Mayor
M. Andy Moore

Mayor Pro-Tem
Roger A. Wood

Council Members
District 1 (Vacant)
Sloan Stevens
Travis Scott
David Barbour
John A. Dunn
Stephen Rabil

Town Attorney
Robert Spence, Jr.

Town Manager
Michael L. Scott

Finance Director
Andrew Harris

Town Clerk
Elaine Andrews

SMITHFIELD
NORTH CAROLINA

Town Council Agenda Packet

Meeting Date: Tuesday, June 17, 2025
Meeting Time: 7:00 p.m.
Meeting Place: Town Hall Council Chambers
350 East Market Street
Smithfield, NC 27577

TOWN OF SMITHFIELD
TOWN COUNCIL AGENDA
REGULAR MEETING
JUNE 17, 2025
7:00 PM

Call to Order

Invocation

Pledge of Allegiance

Approval of Agenda

Citizens Comments:

Consent Agenda Items:

Page:

1. **Approval of Minutes:**
   a. March 27, 2025 – Budget Session.....1
   b. April 1, 2025 – Regular Session.....9
   c. April 1, 2025 – Closed Session (under a separate cover)

2. **Consideration and request for approval to adopt Grant Project Ordinance No. for the CMAQ Walking Trail:** The Town of Smithfield was awarded a CMAQ Grant from NCDOT, TIP #BN-0001. The scope of work is to design, permit and construct a multi-use path along US 70 Business from Wilson's Mills Road to the Neuse River Bridge. Staff requests approval of a grant project ordinance to manage funds effectively and comply with grant requirements.
   (Finance Director – Andrew Harris.....17

3. **Consideration and request for approval for year-end Budget Amendments**
   (Finance Director – Andrew Harris).....21

4. **Consideration and request for approval of the 2024-25 Annual Financial Statement Audit Contract:** Thomson, Price, Scott, Adams & Co., P.A., (TPSA) has presented a Fiscal 2025 audit contract and engagement letter for approval.
   (Finance Director – Andrew Harris).....32

Presentations: **None**

Business Items:

1. **FY 2025-2026 Budget Discussions**
   (Town Manager – Mike Scott)

Public Hearings: **None**

Councilmember's Comments

Town Manager's Report

Adjourn/Recess

Consent Agenda Items

The Smithfield Town Council reconvened at its March 24, 2025 meeting on Thursday, March 27, 2025 at 6:50 pm in the Council Chambers of the Smithfield Town Hall, Mayor M. Andy Moore presided.

Councilmen Present:
Roger Wood, Mayor Pro-Tem
Sloan Stevens, District 2
Stephen Rabil, At-Large
John Dunn, At-Large

Councilmen Absent
Marlon Lee, District 1
Travis Scott, District 3
Dr. David Barbour, District 4

Administrative Staff Present
Michael Scott, Town Manager
Elaine Andrews, Town Clerk
Andrew Harris, Finance Director
Pete Hedrick, Chief of Police
Shannan Parrish, HR Director
Stephen Wensman, Planning Director

Also Present

Administrative Staff Absent
Ted Credle, Public Utilities Director
Jeremey Daughtry, Fire Chief
Lawrence Davis, Public Works Director
Gary Johnson, Parks & Recreation Director
C. Timothy Short, Asst. Police Chief

CALL TO ORDER
Mayor Moore called the meeting to order at 6:50 pm.

FY 2025-2026 BUDGET DISCUSSIONS

GENERAL GOVERNMENT:

Town Manager, Mike Scott began by listing all the employee positions that comprised the General Government Department. They were the Town Manager, Town Clerk, Human Resources Director, and Administrative Assistant and the Public Information Officer. He stated these positions were split between all three funds, electric, water and the general fund. He also noted the Council and Mayor salaries are split between the three funds as well. Manager Scott stated the funds for training and cell phone allowances are status quo. He stated the legal fee budget was increased as it continues to go up as related to the Town attorney's office, or if we solicit an outside attorney for assistance on rare occasion. He stated that as we are invoiced for attorney services, that invoice is passed along to that appropriate department's budget.

Mayor Andy Moore asked what the current Town Attorney's rate was. Manager Scott deferred the question to the Human Resources Director, Shannan Parrish, who stated she believed it was $185 an hour, and his paralegal is $85 per hour, and the other attorney utilized on his staff has a rate of $155 per hour. There was some discussion regarding when the attorney is sought, how payments are distinguished among staff and whether phone calls from citizen issues related to the Town, however not initiated by the Town, are billed. Mayor Andy Moore stated any calls by citizens that reach the attorney's office need to be re-directed to the Town. Manager Scott stated he has directed the attorney's office to do this.

- **Professional Fees and dues:** Increase 18%; Manager Scott stated professional fees and dues are up due to the cost for the Mayor's Association. There is also an increase in funding for engineer Bill Dreitzler's office, noting that in nine years he has never increased his fee until now, and that is only due to things going up.

- **Supplies and operations:** Increase 22%; The Manager stated that supplies are going up due to postage and overall increased cost of supplies.

- **Contract Services:** New Cost $42,310; The Manager stated that that is the new service contract with NeoGov, for which the cost is spaced out over a three-year period.

- **Capital Projects:** The Capital Outlay line item went up due to adding $250,000 for architectural plans for Town Hall. The Manager stated we want to look at expanding out into the courtyard area or into our parking lot. Manager Scott noted that plans to develop town hall to go up another story in height is not feasible due to the original architectural structure of this building. However, the current plans to expand into the courtyard area may include a two-story structure big enough to sustain the Town.

Councilman John Dunn asked if the current budgeted salaries included the position of the new assistant Town Manager. Manager Scott stated yes, and that we may hire that position.

Manager Scott noted other requests in the budget to repaint town hall, which he stated was needed, and a request for a Communications Assistant that he was not prepared to talk about at this time. He stated these requests may come up later in the budget process.

NON-DEPARTMENTAL BUDGET

Town Manager Mike Scott stated the costs for insurances and bonds is still being discussed. He noted the Human Resources Director is currently having discussions for workers comp insurance and property and liability as to where that will go. The $200,000 is an estimate, and will be covered by the three funds water sewer, electric and the general fund. He stated election expenses were budgeted at $7,000 this year. Manager Scott also spoke about the downtown development tax rate which would be an estimate of $150,000, which as of now is at $.19 cents.

The Manager did not review each individual line item proposed in the non-departmental budget. He referenced the $25,000 for Economic Development, stating this money was primarily used to pay back East River for their contract.

The S.H.A.R.P. Reimbursement line item for $649,750 is for property tax, grants that are being paid back to Amazon and the Allen Iron building per agreement. The Manager noted this was also an estimate due to the Town not knowing where the current property tax valuations would put that actual number.

The Town Manager also noted that the form for nonprofit funding did go out to Wilsons Mills Elementary School, as directed. They have acknowledged receipt, but that we have not heard back from them to date.

Manager Scott asked the Board if they preferred hearing from all the non-departmental asks this year, or if they would rather receive a packet of requests on paper for review in the interest of saving time. It was discussed that the Town should not be soliciting nonprofits, rather if they choose to seek funding, they should seek out the paperwork and apply. It was the consensus of the Board to receive one packet of information to review and discuss.

Town Manager Scott stated no salary increases were put in any of the departments; therefore, the General Fund Salary adjustment line item was created last year for $300,000. He stated that number equates to the 5% increase on September 1, 2025; or a 4% increase July 1, 2025 and if there were merit increases, it could be used for that also. Depending on how many salary adjustments down the line, this money has been put aside.

DEBT SERVICE

The Manager stated that as a community, our debt is relatively small. He stated the Town still owes debt for a Fire truck, a Ladder Fire truck, the Police Department expansion; he noted the Smithfield Crossing Loan is a huge debt that will be paid off in 2044. He stated the Town looked into refinancing this loan years ago when the interest rates were low, but this would have doubled the Town's payment.

Councilman John Dunn asked about the fire truck engine loan, noting it was the first engine that was replaced five years ago in 2017. He asked how many miles was on the truck now. Fire Chief Jeremey Daughtry stated in January there was 62,238 miles.

The Manager continued with review of the Debt Service budget. He stated DSDC is still paying the Streetscape loan from when the lines were buried on Market Street. They make a small payment every year directly to the Town without interest. He reminded the Board this was a high interest debt owed by DSDC that the Town paid inadvertently. When this was discovered, an agreement was made to pay the Town back for the loan. If DSDC

continues to make the $12,757 annual payment, the loan will be paid off in full by 2036.

FINANCE:

Manager Mike Scott noted the Finance budget started on page 23 of the proposed budget book. Finance Director Andrew Harris reviewed the line-item changes, stating that salaries and wages increased due in part to a request to add a full time Finance Director; training and education request is $2,000 for the Finance Director, and $1,500 each for Payroll and Accounts Payable (AP) technicians' courses. He further requested $15 per month for a cell phone allowance for the AP and Payroll technicians. Harris stated professional fees and dues were reduced from $500 to $300 dollars for the Government Finance Officer's Association and the NCGFOA. Supplies and operations budget proposed was status quo from the prior year at $11,000. The contract Services budget requested is $8,500 due to software cost increase. He asked the Board if there were any questions.

Mayor Andy Moore asked what was the proposed salary for the Assistant Finance Director position. Harris stated high 60s or low 70s.

Mayor Andy Moore questioned the new cell phone stipend requests, and why were they need it. He stated he understands it's not a lot of money, but just thinking of other employees who do not receive a stipend. Harris stated his employees routinely used their cell phones for various reasons, including weather or to answer questions for employees, but he understands it is the Board's decision to grant or deny the request.

There was some discussion regarding the current part-time assistant Finance Director position, and how that would change when it transitions to full time. The current part-time assistant salary is budgeted at $54,390, for basically 1000 hours. Harris stated that including 401K, insurance and retirement contributions, the new full-time employee may cost $90,000 of the budget. It was noted that the current part time employee does not get town insurance.

INFORMATION TECHNOLOGY (I.T.)

Finance Director, Andrew Harris spoke regarding the increase in the IT budget, due to our IT support contract with the company VC3, and also with Intelliplex as an internet service provider. He stated there would be a 3% increase in cost for VC3, and an added $2,200 per fund for the Intelliplex internet service.

Councilman Steven Rabil asked why FICA was so high in the budget. Harris stated what was in the proposed budget was a key in error and was compared to numbers the year before. Manager Scott stated it would have been less but one particular position got a salary increase for two reasons, one for the salary study, but also, it's a salary position, not an hourly position. There were some changes made via the federal government as to what level that had to be at, and the salary had to be at a certain level to keep the position as a salary employee. Alternatives were looked at, as to moving the position back to hourly, but it wasn't cost effective.

Harris continued, stating the Training and Education budget for IT, was reduced by $1,000. He reduced mileage to reimburse for actual miles submitted. Supplies and operations budget was based on historic trends.

Mayor Andy Moore asked about the historic trend estimates, noting that some requests were spelled out and others appeared based on what they think they may need. Harris stated he sent a budget request to each department but only two departments responded. What is presented is based on that response, with some estimates based on the previous year.

There was some general discussion about the new telephone install and how it was basically up and running now much better operational than months prior.

PLANNING:

Planning Director, Stephen Wensman addressed the Board regarding the proposed Planning Department budget. He skipped down to the training and education portion of the budget, stating that he had two employees interested in CZO training at the cost of $1,300 per each employee—one an admin, the other is the code enforcement officer. He stated the additional training would allow staff to pick up the pace and step in across department as the Town gets busier with new development. Councilman Stephen Rabil asked if the training was online or in person.

Wensman stated it was an online course. He went on to state that the telephone allowance line item increased to add the code enforcement officer. The Manager clarified that the code enforcement position in the budget last year was a part-time position. That position belonged to a former police officer whose phone stipend was still being paid from the Police Department's budget. Now, that it is a full-time code enforcement officer in the Planning Department, the cell phone stipend is paid from the Planning budget.

Wensman continued, there was no change in maintenance and repair fees. Professional fees changed because when employees receive their CZO training, that will come with annual dues to keep their licenses. Wensman stated vehicle and supplies has dropped considerably because the code enforcement officer has a new car that has been budgeted, which will not really need any maintenance. There were two other vehicles used by his department which often fall in disrepair. Operations and supplies are status quo from the prior year. Service contracts are up due to software changes and upgrades for customers to be able to pay fees online, interactive for staff to see and track. Wensman also stated a new system would allow the code enforcement officer to do work from his truck rather than coming into the office to do paperwork. He also stated it would allow for Planning Department application tracking and correspondence. Wensman also proposed $4,000 for the Spring Grass Trail and bridge engineering and permitting. He also noted the $35,000 in Capital Outlay funds for the purchase of a new vehicle for the Code Enforcement Officer.

Councilman John Dunn asked about the maintenance for the Spring Branch bridge. While it may look nice on the front end, it may not be nice when it becomes overgrown and the wetlands may harbor snakes. It was noted that its maintenance might be a good Scout project.

Mayor Pro Tem, Roger Wood asked the Manager to reiterate how the code enforcement officer's cell phone stipend came to be added to the Planning budget. The Manager explained for all intents and purposes; the prior part-time code enforcement officer was moved to the police department. His stipend was being paid from the police department budget, due to pension requirements. Given the position of Code Enforcement Officer belongs to the Planning Department, the salaries, benefits and the cell phone stipend needed to be there as well.

Mayor Pro Tem, Roger Wood asked about the cell phone stipend for the administrative assistant. Planning Director Stephen Wensman explained that the administrative assistant attended meetings after hours, and corresponds with Board members and staff regarding what happens at those meetings.

Wood also asked whether the Town would surplus the 2009 Dodge Charger and the pickup currently used by the Planning Department. Wensman stated yes. The Manager added the Town's intent was to surplus both. Mayor Andy Moore asked if mileage could be added to the listing of rolling stock inventory. The Manager stated yes.

POLICE DEPARTMENT:

Police Chief Pete Hedrick addressed the Board. He started his budget review with the Training and Education line item. He said this line had a slight increase due to all the relatively new employees hired in the Police Department. Hedrick stated each employee could cost between $1,000 to $2,000 to train, but there was also free training available at times which the department utilized.

Hedrick stated the telephone line item had a substantial increase due to the body worn cameras, and their phones. He noted two years of that money would be paid out of a grant. Councilman John Dunn asked if the budget number presented was a true number, or if it factored in the grant. Hedrick answered, yes some of it would be paid by grant money.

Hedrick continued, stating there was no proposed increase in utilities, no increase in equipment maintenance or repair. He stated there was actually a slight decrease in that. Professional fees and dues are still status quo. The majority of things that we use this budget for is with our outside attorney that we call. They have on-call, 24 hours a day service. There was an increase in fuel. Vehicle maintenance is status quo, but did go up a little bit because we're now having more vehicles on the road--being fully staffed. An increase in supplies and operations, but very minute. Wireless cards drove that increase up a little bit. Police canine services went up as dogs are expensive. We have a $16,000 allotment to cover the dogs. Uniforms, you'll see another substantial increase there of $7,000 that's being driven because of our new body worn cameras. We're finding that the most efficient way to get a good quality, stable position is to have it on the vest. The vest that we currently wear, now that they double as a shirt.

Our ballistic panels, don't have the adequate loops. As we provide new vests to the to the new officers, we're going to start transferring one that has loops on the bottom sections where we can put some equipment there and they can put the body camera there. Another item that will have substantial increase, one is the Casper program that will be used by our narcotics division. It basically enables us to use cell phones and then as all of our electronic devices for doing undercover work. Those are some of the big increase items. Hedrick asked if there were any questions on the line items he has discussed, before moving on to the capital items. Councilman Stephen Rabil asked about the cost for Narcan, asking was it not free. Hedrick replied it is free sometimes, but the problem is it comes with a six-month window until its expiration date.

There was some discussion regarding the free dog the Police Department received, with $4,500 being the cost for an additional cage. This dog now adds a spare dog to the department with a total of four dogs, three who are in operation—two patrol dogs and one narcotic dog. Hedrick stated the additional dog helps with coverage so that there is one on every day.

Hedrick continued to Capital Outlay, stating the department is asking for two more additional flock cameras. He is also requesting to replace a K-9 who is almost ten years old. There was some discussion regarding how flock cameras are used to quickly solve crimes. Hedrick added that flock cameras are the industry leader in automated license plate readers, it never sells any of the data, and it maintains the information for thirty days. Councilman John Dunn asked what line item shows the fees for the flock cameras. Chief Hedrick stated the Service Contracts line item adds $21,000 for an annual flock camera contract.

Police Chief Pete Hedrick explained the taser upgrade request:

- The department is moving from X26 to X26P tasers
- The new tasers have a slightly longer cord and modified electrical wavelength
- The warranty for the new tasers is four years
- After four years, Taser will still service the devices, but they're stopping service on the older X26 models
- The current request is for 10 tasers, which will upgrade all officers and provide a few spares
- The department is not purchasing the latest Taser 10 model, as the X26P meets their current needs
- The upgrade ensures all officers have the same level of equipment and maintains manufacturer support

The Council discussed the practicality of the upgrade, with Mayor Pro Tem Roger Wood stating that as long as the tasers continue to work, they support the purchase.

Hedrick also discussed his request for fleet purchases in the Police Department's Capital Outlay fund:

- Requesting two SUVs for the department
- Currently using used vehicles with low miles (under 20,000) to save money
- Vehicles can be 30-40% cheaper than new ones, with some remaining factory warranty
- The department has several vehicles marked in red that need replacement
- New police vehicles cost approximately $69,000 fully equipped (including radios, lights, sirens, and cage)
- The chief would like to replace at least four vehicles this year
- Currently have about eight vehicles that need to be retired
- The department has around 46 total officers, including 43 full-time and 3 reserve officers
- They lack spare vehicles and need vehicles for reserve officers
- The national average recommends 5-10% spare vehicles in a fleet, which they currently do not have

Hedrick emphasized they are trying to be financially responsible while maintaining an effective fleet for police operations.

Chief Hedrick described the Tip411 software program as a tool to improve community engagement, also listed in is Capital Outlay budget request. His key points were:

- Allows people to opt-in and receive real-time messages on their cell phones
- Enables anonymous, interactive communication between the public and police
- Allows the department to push out information about incidents
- Provides a way to send updates like "incident at 403 Street, no threat to public"
- Enables anonymous tipsters to communicate back with police while remaining unidentified
- The program comes with custom logos for the Smithfield Police Department
- Has a yearly fee
- The company provides training and helps with implementation

Hedrick was particularly impressed by its use in Rocky Mount.

Police Chief Hedrick discussed the need for an additional Public Safety Assistant (PSA) officer:

- Current PSA works 7am to 5pm, Monday through Friday
- The new position would allow 12-hour shift coverage every day, including weekends
- Current PSA writes around 900 tickets annually
- Handles approximately 40 wrecks per month
- Helps free up police officers from traffic and parking enforcement
- Can address problematic parking areas, like those near Dollar Tree and other shopping centers
- Aims to be proactive in addressing parking violations
- Potential to develop into an evidence technician role
- Would help with crime scene documentation and photography
- Allows for more flexible scheduling to target problem areas at different times
- Councilmembers expressed interest in targeting specific high-violation times and locations
- The position would help address community concerns about parking and traffic violations

The chief emphasized the value of the PSA program and its effectiveness in addressing community safety and traffic issues.

Hedrick also discussed his department's desire for Lexipol software. Hedrick explained the Lexipol software for policy and procedure management:

- Currently, officers receive policies on thumb drives that quickly become outdated
- New software allows automatic updates to policies and procedures
- Customizes policies specifically for Smithfield Police Department
- Updates occur automatically when laws or accreditation standards chang
- Officers receive updates directly on cell phones or computers
- Provides a record of when officers acknowledge policy changes
- Offers weekly tests to ensure officers understand new policies
- Eliminates the need to manually update and track policy acknowledgments
- Helps maintain accreditation standards
- Provides a checks and balances system for department practices
- First-year cost includes $10,000 for customization
- Annual recurring cost is $17,000
- Supports being an accredited agency with national best practices

Hedrick emphasized the value of being an accredited agency and having a systematic approach to policy management. Chief Hedrick continued discussing the Lexipol software as a comprehensive solution for policy management in the police department. The software provides a centralized system for tracking and distributing policies, allowing sergeants to monitor officer understanding and compliance. By eliminating the need for shared thumb drives, the system reduces potential cybersecurity risks while ensuring quick updates to policies based on new federal or state laws. The software supports the department's professional standards by creating a robust tracking system for policy education and compliance. Hedrick emphasized the critical importance of having a modern, efficient method to manage departmental policies and keep officers current with the latest procedures and legal requirements.

Chief Hedrick also discussed the addition of a new resource officer due to the annexation of the West Smithfield Elementary School site. He stated the County shared this cost at 80% and provided the officers' salary and vehicle costs and the officers come equipped. Councilman Sloan Stevens stated he feels that the Town should ask for more from the County as far as the percentage, and that the positions be funded by the County at 100%. He stated he agreed with the idea of SROs in schools, but this was typically a county position that the town is now supplying.

There was some discussion among the Board about the benefit of being able to use SROs during the summer when school is out to supplement staff. Hedrick stated that he and the manager determined mathematically that since SROs are in school 80% of the year, they could give the town the 20% of the year they are not in school in the summer. Assistant Police Chief Timothy Short added that the new SROs came in very motivated and do a lot of training. He said they really look forward to the summer to get back into patrol as a nice change from being in schools all day.

Police Chief Hedrick requested several staffing additions for the department:

1. Two Additional Patrol Officers
    - Currently have 43 total officers
    - Aim to have 22 officers in patrol
    - Would allow for two lieutenants and two sergeants supervising four officers each
    - Supports projected town growth
    - Improves command structure and operational efficiency
2. Two Governor Highway Safety Program Positions
    - Grant-funded traffic enforcement positions
    - Address community complaints about traffic issues
    - Positions previously existed but were not consistently filled
    - Focused on specific traffic enforcement and monthly reporting requirements
3. Additional Records Clerk
    - Needed due to increased workload from body-worn cameras
    - Current clerk spends significant time downloading and uploading video evidence
    - Body cameras generate extensive video documentation for each arrest
    - New clerk would improve department efficiency in processing and managing evidence
    - Allows existing records clerk to focus on other critical tasks

Hedrick explained these requests as necessary to maintain departmental efficiency, improve community safety, and manage the increasing administrative workload created by new technologies like body-worn cameras.

Mayor Pro Tem Roger Wood asked how many officers would potentially be necessary during a nonviolent traffic stop. Chief Hedrick stated this was hard to say, but if there was an arrest, they would have three officers there. Hedrick added that the department had to produce data from body worn cameras, dash cameras, and front and rear seat cameras from that stop which is a mountain of data. It was also discussed that the officer's equipment is routinely checked to ensure proper functionality.

Police Chief Hedrick requested $10,000 for additional training supplies, primarily focused on improving firearms training. Key points include:

- The department lacks its own shooting range
- Currently alternates between training at woods and a correctional facility
- Last year, they made a significant investment in new firearms with updated sighting systems
- They've switched to using steel targets for better training reactions
- The $10,000 would primarily be used to purchase a trailer for transporting steel targets
- Current transportation of targets is problematic, with sergeants having to place them on car seats
- They want to purchase specific targets to enhance training effectiveness
- The department aims to have all officers equipped with patrol rifles
- Requesting 10 patrol rifles with slings, totaling $16,432

Hedrick emphasized the importance of maintaining proper training standards and equipment for the department's officers. The goal is to ensure all officers have consistent, high-quality equipment and training.

Mayor Andy Moore asked if there were any questions from the Board for Chief Hedrick. There were none.

Manager Scott mentioned that the Town staff has applied for a grant that would cover 100% for two additional officers requested. Hedrick added that the captain has put in for this grant before, they expect to hear something next month, and that the grant was successful the last time the Town applied for it, and it resulted in two new officers.

ADJOURN

Councilman Stephen Rabil made a motion, seconded by Councilman Sloan Stevens to adjourn the meeting at 9:12 pm. Unanimously approved.

M. Andy Moore, Mayor

ATTEST:

Elaine Andrews, Town Clerk

Due to the absence of the Town Clerk for this session, these minutes were transcribed from recording and video.

The Smithfield Town Council met in regular session on Tuesday, April 1, 2025 at 7:00 p.m. in the Council Chambers of the Smithfield Town Hall, Mayor M. Andy Moore presided.

Councilmen Present:	Councilmen Absent	Administrative Staff Present
Roger Wood, Mayor Pro-Tem		Michael Scott, Town Manager
Marlon Lee, District 1		Ted Credle, Public Utilities Director
Sloan Stevens, District 2		Jeremey Daughtry, Fire Chief
Travis Scott, District 3		Lawrence Davis, Public Works Director
Dr. David Barbour, District 4		Andrew Harris, Finance Director
John Dunn, At-Large		Pete Hedrick, Chief of Police
Stephen Rabil, At-Large		Gary Johnson, Parks & Rec Director
		Shannan Parrish, HR Director
		Stephen Wensman, Planning Director

Also Present	Administrative Staff Absent
Robert Spence, Jr., Town Attorney	Elaine Andrews, Town Clerk

CALL TO ORDER

Mayor Moore called the meeting to order at 7pm.

INVOCATION

The invocation was given by Councilman David Barbour followed by the Pledge of Allegiance.

APPROVAL OF AGENDA:

Mayor Pro Tem Roger Wood made a motion, seconded by Councilman John Dunn, to approve the agenda as amended below. Unanimously approved.

Amendment:

- *Add closed session, pursuant to N.C. GS 143-318 (a)(6)*

PRESENTATIONS:

1. Introduction of the Miss Smithfield Pageant Queens

Mayor Andy Moore introduced Miss Carly Ramsey, a Miss Smithfield Pageant Queen to make her presentation to the Board. Miss Carly Ramsey presented her community service initiative "Pop" (Pet Overpopulation Prevention), highlighting the critical animal welfare challenges in Johnston County. She shared devastating euthanasia statistics, revealing that in 2023, 43% of dogs and 82% of cats taken into county animal services were put down. Drawing from personal experience, Ramsey described her family's hands-on approach to animal rescue, including rescuing puppies, returning lost dogs, and fostering kittens. She actively participates in the Trap-Neuter-Release program and aims to collaborate with Johnston County Animal Services and local nonprofits like Best Friends Animal Society to address these issues. Her comprehensive strategy includes expanding shelter capabilities, creating adoption programs, providing spay and neuter services, and promoting responsible pet ownership. Ultimately, Ramsey's mission is to transform the current grim animal welfare landscape into a more compassionate and proactive community approach to animal care. She asked that the Board share her vision for her initiatives.

Mayor Moore asked if we wanted additional information, where would we find such. Ramsey stated the Best Friends animal society's website had this information. The mayor asked that the Town's public information officer share the information to get the word out on social media. He added that this was a great platform, and that he looked forward to working with Ramsey during her reign.

2. 2025 Ham & Yam Festival Tee Shirt & Poster Design Award

Downtown Smithfield Development Coordinator, Heidi Gilmond presented the winners of the Ham & Yam Festival Tee shirt poster and design contest to the Board. Gilmond stated the winning design would appear on the Ham and Yam tee shirt, and on swag for this festival year which would be going on sale very soon. She announced as follows:

- First Place Winner – Addison Backley, who received a prize of $300 and a Ham and Yam tee shirt
- Second Place Winner – Hattie Casper, who received a prize of $200 and a Ham and Yam tee shirt

Gilmond noted that there was also a third-place prize winner who could not be in attendance of the meeting, but that person won $100. The winners took pictures with the mayor, and were given a round of applause. Councilman Travis Scott asked that the winning participant's pictures be displayed in the Town Hall for their efforts.

3. Proclamation: Declaring April 18, 2025 as Electric Lineman Day in the Town of Smithfield

Mayor Andy Moore read a proclamation declaring April 18, 2025 as Electric Lineman Day in the Town of Smithfield. He presented a copy of the proclamation to the Town's electric department staff, and thanked the department for all the work they do. The proclamation was received with applause, and staff captured a photo.

Manager Scott acknowledged the new Electric Superintendent for the department as the new point of contact.

PROCLOMATION
RECOGNIZING APRIL 18, 2025
AS ELECTRICAL LINEMEN APPRECIATION DAY
IN THE TOWN OF SMITHFIELD, NORTH CAROLINA

Whereas, the Town of Smithfield honors the profession of linemen, as this profession is a selfless service, steeped in personal, family and professional tradition; and

Whereas, electrical linemen are often first responders during storms and other catastrophic events, working to repair broken lines to make the scene safe for the citizens of the Town of Smithfield; as well as, other public safety workers; and

Whereas, electrical linemen work on the Town of Smithfield power lines 24 hours a day, 365 days a year, to keep the electricity flowing; and

Whereas, due to the danger of their work with thousands of volts of electricity high atop power lines, these linemen put their lives at risk every day for the citizens of the Town of Smithfield with little recognition from the community regarding the danger of their work; and

Whereas, the U.S. Senate in April of 2013 first recognized the efforts of electrical linemen in keeping the power on and protecting public safety, and has designated by resolution the annual celebration of a National Linemen Appreciation Day.

Now, Therefore, I, M. Andy Moore, Mayor of the Town of Smithfield along with the members of the Town Council, do hereby proclaim April 18, 2025 as

Electrical Linemen Appreciation Day

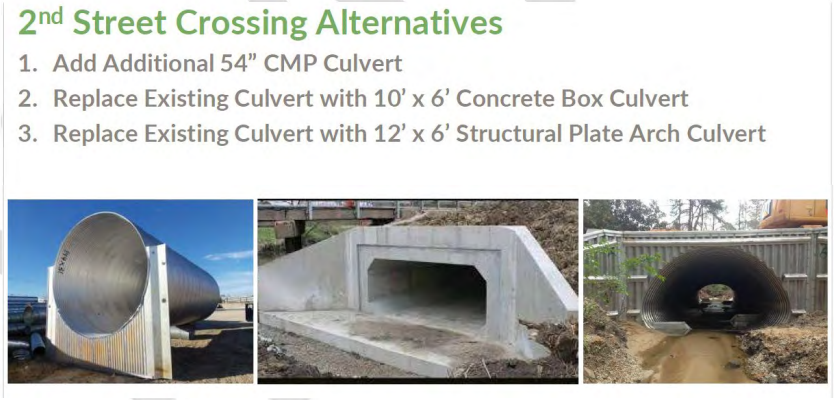
and we call upon the citizens of the Town of Smithfield to recognize and appreciate the hard work, innovation and dedication that these public servants make every day to our health, safety, comfort, and quality of life.

M. Andy Moore, Mayor

4. Second and Fourth Street Stormwater Study Concepts

Planning Director Stephen Wensman addressed the Board, introducing Perry Ross to speak regarding the study.

Perry Ross, Engineer presented a detailed study of the Spring Branch Canal, focusing on stormwater management and flood mitigation for Second and Fourth Street culverts. He explained the drainage area covers about 708 acres, primarily upstream of the railroad, flowing through downtown before reaching the Neuse River. The study analyzed different storm events, from two-year to 100-year storms, using detailed hydraulic modeling. For the Second Street culvert, Ross recommended three potential improvement options: adding a secondary 54-inch pipe, replacing the existing pipe with a concrete box culvert, or using an arch-type metal structure. All options showed significant flood reduction, with water level drops ranging from 5.2 to 5.9 feet during two and ten-year storm events. The Fourth Street culvert presented more complex challenges due to its tight urban location between developed properties. Initial modeling showed that simply enlarging the culvert would not significantly improve flooding. Ross explored several bypass options and property acquisition scenarios, ultimately concluding that meaningful flood mitigation would require acquiring adjacent properties and potentially realigning the channel. The study's key recommendation was to proceed with Second Street improvements first, as they offer the most immediate flood mitigation benefits. For Fourth Street, further action depends on the town's ability to acquire properties and create more space for channel modifications. Ross emphasized that the most effective solutions would require strategic property acquisition and channel redesign.



Ross stated next steps would be preparing construction drawings and engineering plans for the second street improvements, then move on to permitting. He stated there was a potential grant for a funding source for the project. He stated the current allocated budget of 1.4 million will hopefully cover the Second Street improvements, but it would not cover any property acquisition. Ross said there were other funding opportunities for the Town to pursue as the project moved forward.

Planning Director Stephen Wensman incorporated a PowerPoint presentation into the record, giving detail and design options to the Council in written form in the April 1, 2025 agenda packet.

Ross asked the Board if there were any questions.

Councilman Travis Scott asked referring to the slide 23 of the three different culverts for Second Street, the Engineer's choice being the metal culvert-- would not the concrete structure be more long term as it fills up with silt or dirt.

Perry Ross explained that structural plate culvert options have the same structural lifespan as concrete culverts, with both rated between 75 and 100 years. He noted the options include bottomless or full metal invert designs to manage sediment. The cost estimates for concrete box culverts and structural metal culverts were very similar. During the engineering design phase, they would consult contractors and vendors, with potential deciding factors

including material lead times and the town's maintenance preferences. If the town feels more comfortable maintaining concrete box culverts, that would be an acceptable choice. Ultimately, the budgetary costs for both options are nearly identical, providing flexibility in the final selection.

Councilman David Barbour asked whether the flooding in the Spring Branch Canal is primarily caused by water flowing downstream towards the Neuse River, or if it is being caused by water backing up from the Neuse River flooding into the town. Ross replied the flooding occurs in two stages: first, water flows from the upstream drainage area through Spring Branch, which takes about 12 hours after a storm's peak. The Neuse River flooding, which peaks around 40-45 hours after a storm, is substantial but not shown in this model. The study focuses on moving water from upstream to downstream and into the Neuse River before the river peaks, because once the Neuse River peaks, there's little that can be done to mitigate flooding.

Mayor Moore raised concerns about the necessity of the proposed stormwater improvements, questioning whether the town is currently experiencing significant flooding issues. He noted that recent major rain events have not resulted in flooding, potentially due to previous mitigation efforts. The mayor sought clarification on whether the proposed project would be worthwhile if flooding only occurs when the Neuse River backs up, and if nothing can be done once the river peaks. His primary concern was ensuring that the proposed expenditure would provide meaningful flood mitigation for the town.

Ross stated According to the model, flooding occurs independently of the Neuse River, particularly during higher frequency storm events. The study observed flooding that reaches building foundations and, in some cases, rises close to the finished floor elevation near Fourth Street.

Mayor Moore asked when was that data taken. Ross stated it was from their model, based on anecdotal data they received from Planning Director, Stephen Wensman, and from FEMA. He added that it was historical data. Mayor Moore stated if the town has another storm like Hurricane Matthew, none of the three designs will work. Ross agreed.

Councilman David Barbour inquired about potential methods to restrict water from flowing back upstream from the Neuse River. He observed that the current system allows water to move in both downstream and upstream directions during flood events, and sought clarification on whether engineering solutions could prevent or limit this backflow, particularly during significant flooding scenarios. Perry Ross explained that flap gates are a common solution for preventing backflow. These gates can be manually or automatically operated, typically kept open during a storm event to allow water to flush out. After the storm peaks and before the Neuse River rises, the flap gates would be closed to prevent water from flowing back up the canal, as long as the river remains below Second Street. Councilman Barbour asked if there was any data showing what the impact of flap gates would do, negative or positive. Ross stated the purpose of the proposed models was to focus on making sure there was hydraulic capacity through Spring Branch to get those floods out, but it’s easy to add a flap gate to the model to show that it would limit the flood elevation to the top of the road. So, any backwater two, three days after a flood event would be limited to whatever that crust elevation point.

Mayor Moore asked if there were any further questions. Attorney Bob Spence asked if the concrete would have any issues of compaction underneath it. Ross stated they should not because they are structurally load-bearing to put the loads on the sides. He further stated this is where the metal might come into play as far as how much rock is present there. Worst case, you can make the bottom culvert bottomless, and just use the rock as your foundation. He stated they haven't seen issues with either, but that NC D.O.T is actually moving more and more towards the aluminum and structural plate culverts. They are cheaper, lighter and technically more efficient because their arc shape, so you get more flow down low.

Mayor Moore mentioned that there was no action needed for the item tonight, but he thanked the Engineer for the presentation. Mayor Moore said it was great information and something the Town wanted to continue to look at, and when the budget is discussed, this information can be considered for possibilities.

PUBLIC HEARINGS: NONE

CITIZEN’S COMMENTS:

Mayor Moore asked if there was anyone present who wished to speak during Citizen’s Comments.

Sonny Howard of Smithfield, spoke before the Board. He stated his comments were directed at the Utilities Director, Ted Credle and for Town Manager Scott. Howard raised two main concerns. First, he complained about low water pressure on two recent occasions when trying to take a shower, noting that the county informed him about planned water work but the timing was inconvenient. He suggested the town should better communicate such service interruptions to citizens. Second, he criticized the town's phone system as inefficient and complicated. He described the current phone menu as overly complex, with multiple options that make it difficult to reach the desired department. Specifically, he highlighted issues with reaching non-emergency police services and expressed frustration with the multiple menu layers. He concluded by emphasizing that Smithfield is "better than this" and that the current phone system does not reflect well on the town. He noted that employees in the building are also unhappy with the system and urged the council to address these communication challenges.

CONSENT AGENDA:

Mayor Pro Tem Roger Wood made a motion, seconded by Councilman Roger Wood to approve the following items as listed on the Consent Agenda. Unanimously approved.

1. **Approval of Minutes**

February 4, 2025 – Regular Session
February 4, 2025 – Closed Session (Under Separate Cover)
February 18, 2025 – Regular Session
February 18, 2025 – Closed Session (Under Separate Cover)

2. **Special Event – Rolling Laconia:** Bulldog Harley Davidson is requesting to hold an event at 1043 Outlet Center Drive on April 5, 2025 from 11:00 am until 4:00 pm. This request includes the use of amplified sound and a food truck.

(Planning Director – Stephen Wensman)

3. **Special Event – Bike Night:** Bulldog Harley Davidson is requesting to hold an event at 1043 Outlet Center Drive on April 10, 2025 from 5:00 pm until 8:00 pm. This request includes the use of amplified sound and a food truck.

4. **Special Event – Harbor Sexual Assault Walk & Awareness Event:** Harbor is requesting to hold a walk around the courthouse and speaking event on April 16, 2025 from 12:30 pm until 1:30 pm. This request includes the use of amplified sound

5. **Special Event – Hop into Bulldog's:** Bulldog Harley Davidson is requesting to hold an event at 1043 Outlet Center Drive on April 19, 2025 from 11:00 am until 4:00 pm. This request includes the use of amplified sound and a food truck.

6. **Special Event – Spring Carnival:** Inners Shows, Inc. is requesting to hold a carnival at 1025 Outlet Center Drive from April 25, 2025 until May 11, 2025 pm. This request includes the use of amplified sound and the sale of food and merchandise

7. **Special Event – Hawgs and Dawgs:** Bulldog Harley Davidson is requesting to hold an event at 1043 Outlet Center Drive on April 26, 2025 from 11:00 am until 4:00 pm. This request includes the use of amplified sound and a food truck.

8. **Consideration and request for approval to promote a Sanitation Worker to the position of Sanitation Equipment Operator**

9. **Consideration and request for approval to promote a Water Plant Operator I to a Water Plant Operator II**

10. **Consideration and request for approval to promote a Water Plant Operator I to a Water Plant Operator II**

11. **Consideration and request for approval adopt an amendment to the Budget Ordinance**

12. **Consideration and request for approval to adopt Resolution No. 770 (09-2025) establishing Capital Reserve Funds for the Highway 210 Soccer Complex and the Purchase of a New Fire Engine**

13. **Consideration and request for approval to adopt Resolution No. 771 (10-2025) appointing**

Christopher Lopez to the Downtown Smithfield Development Corporation Board of Directors

14. New Hire Report

BUSINESS ITEMS:

1. Consideration of an extension of vested rights to the developer of the Whitley Townes project

Planning Director Stephen Wensman addressed the Board stating the developer of the Whitley Townes project is requesting an extension to the vested rights. He stated Whitley Townes is a townhome development that is proposed for the north side of West Market Street approximately 1,056 feet west of its intersection with Wilson's Mills Road and west of the former Heilig-Meyers store. The Town Council approved a B-3 conditional zoning for the project on October 5, 2021, the preliminary plat on 6/7/22 and staff approved the construction plans on 4/17/23.

Wensman stated that the vested rights expired two years after the approval of the construction plans, and the developer/owner of the Whitley Townes development is requesting an extension to December 31, 2025. The Council can extend them for a period up to 5 years. Since approval, the Town Council approved an ordinance ZA-24-03 that eliminated multi-family as a land use (special use with conditional zoning) in the B-3 zoning district. The intent of the ordinance was to preserve B-3 zoned land for non-residential commercial uses. Wensman further stated that since the approval of the Townhouse development, the owner of the adjacent old Heilig Meiers/K-mart site has submitted plans (currently under review) for the reuse of the existing buildings and the addition of a commercial shopping center in the parking lot in front of the existing buildings. The area is slowly transforming back into an active commercial center. The purpose of the vested right ordinance is to preserve the rights of developers and to recognize the large financial investment that they have made to secure the rights to develop property. The expiration of those rights after 2 years recognizes that a town's priorities, interests and plans can change over time and the expiration allows the town an opportunity to re-evaluate the project based on changes that may have occurred.

Wensman stated that in the case of the Whitley Townes project, the Town Council has made the determination that it did not want to see multi-family development in the B-3 with the adoption of Ordinance ZA-24-03. Additionally, the town has seen tremendous housing growth in West Smithfield, including many townhomes, and the adjacent property is being redeveloped for commercial uses. Retaining the commercial use of the site will strengthen the development of the area into a commercial center. Townhouses may provide a customer base for adjacent commercial. Staff recommend the council consider the changes that have occurred since the approval of the development and decide whether to extend the vested rights as requested by the owner. He asked if there were any questions from the Board.

Councilman Travis Scott inquired about the options available to the developer if the council does not approve the vested rights extension. Planning Director Stephen Wensman explained that without the extension, the developer would either need to start the project before the vested rights expire or the project would be effectively terminated. When Councilman Scott asked about alternative procedures following the B3 zoning change, Wensman confirmed the developer could potentially request rezoning to another district, but this would still require council approval. Councilman Travis Scott also asked about potential financial burdens, such as sewer allocation payments. Ethan Avery, a civil engineer and representative for the developer confirmed that all necessary permits had been obtained, and the sewer application was approved by DEQ. Councilman David Barbour sought clarification about sewer allocation fees, with the implication that these had likely been paid prior to the current zoning changes.

Councilman John Dunn asked for clarity as to the developer's options regarding the zoning at this point. Wensman stated it depends on whether the Council values B3 over residential property zoning. If the Council is interested in residential use on that site, Wensman stated he recommend the Board approve the vested rights, and if they want commercial, the likely decision would be to deny a future request for a rezoning.

Mayor Andy Moore emphasized that things have changed. If the project were to come back for reconsideration, the council would have the opportunity to make adjustments based on recent developments in the area. He noted that the town has recently approved over 100 townhomes less than a quarter mile from this site. The mayor pointed out that if the project returns as a conditional rezoning, the council could potentially modify various aspects, such as the connection to the nearby shopping center, given the changes

in the surrounding area's development. He stressed that he was not speaking against the project, but wanted to ensure the council understood their options. Moore highlighted that the vested rights process exists to allow for reevaluation as both development and town priorities change over time. He suggested that future considerations could include modifications based on the current landscape of the area.

Attorney Bob Spence stated that the Board needs to understand that the failure to extend the vested rights could be contested.

Councilman David Barbour reiterated the council's recent stance against multi-family housing in B3 zoning districts. He recalled that the council has already denied other developers seeking to build multi-family projects in B3 areas since passing the ordinance. Barbour emphasized his long-standing position against residential development in areas designated for retail, arguing that the town needs retail spaces along main corridors and that residential developments should be located in other areas. He supported the vested rights review process, noting it allows the council to reevaluate projects based on current circumstances rather than conditions that existed when the project was originally approved.

Councilman Travis Scott offered a devil's advocate perspective, acknowledging that while the Whitley Towns project was originally approved and he has reservations about similar developments, he cautioned against overemphasizing potential future development of the Heilig Myers and K Mart property. He noted that the council has been promised many things about this property in the past, and historically, none of those promises have actually materialized. Councilman Scott wanted the council to consider this history of unfulfilled promises when evaluating the current vested rights extension request.

Mayor Moore stated that this was a fair point, but noted that they were working on the project now so it is moving forward. He asked if there were any more questions or comments on this issue.

> *Mayor Pro Tem Roger Wood made a motion, seconded by Councilman David Barbour to deny the consideration for extension of vested rights request to the Whitley Townes project. Unanimously approved.*

Councilman Travis Scott asked the Planning Director what options are left to the developer with the Board's denial of this request. Wensman stated the developer has thru the end of their two-year period until April 17th, which leaves 16 days.

2. FY 2025-2026 Budget Discussions

Mayor Andy Moore asked the Board if there was any desire to meet in the upcoming week to hold budget discussions. It was the consensus of the Board to not meet given the Government In-Touch meeting already scheduled for Thursday night. It was discussed that there perhaps be dates discussed after the closed session hearing if the Board so opts.

COUNCILMEMBER COMMENTS:

Councilman Travis Scott congratulated town employees on their recent promotions, as noted in the consent agenda. He thanked them for their hard work, dedication, and efforts in serving the town, expressing appreciation for the contributions of municipal employees.

Councilman David Barbour echoed the concerns raised earlier about the town's phone system. He shared a personal experience of residents having difficulty reaching the non-emergency police number, emphasizing that this is problematic. Barbour agreed that the phone system needs to be fixed, noting that when people can't get through, they end up texting or calling him or the police chief directly. He stressed that this inefficient communication reflects poorly on the town and that Smithfield should have a more functional phone system.

The mayor suggested that Town Manager Mike Scott might be able to provide more information about the phone system issues during his report. He expressed hope that the problems would be resolved soon, indicating that progress has been made, though he was not fully aware of the extent of the issues raised by the citizen earlier in the meeting.

Mayor Andy Moore reminded everyone of the Wine Walk coming up on Friday night.

TOWN MANAGER'S REPORT:

Town Manager Mike Scott reminded everyone about the upcoming government touch meeting on Thursday, April 3, at Fire Station Number Two at 6 PM, encouraging public participation and input on the budget and other community matters. Regarding the phone system, Manager Scott stated that the system is operational and working. He acknowledged the need to review the auto attendant issue raised earlier, noting that the system now includes Parks and Recreation, which is a recent addition. He mentioned that he has been receiving calls and messages since the system became operational and plans to listen to the recording to understand the citizen's concerns about the phone menu's complexity. Manager Scott also briefly mentioned that the Public Works Director is working on obtaining bids for Outlet Center Drive repairs, with a potential construction recommendation to be presented at the April 15 town council meeting.

CLOSED SESSION: Pursuant to N.C. GS 143-318 (a)(6)

Mayor Pro Tem made a motion, seconded by Councilman Steve Rabil, to go into closed session pursuant to N.C. GS 143-318 (a)(6) at approximately 8:19pm.

David Barbour made a motion, seconded by Councilman John Dunn, to reconvene into open session at approximately 8:51pm.

ADJOURN:

David Barbour made a motion, seconded by John Dunn, to adjourn the meeting. The meeting adjourned at approximately 8:58 pm.

_____
M. Andy Moore, Mayor

ATTEST:

_____
Elaine Andrews, Town Clerk

Request for Town Council Action

Consent Agenda Item:	**Grant Budget Ordinance No. GP-03-2025**
Date:	06/17/2025

Subject:	Market Street Path Grant Project Budget Ordinance (BN-0001)
Department:	Finance Department
Presented by:	Finance Director – Andrew Harris
Presentation:	Consent Agenda Item

Issue Statement

Budget Ordinances are required to comply with General Statue 159-13.2 and give authority to Town Management to expend grant funds to execute the W Market St Multi-Use Path Project. The project is to construct a multi-use path from Wilson's Mills Road to Neuse River bridge in West Smithfield.

Financial Impact

$468,880 in match expenditures are funded by Town sources. Remaining funding is through grant appropriations to the Town.

Action Needed

Separate Town Council approval is required for the grant project ordinance required by the grant policies of the US Federal Highway Administration and North Carolina Department of Transportation. Town Council approval is required for the multi-use path from Wilson's Mills Road to the Neuse River Bridge on Highway 70 Business.

Recommendation

Staff recommends town council approve the attached Grant Project Budget Ordinance.

Approved: ☑ Town Manager ☐ Town Attorney

Attachments:

1. Staff Report
2. Ordinance No. GP-03-2025

Staff Report

Consent Agenda Item: **Grant Budget Ordinance No. GP-03-2025**

Grant project budget ordinances are required to be approved by Town Council via NC G.S. 159-32 to give Town management authority to expend grant funds to execute a specified grant project.

The total grant project budget is $2,344,400 for this grant.

Total appropriations of $468,880 are needed, as previously approved by Council, from the General Fund to fund this grant project over its term.

Ordinance # GP-03-2025

Grant Project Ordinance for the Town of Smithfield W Market St Multi-Use Path Grant Project (Project #BN-0001)

BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF SMITHFIELD, NORTH CAROLINA that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following grant project ordinance is hereby adopted:

SECTION 1: This ordinance is to establish a budget for a project to be funded by the US Federal Highway Administration allocated by the IIJA, Infrastructure Investment and Jobs Act. The Town of Smithfield has approved the 20% required match to accept the project. These funds may be used for the following categories of expenditures, to the extent authorized by state law.

1. Construct a multi-use path from Wilson's Mills Road to Neuse River bridge in Smithfield, NC

SECTION 2: The following amounts are appropriated for the project and authorized for expenditures:

Professional Engineering - Design and Environmental	$ 225,000
Right-of-Way Acquisition and Utility Relocation	100,000
Construction	2,019,400
Total appropriations	$ 2,344,400

SECTION 3: The following revenues are anticipated to be available to complete the project:

US Federal Highway Administration - Congestion Mitigation and Air Quality	$ 629,118
US Federal Highway Administration - Carbon Reduction Program	1,246,402
Town of Smithfield - Transfer from General Fund	468,880
Total revenues	$ 2,344,400

SECTION 4: The Town intends to complete the project in accordance with the agreement approved between the Town of Smithfield and NC Department of Transportation dated December 7, 2023.

SECTION 5: The Finance Officer is hereby directed to maintain sufficient specific detailed accounting records to satisfy the requirements of the grantor agency and the grant agreements, including payroll documentation and effort certifications, in accordance with the Town's Uniform Guidance Allowable Costs and Cost Principles Policy. The Town's accounting and fiscal records

shall be maintained during the completion of the project, and these records shall be retained and made available for a period of at least three (3) years following completion of the project.

SECTION 6: The Finance Officer is hereby directed to report the financial status of the project to the governing board on a quarterly basis.

SECTION 7: Copies of this grant project ordinance shall be furnished to the Budget Officer, the Finance Officer and to the Clerk to Town Council.

SECTION 7: This grant project ordinance is effective as of December 7, 2023, and expires when all the US Federal Highway Administration and Town of Smithfield funds have been obligated and expended by the Town, whichever occurs sooner.

_____
M. Andy Moore, Mayor

ATTEST:

_____
Elaine Andrews, Town Clerk

Request for Town Council Action

Consent Agenda Item:	**Budget Amendments**
Date:	06/17/2025

Subject: Budget Amendment
Department: Finance Department
Presented by: Finance Director – Andrew Harris
Presentation: Consent Agenda

Issue Statement

Amendments are often required to balance the budget ordinance. An explanation is provided with the proposed budget amendment. All encumbrances requested has been encumbered with these attached budget amendments. Estimated payables and receivables have been properly amended for appropriations and estimated revenues received after year end. Transfers have been amended to zero out cash and fund balance in each capital project fund.

Financial Impact

All amendments affect each of the departments or funds budget greater than ten (10) percent. These amendments are required due to various unknowns during budget preparation and to prevent statutory budget violations. These unknowns could be related to increase in pricing, incorrect estimates, new transactions, etc.

Action Needed

Board approval is required for the budget ordinance amendment.

Recommendation

Staff recommends board approve the attached Budget Amendment

Approved: ☑ Town Manager ☐ Town Attorney

Attachments:

1. Staff Report
2. Budget Amendment Ordinance for 2024-2025
3. Budget Amendment Attachment A (General Fund)
4. Budget Amendment Attachment B (General Capital Project Fund)
5. Budget Amendment Attachment C (Water and Sewer Fund)
6. Budget Amendment Attachment D (Water and Sewer Capital Project Fund)
7. Budget Amendment Attachment E (Electric Fund)
8. Budget Amendment Attachment F (Electric Capital Project Fund)
9. Budget Amendment Attachment G (Fire District Tax Fund)

Staff Report

Consent Agenda Item: **Budget Amendments**

Budget amendments are often required at year end to balance the budget ordinance due to expenditures not known during the budgeting process. An explanation is provided with the proposed budget amendment. All encumbrances requested by department heads and the manager has been encumbered with these attached budget amendments. Estimated payables and receivables have been properly amended for appropriations and estimated revenues received or paid after year end. Transfers have been amended to attempt to zero out cash and fund balance in each capital project fund to reconcile the general ledger to supporting documentation.

AMENDMENT TO BUDGET ORDINANCE

TOWN OF SMITHFIELD

BE IT ORDAINED by the Town Council of the Town of Smithfield, North Carolina, that the following amendment is made to the budget ordinance for the fiscal year ending June 30, 2025:

Section 1: To amend the General Fund, the appropriations and estimated revenues are to be changed as follows:

See Attachment A

Section 2: To amend the General Capital Project Fund, the appropriations and estimated revenues are to be changed as follows:

See Attachment B

Section 3: To amend the Water and Sewer Fund, the appropriations and estimated revenues are to be changed as follows:

See Attachment C

Section 4: To amend the Water and Sewer Capital Project Fund, the appropriations and estimated revenues are to be changed as follows:

See Attachment D

Section 5: To amend the Electric Fund, the appropriations and estimated revenues are to be changed as follows:

See Attachment E

Section 6: To amend the Electric Capital Project Fund, the appropriations and estimated revenues are to be changed as follows:

See Attachment F

Section 7: To amend the Fire District Tax Fund, the appropriations and estimated revenues are to be changed as follows:

See Attachment G

All encumbrances requested has been encumbered with these attached budget amendments. Estimated payables and receivables have been properly amended for appropriations and estimated revenues received after year end. Transfers have been amended to zero out cash and fund balance in each capital project fund.

Section 3: Copies of the budget amendment shall be furnished to the Clerk of the Town Council, and to the Budget Officer and the Finance Officer for their direction.

Adopted this 17th day of June 2025 by the Smithfield Town Council.

M. Andy Moore, Mayor

ATTEST:

Elaine Andrews, Town Clerk

Attachment A

Acct #	Description	Decrease	Increase
Revenues:			
10-00-3900-3900-0000	Fund Balance Appropriated	-	2,210,450
Expenditures:			
10-10-4100-5700-7400	Capital Outlay	-	8,000
10-10-4900-5300-4502	Condemnation	-	2,800
10-20-5100-5300-3300	Supplies / Operations	-	800
10-20-5300-5300-1700	Equip Maint and Repair	-	1,985
10-20-5300-5300-3100	Vehicle Supplies / Maint	-	4,586
10-20-5300-5300-3300	Supplies / Operations	-	19,973
10-20-5300-5300-3600	Uniforms	-	3,099
10-20-5300-5700-7400	Capital Outlay	-	5,262
10-20-5300-5700-7400	Capital Outlay	-	33,820
10-30-5600-5300-3300	Supplies / Operations	-	849
10-30-5600-5300-7300	Sidewalk and Curb Repair	-	57,020
10-40-5900-5300-3310	Drainage	-	93,500
10-60-5500-5300-3442	Community Garden	-	7,120
10-60-5500-5700-7400	Capital Outlay	-	222,500
10-60-6200-5300-1700	Equip Maint and Repair	-	9,719
10-60-6200-5700-7400	Capital Outlay	-	24,975
10-60-6220-5300-3900	Aquatic Supplies	-	3,500
10-61-4110-5300-5716	PEG Channels	-	10,335
10-76-5600-5970-9100	Transfer to General Capital Projects Fund	-	1,419,308
10-76-5800-5970-9100	Transfer to General Capital Projects Fund	-	281,300

Check:	**Decrease**	**Increase**
Revenues	-	2,210,450
Expenditures	-	2,210,450
Totals	-	-
Check Figure		-

Attachment B

Acct #	Description	Decrease	Increase
Revenues:			
46-60-3300-3307-0008	Grant Spring Branch Resiliency	-	108,275
46-20-3300-5100-0001	Body Camera Grant	-	35,425
46-75-3870-3870-0312	Transfer from General Fund (Garbage Truck)	-	281,300
46-40-3300-3307-0010	Grant - Stormwater Mapping	-	80,200
46-60-3300-3307-0011	Grant - Hastings House	-	16,175
46-60-3300-3307-0020	Grant - JC Visitors Bureau	-	210,000
46-40-3800-3800-0000	State Grant - CSX	-	49,450
46-75-3870-3870-0000	Transfer from General Fund (Street Paving)	-	1,419,308
46-00-3900-3900-0000	Fund Balance Appropriated	-	168,617
Expenditures:			
46-20-5100-5700-7401	Body Cameras	-	35,425
46-30-5600-5700-7410	Street Paving Projects	-	1,700,000
46-60-5500-5700-7401	Spring Branch Resiliency	-	108,275
46-40-5800-5700-7402	Garbage Truck	-	281,300
46-40-5900-5700-7400	CSX Culvert Improvement	-	49,450
46-40-5900-5700-7402	Stormwater Mapping Study	-	80,200
46-60-6200-5700-7402	Smithfield Walking Trail	-	97,925
46-60-6200-5700-7409	Hastings House Repairs	-	16,175

Check:	**Decrease**	**Increase**
Revenues	-	2,368,750
Expenditures	-	2,368,750
Totals	-	-
Check Figure		-

Attachment C

Acct #	Description	Decrease	Increase
Revenues:			
30-00-3900-3900-0000	Fund Balance Appropriated	-	136,636
Expenditures:			
30-76-7200-5970-9101	Transfer to W/S Cap Proj Fund	118,100	-
30-76-7220-5970-9101	Transfer to W/S Cap Proj Fund	500,000	-
30-71-7200-5300-3300	Supplies / Operations	-	254,736
30-71-7220-5300-4500	Sewage Treatment	-	500,000

Check:	**Decrease**	**Increase**
Revenues	-	136,636
Expenditures	618,100	754,736
Totals	(618,100)	(618,100)
Check Figure		-

Attachment D

Acct #	Description	Decrease	Increase
Revenues:			
45-00-3900-3900-0000	Fund Balance Appropriated	-	500,000
45-71-3700-7200-0003	AIA Grant 2 - Water	-	46,100
45-71-3800-3800-0001	Grant - Sewer Outfall Line	-	222,325
45-71-3800-3800-0003	Grant - SL 2023-134 Replace Ag	-	19,000
45-75-3870-3870-0304	Transfer W/S Fund - Lift	222,100	-
45-75-3870-3870-0306	Transfer W/S Fund - AMI	77,900	-
45-75-3870-3870-0313	Transfer W/S Fund - FH Hydrant	200,000	-
Expenditures:			
45-71-7200-5700-7411	East Smithfield Water System	141,000	-
45-71-7200-5700-7412	AIA Water (2)	-	43,825
45-71-7200-5700-7414	South Smfld Water Improv		5,000
45-71-7220-5700-7413	I&I S & W Smithfield	-	195,225
45-71-7220-5700-7419	Lift Station Repair	-	31,100
45-71-7220-5700-7420	AMI	49,325	-
45-71-7220-5700-7424	Water Lines Upgrade	-	13,000
45-71-7220-5700-7427	EDA / Sewer Outfall Pipe Constr	-	65,525
45-71-7220-5700-7430	PS #1 Upgrade	-	63,725
45-71-7220-5700-7432	PS #11 and Outfall	-	60,350

Check:	**Decrease**	**Increase**
Revenues	500,000	787,425
Expenditures	190,325	477,750
Totals	309,675	309,675
Check Figure		-

Attachment E

Acct #	Description	Decrease	Increase
Revenues:			
31-00-3900-3900-0000	Fund Balance Appropriated	-	89,283
Expenditures:			
31-76-7230-5970-9102	Transfer to Electric Capital Project Fund	696,850	
31-72-7230-5300-4800	NCEMPA - Non Demand Electric	-	786,133

Check:	**Decrease**	**Increase**
Revenues	-	89,283
Expenditures	696,850	786,133
Totals	(696,850)	(696,850)
Check Figure		-

Attachment F

Acct #	Description	Decrease	Increase
Revenues:			
47-00-3900-3900-0000	Fund Balance Appropriated	-	851,425
47-75-3870-3870-0000	Transfer from Electric Fund	696,850	-
Expenditures:			
47-72-7230-5700-7407	Voltage Conversion	-	319,625
47-72-7230-5700-7420	AMI	-	134,950
47-72-7230-5700-7412	Delivery Point 1 Improvement	300,000	-

Check:	**Decrease**	**Increase**
Revenues	696,850	851,425
Expenditures	300,000	454,575
Totals	396,850	396,850
Check Figure		-

Attachment F

Acct #	Description	Decrease	Increase
Revenues:			
51-20-3800-3800-0000	Supplemental from County	-	77,000
Expenditures:			
51-76-5300-5500-9100	Contribution General Fund	-	77,000

Check:	**Decrease**	**Increase**
Revenues	-	77,000
Expenditures	-	77,000
Totals	-	-
Check Figure		-

Request for Town Council Action

Consent Agenda: **FY 24-25 Audit Contract**
Date: 06/17/2025

Subject: Approval of the 2024-2025 Annual Financial Statement Audit Contract
Department: Finance Department
Presented by: Finance Director – Andrew Harris
Presentation: Consent Agenda

Issue Statement

Thompson, Price, Scott, Adams & Co., P.A. (TPSA) has presented Fiscal Year 2025 audit contract and engagement letter for approval. An audit is required per NCGS 159-34 Annual Independent Audit, and a completed audited financial statement is due December 31 of each year to the Local Government Commission.

Financial Impact

None

Action Needed

Make motion to approve the contract for the 2024-2025 financial statement audit

Recommendation

Approve the 2024-2025 Financial Statement Audit Contract

Approved: ☑ Town Manager ☐ Town Attorney

Attachments

1. Staff Report
2. 2024 – 2025 Financial Statements Audit Contract

Staff Report

Consent Agenda Item: FY 24-25 Audit Contract

Thompson, Price, Scott, Adams & Co., P.A. (TPSA) has presented Fiscal Year 2025 audit contract and engagement letter for approval. A financial statement audit is required per NCGS 159-34 Annual Independent Audit and is due December 31 of each year. An audit contract is required for the auditor's to commence the audit process and the contract is required to be submitted to the Secretary of the Local Government Commission.

CONTRACT TO AUDIT ACCOUNTS

The

Governing Board
TOWN COUNCIL

of

Primary Government Unit
TOWN OF SMITHFIELD

and

Discretely Presented Component Unit (DPCU) (if applicable)
N/A

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

and

Auditor Name
THOMPSON, PRICE, SCOTT, ADAMS & CO, P.A.
Auditor Address
1626 S MADISON STREET, WHITEVILLE, NC 28472

Hereinafter referred to as Auditor

for

Fiscal Year Ending	Date Audit Will Be Submitted to LGC
06/30/25	12/31/25

Must be within six months of FYE

hereby agree as follows:

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

2. At a minimum, the Auditor shall conduct the audit and render the report in accordance with GAAS. If the Governmental Unit expended $100,000 or more in combined Federal and State financial assistance during the reporting period, the Auditor shall perform the audit in accordance with *Government Auditing Standards* (GAGAS). The Governmental Unit is subject to federal single audit requirements in accordance with Title 2 US Code of Federal Regulations Part 200 *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Subpart F (*Uniform Guidance*) and the State Single Audit Implementation Act. Currently the threshold is $750,000 for a federal single audit and $500,000 for a State Single Audit. This audit and all associated audit documentation may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit requires a federal single audit in accordance with the Uniform Guidance (§200.501) the Auditor and Governmental Unit(s) should discuss, in advance of the execution of this contract, the responsibility for submission of the audit and the accompanying data collection form to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512) to ensure proper submission.

Effective for audits of fiscal years beginning on or after June 30, 2023, the LGC will allow auditors to consider whether a unit qualifies as a State low-risk auditee. Please refer to "Discussion of Single Audits in North Carolina" on the LGC's website for more information.

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

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

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

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

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

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

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

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

8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's records for audit, financial statement preparation, any finance-related investigations, or any other audit- related work in the State of North Carolina. Approval is also required for the Alternative Compliance Examination Engagement for auditing the Coronavirus State and Local Fiscal Recovery Funds expenditures as allowed by US Treasury. Approval is not required on audit contracts and invoices for system improvements and similar services of a non-auditing nature.

9. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit(s) until the invoice has been approved by the Secretary of the LGC. This also includes any progress billings [G.S. 159-34 and 115C-447]. All invoices for audit work shall be submitted in PDF format to the Secretary of the LGC for approval. the invoice marked 'approved' with approval date shall be returned to the Auditor to present to the Governmental Unit(s) for payment. This paragraph is not applicable to contracts for audits of hospitals.

10. In consideration of the satisfactory performance of the provisions of this contract, the Governmental Unit(s) shall pay to the Auditor, upon approval by the Secretary of the LGC if required, the fee, which includes any costs the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (federal and state grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts. This does not include fees for any pre-issuance reviews that may be required by the NC Association of CPAs (NCACPA) Peer Review Committee or NC State Board of CPA Examiners (see Item 13).

11. If the Governmental Unit(s) has/have outstanding revenue bonds, the Auditor shall submit to LGC Staff, either in the notes to the audited financial statements or as a separate report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor shall submit to LGC Staff simultaneously with the Governmental Unit's (Units') audited financial statements any other bond compliance statements or additional reports required by the authorizing bond documents, unless otherwise specified in the bond documents.

12. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, but not be limited to, the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit(s) and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the Governmental Unit(s) or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board upon completion.

13. If the audit firm is required by the NC State Board, the NCACPA Peer Review Committee, or the Secretary of the LGC to have a pre-issuance review of its audit work, there shall be a statement in the engagement letter indicating the pre-issuance review requirement. There also shall be a statement that the Governmental Unit(s) shall not be billed for the pre-issuance review. The pre-issuance review shall be performed prior to the completed audit being submitted to LGC Staff. The pre-issuance review report shall accompany the audit report upon submission to LGC Staff.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

a) the description of each finding, including all material weaknesses and significant deficiencies, as found by the auditor, and any other issues related to the internal controls or fiscal health of the government unit as disclosed in the management letter, the Single Audit or Yellow Book reports, or any other communications from the auditor regarding internal controls as required by current auditing standards set by the Accounting Standards Board or its successor;

b) the status of the prior year audit findings;

c) the values of Financial Performance Indicators based on information presented in the audited financial statements; and

d) notification to the governing body that the governing body shall develop a "Response to the Auditor's Findings, Recommendations, and Fiscal Matters," if required under 20 NCAC 03 .0508.

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

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

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

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

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

FEES FOR AUDIT SERVICES

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

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

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

Name:	***Title and Unit / Company:***	***Email Address:***
ANDREW HARRIS	Finance Director / Town of Smithf	andrew.harris@smithfield-nc.com

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

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

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

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

Primary Government Unit	TOWN OF SMITHFIELD
Audit Fee (financial and compliance if applicable)	$ 29,500
Fee per Major Program (if not included above)	$
Additional Fees Not Included Above (if applicable):	
Financial Statement Preparation (incl. notes and RSI)	$
All Other Non-Attest Services	$ STANDARD HOURLY RATES IF REQUIRED
TOTAL AMOUNT NOT TO EXCEED	$ 29,500

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

SIGNATURE PAGE

AUDIT FIRM

Audit Firm* THOMPSON, PRICE, SCOTT, ADAMS & CO, P.A.	
Authorized Firm Representative (typed or printed)* ALAN W. THOMPSON	Signature*
Date* 04/29/25	Email Address* alanthompson@tpsacpas.com

GOVERNMENTAL UNIT

Governmental Unit* TOWN OF SMITHFIELD	
Date Governing Board Approved Audit Contract* **(Enter date in box to right)**	
Mayor/Chairperson (typed or printed)* M. Andy Moore	Signature* SIGN HERE
Date	Email Address*

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

GOVERNMENTAL UNIT – PRE-AUDIT CERTIFICATE

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

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

Sum Obligated by This Transaction:	$ 29,500
Primary Governmental Unit Finance Officer* (typed or printed) ANDREW HARRIS	Signature* SIGN HERE
Date of Pre-Audit Certificate* 06-05-2025	Email Address* andrew.harris@smithfield-nc.com

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS AND TAX ADVISORS

Thompson, Price, Scott, Adams & Co, P.A.
P.O. Box 398
1626 S Madison Street
Whiteville, NC 28472
Telephone (910) 642-2109
Fax (910) 642-5958

Alan W. Thompson, CPA
R. Bryon Scott, CPA
Gregory S. Adams, CPA

April 29, 2025

Town of Smithfield
350 East Market Street
Smithfield, NC 27577

To Management and Those Charged with Governance:

We are pleased to confirm our understanding of the services we are to provide the Town of Smithfield for the year ended June 30, 2025.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information, including the disclosures, which collectively comprise the basic financial statements, of Town of Smithfield as of and for the year ended June 30, 2025. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Town of Smithfield's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Town of Smithfield's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

1. Management's discussion and analysis.
2. Schedule of the Proportionate Share of the Net Pension Liability and Schedule of Contributions – LGERS
3. Schedule of changes in Total Pension Liability and Schedule of Total Pension Liability as a Percentage of Covered Payroll – Law Enforcement Officers' Special Separation Allowance
4. Schedule of Changes in Total OPEB Liability and Related Ratios

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

1. Schedule of Expenditures of Federal and State Awards.

2. Combining and Individual Fund Financial Statements, Budgetary Schedules, and Other Schedules

Our responsibility for other information included in documents containing the entity's audited financial statements and auditors' report does not extend beyond the financial information identified in the report. We have no responsibility for determining whether such other information contained in these documents is properly stated.

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 issue an auditors' report that includes our opinions about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP, and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually, or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements. The objective also includes reporting on-

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

- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Auditors' Responsibilities for the Audit of the Financial Statements and Single Audit

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards,* we exercise professional judgment and maintain professional skepticism throughout the audit.

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

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards.* In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

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

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and may include tests of the physical existence of inventories (if material), and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

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

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

Audit Procedures-Internal Controls

We will obtain an understanding of the entity and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Test of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards.*

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards,* and the Uniform Guidance.

Audit Procedures-Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Town of Smithfield's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards.*

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of Town of Smithfield's major programs. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on Town of Smithfield's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Other Services

We will also assist in compiling the financial statements, schedule of expenditures of federal and State awards, and related notes of Town of Smithfield in conformity with U.S. generally accepted accounting principles and the Uniform Guidance based on information provided by you. We may also assist in preparing year end cash to accrual and GASB related entries. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards.* We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of expenditures of federal and State awards, related notes, and other services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities relating to the financial statements, schedules of expenditures of federal and State awards, related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal and State awards, and related notes and that you have reviewed and approved the financial statements, the schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, (Andrew Harris), who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Responsibilities of Management for the Financial Statements and Single Audit

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal and State awards, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal and State awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes), rules, and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

You are also responsible for making drafts of the schedule of expenditures of federal awards, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements; schedule of expenditures of federal

and State awards; federal or State award programs; compliance with laws, regulations, contracts, and grant agreements; and related matters.

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

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. You are also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review by June 1, 2025.

You are responsible for identifying all federal and State awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal and State awards (including notes and noncash assistance received, and COVID-19-related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal and State awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal and State awards. You also agree to make the audited financial statements readily available to intended users of schedules of expenditures of federal and State awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal and State awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal and State awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal and State awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles (GAAP). You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information. With regard to publishing the financial statements on your website, you understand that websites are a means of distributing information and, therefore, we are not required to read the information

contained in those sites or to consider the consistency of other information on the website with the original document.

Engagement Administration, Fees, and Other

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing. We will schedule the engagement based in part on deadlines, working conditions, and the availability of your key personnel. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If for whatever reason your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors' report or nine months after the end of the audit period.

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

The audit documentation for this engagement is the property of Thompson, Price, Scott, Adams & Co., P.A. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request in a timely manner to Oversight Agencies (or its designee), a federal agency provided direct or indirect funding, or the U.S. Government Accounting Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Thompson, Price, Scott, Adams & Co., P.A. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parities may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the federal cognizant agency. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party contesting the audit finding for guidance prior to destroying the audit documentation.

Alan Thompson is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. We expect to begin our audit by approximately June 1, 2025, and to issue our reports no later than December 31, 2025. Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will he governed by a new, specific engagement letter for that service.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, should not exceed $29,500. Also, any excessive additional fees incurred in obtaining required audit evidence (i.e. bank confirmations) will be billed directly to the Board. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm

policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit.

Reporting

We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Town Council and management of Town of Smithfield. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditors' report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement. If circumstances occur related to the condition of your records, the availability of sufficient appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will state that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

We appreciate the opportunity to be of service to the Town of Smithfield and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Alan W. Thompson, CPA
Thompson, Price, Scott, Adams & Co., P.A.

RESPONSE:

This letter correctly sets forth the understanding of the Town of Smithfield.

Management signature: _____ SIGN HERE

Title: _____

Date: _____

Governance signature: _____ SIGN HERE

Title: _____

Date: _____

CC: Town Council