. The outside representatives shall have equal rights, privileges and duties with the other members of the planning and zoning board.

Sec. 30-167. - Membership.

The planning and zoning board shall consist of ~~seven~~ six members and may have alternates as appointed by the city council. ~~Two members~~ One member residing in the extraterritorial jurisdiction areas shall be appointed as ~~an~~ outside representatives in accordance with the provisions of G.S. 160D-307; ~~provided, that one outside representative shall reside in the extraterritorial jurisdiction areas lying north of Haw River Road, and one outside representative shall reside in the extraterritorial jurisdiction areas lying south of Haw River Road.~~ The outside representatives shall have equal rights, privileges and duties with the other members of the planning and zoning board.

Staff Comments.

Recent voluntary annexation has led to a decrease in the overall population in the Oak Ridge Extra-territorial Jurisdiction. Due to this decrease in population the ETJ is now overrepresented on the Planning and Zoning Board. Staff recommend changing the membership of the P&Z Board to reflect a decrease in ETJ representation to better reflect the equal representation across the whole population of the Town and ETJ. The Planning & Zoning Board voted unanimously (4-0) to recommend approval of the text amendment.

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

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

and	Auditor Name
	Auditor Address

Hereinafter referred to as Auditor

for	Fiscal Year Ending	Date Audit Will Be Submitted to LGC
-----	--------------------	-------------------------------------

Must be within four months of FYE

hereby agree as follows:

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

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

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

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

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

3. If an entity is determined to be a component of another government as defined by the group audit standards, the entity's auditor shall make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.

4. This contract contemplates an unmodified opinion being rendered. If during the process of conducting the audit, the Auditor determines that it will not be possible to render an unmodified opinion on the financial statements of the unit, the Auditor shall contact the LGC Staff to discuss the circumstances leading to that conclusion as soon as is practical and before the final report is issued. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.

5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, 2018 revision, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he/she has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of the most recent peer review report to the Governmental Unit(s) and the Secretary of the LGC prior to the execution of an audit contract. Subsequent submissions of the report are required only upon report expiration or upon auditor's receipt of an updated peer review report. If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit(s) without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.

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

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

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

For GAAS or *Government Auditing Standards* audits, if an auditor issues an AU-C §260 report, commonly referred to as "Governance Letter," LGC staff does not require the report to be submitted unless the auditor cites significant findings or issues from the audit, as defined in AU-C §260.12 - .14. This would include issues such as difficulties encountered during the audit, significant or unusual transactions, uncorrected misstatements, matters that are difficult or contentious reviewed with those charged with governance, and other significant matters.

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, 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 30 of this contract. Engagement letters containing indemnification clauses shall not be accepted by LGC Staff.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

33. Modifications to the language and terms contained in this contract form (LGC-205) are not allowed.

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:**

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 FEES

Primary Government Unit	
Audit Fee	\$
Additional Fees Not Included in Audit Fee:	
Fee per Major Program	\$
Writing Financial Statements	\$
All Other Non-Attest Services	\$

DPCU FEES (if applicable)

Discretely Presented Component Unit	
Audit Fee	\$
Additional Fees Not Included in Audit Fee:	
Fee per Major Program	\$
Writing Financial Statements	\$
All Other Non-Attest Services	\$

SIGNATURE PAGE

AUDIT FIRM

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

GOVERNMENTAL UNIT

Governmental Unit*	
Date Primary Government Unit Governing Board Approved Audit Contract* <small>(G.S.159-34(a) or G.S.115C-447(a))</small>	
Mayor/Chairperson (typed or printed)*	Signature*
Date	Email Address

Chair of Audit Committee (typed or printed, or "NA")	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* <small>(typed or printed)</small>	Signature*
Date of Pre-Audit Certificate*	Email Address*

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

DISCRETELY PRESENTED COMPONENT UNIT

DPCU*	
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")	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)*	Signature*
Date of Pre-Audit Certificate*	Email Address*

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

FORVIS

1829 Eastchester Drive / High Point, NC 27265

D 336.889.5156 / F 336.889.6168

forvis.com

May 25, 2023

Town Council and Management
Town of Oak Ridge
PO Box 374
Oak Ridge, North Carolina 27310

We appreciate your selection of **FORVIS, LLP** as your service provider and are pleased to confirm the arrangements of our engagement in this contract. Within the requirements of our professional standards and any duties owed to the public, regulatory, or other authorities, our goal is to provide you an **Unmatched Client Experience**.

In addition to the terms set forth in this contract, including the detailed **Scope of Services**, our engagement is governed by the following, incorporated fully by this reference:

- Terms and Conditions Addendum

Summary Scope of Services

As described in the attached **Scope of Services**, our services will include the following:

Town of Oak Ridge

- Audit Services for the year ended June 30, 2023

You agree to assume full responsibility for the substantive outcomes of the contracted services and for any other services we may provide, including any findings that may result.

You also acknowledge these services are adequate for your purposes, and you will establish and monitor the performance of these services to ensure they meet management's objectives. All decisions involving management responsibilities related to these services will be made by you, and you accept full responsibility for such decisions.

We understand you have designated a management-level individual(s) to be responsible and accountable for overseeing the performance of nonattest services, and you have determined this individual is qualified to conduct such oversight.

Engagement Fees

Our fees will be based on time, skill, and resources, including our proprietary information required to complete the services. The fee for our services will be \$23,040, plus \$6,000 for the writing of the financial statements.

Our pricing for this engagement and our fee structure are based upon the expectation that our invoices will be paid promptly. Payment of our invoices is due within 30 days after receipt, subject to Local Government Commission (LGC) approval. We will issue progress billings during the course of our engagement.

Our timely completion of services and the fees thereon depends on the assistance you provide us in accumulating information and responding to our inquiries. Inaccuracies or delays in providing this information or the responses may result in additional billings, untimely filings, or inability to meet other deadlines.

Our fees do not contemplate the following transactions or activities during the period of this engagement:

- Mergers and acquisitions
- Change in accounting principles
- Substantial doubt about the entity's ability to continue as a going concern
- Violation of covenants in debt arrangements
- Indications of fraudulent financial reporting or misappropriation of assets
- Derivatives accounted for under hedge accounting
- Quantitative impairment analysis of long-lived assets

If there are changes in circumstances where these or other conditions become known and significant additional time is necessary or additional services are requested, we reserve the right to revise our fees.

For the following items below, we will revise our fees through an amended contract when the additional time and cost required to complete, if necessary, is quantifiable:

- Additional procedures related to assistance with initial client prepared schedules or control deficiencies
- Assistance with the implementation of GASB Statement No. 96
- Administrative fee of five percent to cover certain technology and administrative costs associated with our services
- Additional compliance audit procedures required related to the identification of major federal or state award programs
- Postage, travel, report production and other reasonable out-of-pocket expenses

Assistance with New Standards

Assistance and additional time as a result of the adoption of the following new standards are not included within our standard engagement fees. These fees will be based on time expended and will vary based on the level of assistance and procedures required.

Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, is effective for fiscal years beginning after June 15, 2022. Early application is encouraged.

Statement No. 96 addresses the accounting for the costs related to cloud computing agreements. Under this Statement, a government reports a subscription asset and subscription liability for agreements meeting the definition of a subscription-based information technology arrangement (SBITA) and to disclose essential information about the arrangement. We can assist you with the adoption by providing

services which may include, but are not limited to:

- Assisting with changes required to adopt Statement No. 96, including:
 - Assisting with information gathering to develop an inventory of all SBITA agreements, service contracts, and other arrangements that may contain right-to-use IT assets
 - Recommending enhancements to existing controls and policies or suggesting new controls and policies to address Statement No. 96
 - Documenting any changes from your previous lease recognition and reporting methods
 - Drafting the required disclosures

The time it will take to perform the above assistance and our additional audit procedures relating to the adoption of the Statement, and any time to assist you with the adoption, may be minimized to the extent your personnel will be available to provide timely and accurate documentation and information as requested by us.

The time it will take to perform the above assistance and our additional audit procedures relating to the adoption of the Statement, and any time to assist you with the adoption, may be minimized to the extent your personnel will be available to provide timely and accurate documentation and information as requested by us.

Contract Agreement

Please sign and return this contract to indicate your acknowledgment of, and agreement with, the arrangements for our services including our respective responsibilities.

FORVIS,LLP

FORVIS, LLP

Acknowledged and agreed to as it relates to the entire contract, including the **Scope of Services** and **Terms and Conditions Addendum**, on behalf of Town of Oak Ridge.

BY: _____
Ann Schneider, Mayor

DATE: _____

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

BY: _____
Samual K. Anders, Finance Director

DATE: _____

Scope of Services – Audit Services

We will audit the governmental activities, each major fund, and the aggregate remaining fund information and related disclosures, which collectively comprise the basic financial statements for the following entity:

Town of Oak Ridge as of and for the year ended June 30, 2023

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

The audit has the following broad objectives:

- Obtaining reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- Expressing an opinion on the financial statements
- Issuing a report on your internal control over financial reporting and compliance and other matters based on the audit of your financial statements in accordance with Government Auditing Standards

We will also express an opinion on whether the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual; Schedule of Ad Valorem Taxes Receivable; and Analysis of Tax Levy - Town-Wide Levy ("supplementary information") is fairly stated, in all material respects, in relation to the financial statements as a whole.

We will also provide you with the following nonattest services:

- Preparing a draft of the financial statements and related notes
- Preparing a draft of supplementary information
- Proposing for your review and approval the adjusting entries to convert your modified-accrual accounting records to full accrual-basis accounting records, for purposes of the government-wide financial statements
- At the conclusion of the engagement, we will upload the audited financial statements on the North Carolina State Treasurer's website
- At the conclusion of the engagement, we will complete the applicable sections of the Data Input Worksheet, and upload to the North Carolina State Treasurer's website

You agree to assume all management responsibilities and to oversee the nonattest services we will provide by designating an individual possessing suitable skill, knowledge and/or experience. You acknowledge that nonattest services are not covered under *Government Auditing Standards*. You are responsible for:

- Making all management decisions and performing all management functions
- Evaluating the adequacy and results of the services performed
- Accepting responsibility for the results of such services
- Designing, implementing, and maintaining internal controls, including monitoring ongoing activities

Chad Cook is responsible for supervising the engagement and authorizing the signing of the report or reports. We plan to begin our audit work in June 2023.

We will issue a written report upon completion of our audit, addressed to the following parties:

Entity Name	Party Name
Town of Oak Ridge	Town Council

You are responsible to distribute our reports to other officials who have legal oversight authority or those responsible for acting on audit findings and recommendations, and to others authorized to receive such reports.

The following apply for the audit services described above:

Our Responsibilities

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform:

- The audit of the financial statements to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by fraud or error

We will exercise professional judgment and maintain professional skepticism throughout the audit.

We will identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

We will obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We will identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the entity's compliance with compliance requirements subject to audit and performing such other procedures as the auditor considers necessary in the circumstances

Limitations & Fraud

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit that is planned and conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based the financial statements. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery,

intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with compliance requirements is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the entity's compliance with the requirements of the federal programs as a whole.

Our understanding of internal control is not for the purpose of expressing an opinion on the effectiveness of your internal control. However, we will communicate to you in writing any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we identify during the audit.

We are available to perform additional procedures with regard to fraud detection and prevention at your request, subject to completion of our normal engagement acceptance procedures. The actual terms and fees of such an engagement would be documented in a separate contract to be signed by you and FORVIS.

Opinion

Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add an emphasis-of-matter paragraph or other-matter paragraph(s) to our auditor's report, or if necessary, decline to express an opinion or withdraw from the engagement.

If we discover conditions that may prohibit us from issuing a standard report, we will notify you. In such circumstances, further arrangements may be necessary to continue our engagement.

Your Responsibilities

Management and, if applicable, those charged with governance acknowledge and understand their responsibility for the accuracy and completeness of all information provided and for the following:

- **Audit Support** – to provide us with:
 - Unrestricted access to persons within the entity or within components of the entity (including management, those charged with governance and component auditors) from whom we determine it necessary to obtain audit evidence
 - Information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, including access to information relevant to disclosures
 - Information about events occurring or facts discovered subsequent to the date of the financial statements, of which management may become aware, that may affect the financial statements
 - Information about any known or suspected fraud affecting the entity involving management, employees with significant role in internal control and others where fraud could have a material effect on the financials
 - Identification and provision of report copies of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented
 - Additional information that we may request for the purpose of the audit

- **Internal Control and Compliance** – for the:

- Design, implementation, and maintenance of internal control relevant to compliance with laws and regulations and the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - Alignment of internal control to ensure that appropriate goals and objectives are met; that management and financial information is reliable and properly reported; and that compliance with and identification of the laws, regulations, contracts, grants, or agreements (including any federal award programs) applicable to the entity's activities is achieved
 - Remedy, through timely and appropriate steps, of fraud and noncompliance with provisions of laws, regulations, contracts or other agreements reported by the auditor
 - Establishment and maintenance of processes to track the status and address findings and recommendations of auditors
- **Accounting and Reporting** – for the:
 - Maintenance of adequate records, selection and application of accounting principles, and the safeguard of assets
 - Adjustment of the financial statements to correct material misstatements and confirmation to us in the representation letter that the effects of any uncorrected misstatements aggregated by us are immaterial, both individually and in the aggregate, to the financial statements taken as a whole
 - Preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America
 - Inclusion of the auditor's report in any document containing financial statements that indicates that such financial statements have been audited by us
 - Distribution of audit reports to any necessary parties

The results of our tests of compliance and internal control over financial reporting performed in connection with our audit of the financial statements may not fully meet the reasonable needs of report users. Management is responsible for obtaining audits, examinations, agreed-upon procedures, or other engagements that satisfy relevant legal, regulatory, or contractual requirements or fully meet other reasonable user needs.

**Required
Supplementary
Information**

Accounting principles generally accepted in the United States of America provide for certain required supplementary information ("RSI") to accompany the basic financial statements. We understand the following RSI will accompany the basic financial statements:

1. Management's Discussion and Analysis ("MD&A")
2. Budgetary comparison
3. Pension and Other Postemployment Benefit information

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Management is responsible for the fair presentation of the RSI. As part of our engagement, we will apply certain limited procedures to the RSI in GAAS. These limited procedures will consist of inquiries of management regarding

the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

Supplementary Information

With regard to any supplementary information that we are engaged to report on:

- Management is responsible for its preparation in accordance with applicable criteria
- Management will provide certain written representations regarding the supplementary information at the conclusion of our engagement
- Management will include our report on this supplementary information in any document that contains this supplementary information and indicates we have reported on the supplementary information
- Management will make the supplementary information readily available to intended users if it is not presented with the audited financial statements

Such information is:

- Presented for the purpose of additional analysis of the financial statements
- Not a required part of the financial statements
- The responsibility of management
- Subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS

Written Confirmations Required

As part of our audit process, we will request from management, and if applicable, those charged with governance written confirmation acknowledging certain responsibilities outlined in this contract and confirming:

- The availability of this information
- Certain representations made during the audit for all periods presented
- The effects of any uncorrected misstatements, if any, resulting from errors or fraud aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole

Peer Review Report

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract, upon request. If you would like a copy, please request from your engagement executive.

GENERAL

1. **Overview.** This addendum describes **FORVIS, LLP's** standard terms and conditions ("Terms and Conditions") applicable to Our provision of services to the Client ("You"). The Terms and Conditions are a part of the contract between You and FORVIS, LLP. For the purposes of the Terms and Conditions, any reference to "Firm," "We," "Us," or "Our" is a reference to FORVIS, LLP ("FORVIS"), and any reference to "You" or "Your" is a reference to the party or parties that have engaged Us to provide services and the party or parties ultimately responsible for payment of Our fees and costs.

BILLING, PAYMENT, & TERMINATION

2. **Billing and Payment Terms.** We will bill You for Our professional fees and costs as outlined in Our contract. Unless otherwise provided in Our contract, payment is due upon receipt of Our billing statement. Interest will be charged on any unpaid balance after 30 days at the rate of 10 percent per annum, or as allowed by law at the earliest date thereafter, and highest applicable rate if less than 10 percent. All fees, charges and other amounts payable to FORVIS hereunder do not include any sales, use, excise, value added or other applicable taxes, tariffs or duties, payment of which shall be Your sole responsibility, and do not include any applicable taxes based on FORVIS' net income or taxes arising from the employment or independent contractor relationship between FORVIS and FORVIS' personnel.

We reserve the right to suspend or terminate Our work for this engagement or any other engagement for nonpayment of fees. If Our work is suspended or terminated, You agree that We will not be responsible for Your failure to meet governmental and other deadlines, for any penalties or interest that may be assessed against You resulting from Your failure to meet such deadlines, and for any other damages (including but not limited to consequential, indirect, lost profits, or punitive damages) incurred as a result of the suspension or termination of Our services.

Our fees may increase if Our duties or responsibilities are increased by rulemaking of any regulatory body or any additional new accounting or auditing standards. Our engagement fees do not include any time for post-engagement consultation with Your personnel or third parties, consent letters and related procedures for the use of Our reports in offering documents, inquiries from regulators, or testimony or deposition regarding any subpoena. Charges for such services will be billed separately.

3. **Billing Records.** If these services are determined to be within the scope and authority of Section 1861(v)(1)(I) of the Social Security Act, We agree to make available to the Secretary of Health and Human Services, or to the U.S. Comptroller General, or any of their duly authorized representatives, such of Our books, documents, and records that are necessary to certify the nature and extent of Our services, until the expiration of four (4) years after the furnishing of these services. This contract allows access to contracts of a similar nature between subcontractors and related organizations of the subcontractor, and to their books, documents, and records.
4. **Termination.** Either party may terminate these services in good faith at any time for any reason, including Your failure to comply with the terms of Our contract or as We determine professional standards require. Both parties must agree, in writing, to any future modifications or extensions. If services are terminated, You agree to pay FORVIS for time expended to date. In addition, You will be billed costs and fees for services from other professionals, if any, as well as an administrative fee of five (5) percent to cover certain technology and administrative costs associated with our services. Unless terminated sooner in accordance with its terms, this engagement shall terminate upon the completion of FORVIS' services hereunder.

DISPUTES & DISCLAIMERS

5. **Mediation.** Any dispute arising out of or related to this engagement will, prior to resorting to litigation, be submitted for nonbinding mediation upon written request by either party. Both parties agree to try in good faith to settle the dispute in mediation. The mediator will be selected by agreement of the parties. The mediation proceeding shall be confidential. Each party will bear its own costs in the mediation, but the fees and expenses of the mediator will be shared equally.
6. **Indemnification.** Intentionally deleted.
7. **Statute of Limitations.** You agree that any claim or legal action arising out of or related to this contract and the services provided hereunder shall be commenced no more than one (1) year from the date of delivery of the work product to You or the termination of the services described herein (whichever is earlier), regardless of any statute of limitations prescribing a longer period of time for commencing such a claim under law. This time limitation shall apply regardless of whether FORVIS performs other or subsequent services for You. A claim is understood to be a demand for money or services, demand for mediation, or the service of suit based on a breach of this contract or the acts or omissions of FORVIS in performing the services provided herein. This provision shall not apply if enforcement is disallowed by applicable law or professional standards.
8. **Limitation of Liability.** You agree that FORVIS' liability, if any, arising out of or related to this contract and the services provided hereunder, shall be limited to the amount of the fees paid by You for services rendered under this contract. This limitation shall not apply to the extent it is finally, judicially determined that the liability resulted from the intentional or willful misconduct of FORVIS or if enforcement of this provision is disallowed by applicable law or professional standards.

9. **Waiver of Certain Damages.** In no event shall FORVIS be liable to You or a third party for any indirect, special, consequential, punitive, or exemplary damages, including but not limited to lost profits, loss of revenue, interruption, loss of use, damage to goodwill or reputation, regardless of whether You were advised of the possibility of such damages, regardless of whether such damages were reasonably foreseeable, and regardless of whether such damages arise under a theory of contract, tort, strict liability, or otherwise.
10. **Choice of Law.** You acknowledge and agree that any dispute arising out of or related to this contract shall be governed by the laws of the State of North Carolina, without regard to its conflict-of-laws principles.
11. **WAIVER OF JURY TRIAL.** Intentionally deleted.
12. **Severability.** In the event that any term or provision of this agreement shall be held to be invalid, void or unenforceable, then the remainder of this agreement shall not be affected, and each such term and provision of this agreement shall be valid and enforceable to the fullest extent permitted by law.
13. **Assignment.** You acknowledge and agree that the terms and conditions of this contract shall be binding upon and inure to the parties' successors and assigns, subject to applicable laws and regulations.
14. **Disclaimer of Legal or Investment Advice.** Our services do not constitute legal or investment advice.

RECORDS, WORKPAPERS, DELIVERABLES, & PROPRIETARY INFORMATION

15. **Maintenance of Records.** You agree to assume full responsibility for maintaining Your original data and records and that FORVIS has no responsibility to maintain this information. You agree You will not rely on FORVIS to provide hosting, electronic security, or backup services, e.g., business continuity or disaster recovery services, to You unless separately engaged to do so. You understand that Your access to data, records, and information from FORVIS's servers, i.e., FORVIS portals used to exchange information, can be terminated at any time and You will not rely on using this to host Your data and records.
16. **FORVIS Workpapers.** Our workpapers and documentation retained in any form of media for this engagement are the property of FORVIS. We can be compelled to provide information under legal process. In addition, We may be requested by regulatory or enforcement bodies (including any State Board) to make certain workpapers available to them pursuant to authority granted by law or regulation. Unless We are prohibited from doing so by law or regulation, FORVIS will inform You of any such legal process or request. You agree We have no legal responsibility to You in the event We determine We are obligated to provide such documents or information.
17. **Subpoenas or Other Legal Process.** In the event FORVIS is required to respond to any such subpoena, court order or any government regulatory inquiry or other legal process relating to You or Your management for the production of documents and/or testimony relative to information We obtained or prepared incident to this or any other engagement in a matter in which FORVIS is not a party, You shall compensate FORVIS for all time We expend in connection with such response at normal and customary hourly rates, and to reimburse Us for all out of pocket expenses incurred in regard to such response.
18. **Use of Deliverables and Drafts.** You agree You will not modify any deliverables or drafts prepared by Us for internal use or for distribution to third parties. You also understand that We may on occasion send You documents marked as draft and understand that those are for Your review purpose only, should not be distributed in any way, and should be destroyed as soon as possible.

Our report on any financial statements must be associated only with the financial statements that were the subject of Our engagement. You may make copies of Our report, but only if the entire financial statements (exactly as attached to Our report, including related footnotes) and any supplementary information, as appropriate, are reproduced and distributed with Our report. You agree not to reproduce or associate Our report with any other financial statements, or portions thereof, that are not the subject of Our engagement.

19. **Proprietary Information.** You acknowledge that proprietary information, documents, materials, management techniques, and other intellectual property are a material source of the services We perform and were developed prior to Our association with You. Any new forms, software, documents, or intellectual property We develop during this engagement for Your use shall belong to Us, and You shall have the limited right to use them solely within Your business. All reports, templates, manuals, forms, checklists, questionnaires, letters, agreements, and other documents which We make available to You are confidential and proprietary to Us. Neither You, nor any of Your agents, will copy, electronically store, reproduce, or make any such documents available to anyone other than Your personnel, except as required by North Carolina Public Records Law, NCGS 132-1, et seq. This provision will apply to all materials whether in digital, "hard copy" format, or other medium.

REGULATORY

20. **U.S. Securities and Exchange Commission ("SEC") and other Regulatory Bodies.** Where We are providing services either for (a) an entity that is registered with the SEC, (b) an affiliate of such registrant, or (c) an entity or affiliate that is subject to rules, regulations, or standards beyond those of the American Institute of Certified Public Accountants ("AICPA"), any term of this contract that would be prohibited by or impair Our independence under applicable law or regulation shall not apply to the extent necessary only to avoid such prohibition or impairment.

21. **Offering Document.** You may wish to include Our report(s) on financial statements in an exempt offering document. You agree that any report, including any auditor's report, or reference to Our firm, will not be included in any such offering document without notifying Us. Any agreement to perform work in connection with an exempt offering document, including providing agreement for the use of the auditor's report in the exempt offering document, will be a separate engagement.

Any exempt offering document issued by You with which We are not involved will clearly indicate that We are not involved by including a disclosure such as, "FORVIS, LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. FORVIS, LLP also has not performed any procedures relating to this offering document."

22. **FORVIS Not a Municipal Advisor.** FORVIS is not acting as Your municipal advisor under Section 15B of the *Securities Exchange Act of 1934*, as amended. As such, FORVIS is not recommending any action to You and does not owe You a fiduciary duty with respect to any information or communications regarding municipal financial products or the issuance of municipal securities. You should discuss such matters with internal or external advisors and experts You deem appropriate before acting on any such information or material provided by FORVIS.
23. **FORVIS NOT A Fiduciary.** In providing Our attest services, We are required by law and our professional standards to maintain our independence from You. We take this mandate very seriously and thus guard against impermissible relationships which may impair the very independence which You and the users of our report require. As such, You should not place upon us special confidence that in the performance of Our attest services We will act solely in Your interest. Therefore, You acknowledge and agree we are not in a fiduciary relationship with You and We have no fiduciary responsibilities to You in the performance of Our services described herein.

TECHNOLOGY

24. **Electronic Sites.** You agree to notify Us if You desire to place Our report(s), including any reports on Your financial statements, along with other information, such as a report by management or those charged with governance on operations, financial summaries or highlights, financial ratios, etc., on an electronic site. You recognize that We have no responsibility to review information contained in electronic sites.
25. **Electronic Signatures and Counterparts.** This contract and other documents to be delivered pursuant to this contract may be executed in one or more counterparts, each of which will be deemed to be an original copy and all of which, when taken together, will be deemed to constitute one and the same agreement or document, and will be effective when counterparts have been signed by each of the parties and delivered to the other parties. Each party agrees that the electronic signatures, whether digital or encrypted, of the parties included in this contract are intended to authenticate this writing and to have the same force and effect as manual signatures. Delivery of a copy of this contract or any other document contemplated hereby, bearing an original manual or electronic signature by facsimile transmission (including a facsimile delivered via the internet), by electronic mail in "portable document format" (".pdf") or similar format intended to preserve the original graphic and pictorial appearance of a document, or through the use of electronic signature software, will have the same effect as physical delivery of the paper document bearing an original signature.
26. **Electronic Data Communication and Storage.** In the interest of facilitating Our services to You, We may send data over the internet, temporarily store electronic data via computer software applications hosted remotely on the internet, or utilize cloud-based storage. Your confidential electronic data may be transmitted or stored using these methods. In using these data communication and storage methods, We employ measures designed to maintain data security. We use reasonable efforts to keep such communications and electronic data secure in accordance with Our obligations under applicable laws, regulations, and professional standards.

You recognize and accept that We have no control over the unauthorized interception or breach of any communications or electronic data once it has been transmitted or if it has been subject to unauthorized access while stored, notwithstanding all reasonable security measures employed by Us. You consent to Our use of these electronic devices and applications during this engagement.

OTHER MATTERS

27. **Cooperation.** You agree to cooperate with FORVIS in the performance of FORVIS' services to the You, including the provision to FORVIS of reasonable facilities and timely access to Yours data, information and personnel. You shall be responsible for the performance of Your employees and agents.
28. **Third-Party Service Providers.** FORVIS may from time to time utilize third-party service providers, including but not limited to domestic software processors or legal counsel, or disclose confidential information about You to third-party service providers in serving Your account. FORVIS maintains, however, internal policies, procedures, and safeguards to protect the confidentiality and security of Your information. In addition, FORVIS will secure confidentiality agreements with all service providers to maintain the confidentiality of Your information. If We are unable to secure an appropriate confidentiality agreement, You will be asked to consent prior to FORVIS sharing Your confidential information with the third-party service provider.
29. **Independent Contractor.** When providing services to You, We will be functioning as an independent contractor; and in no event will We or any of Our employees be an officer of You, nor will Our relationship be that of joint venturers, partners, employer and employee,

principal and agent, or any similar relationship giving rise to a fiduciary duty to You. Decisions regarding management of Your business remain the responsibility of Your personnel at all times. Neither You nor FORVIS shall act or represent itself, directly or by implication, as an agent of the other or in any manner assume or create any obligation on behalf of, or in the name of, the other.

30. **Use of FORVIS Name.** Any time You intend to reference FORVIS' firm name in any manner in any published materials, including on an electronic site, You agree to provide Us with draft materials for review and approval before publishing or posting such information.
31. **Praxity.** FORVIS is an independent accounting firm allowed to use the name "Praxity" in relation to its practice. FORVIS is not connected, however, by ownership with any other firm using the name "Praxity." FORVIS will be solely responsible for all work carried out on Your behalf. In deciding to engage FORVIS, You acknowledge that We have not represented to You that any other firm using the name "Praxity" will in any way be responsible for Our work.
32. **Entire Agreement.** The contract, including this Terms and Conditions Addendum and any other attachments or addenda, encompasses the entire agreement between You and FORVIS and supersedes all previous understandings and agreements between the parties, whether oral or written. Any modification to the terms of this contract must be made in writing and signed by both You and FORVIS.
33. **Force Majeure.** We shall not be held responsible for any failure to fulfill Our obligations if such failure was caused by circumstances beyond Our control, including, without limitation, fire or other casualty, act of God, act of terrorism, strike or labor dispute, war or other violence, explosion, flood or other natural catastrophe, epidemic or pandemic, or any law, order or requirement of any governmental agency or authority affecting either party, including without limitation orders incident to any such epidemic or pandemic, lockdown orders, stay at home orders and curfews.