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Proposal: Feasibility Study for the Use of the Restored Hertford State Theatre

Submitted to: Town of Hertford

Submitted by: David Newsome, Managing Director, Tapestry, LLC

Date: February 26, 2026

I. Executive Summary

The Town of Hertford has made a meaningful investment in the future of downtown through the acquisition and rehabilitation of the historic Hertford State Theatre. Originally constructed in 1937 and largely inactive since the mid-1960s, the Theatre represents both a preserved community asset and a potential regional economic catalyst. With grant funding secured through the North Carolina Department of Commerce's Rural Downtown Economic Development program and local resources committed, the next critical step is determining how the restored facility can operate sustainably and serve the community long term.

Tapestry, LLC proposes to lead a structured 14-week process that will weave together market research, community/stakeholder engagement, and financial and operating scenario modeling to produce a decision-ready analysis that municipal leaders and other community members and stakeholders can use to make informed, intentional decisions about the future of the Theatre, its uses, and its governance.

Tapestry intends to serve as a strategic partner to Town leadership - ensuring the final recommendations are practical, financially grounded, and aligned with Hertford's broader economic development goals. David Newsome, Tapestry's Managing Director will serve as Project Lead and retain full responsibility for methodology, analysis, and final recommendations.

II. Project Understanding

Historic theaters in rural communities can anchor downtown revitalization and strengthen civic identity. However, they require clear vision, realistic revenue and attendance assumptions, and disciplined operating models to remain viable. The objective of this project is to equip Town leadership with defensible, decision-ready recommendations grounded in data, operational discipline, and practical municipal realities.

This feasibility study will produce:

- Identification of potential uses for the Theatre including estimated, realistic market demand
- Multi-year financial projections for plausible operating models including potential future funding streams
- 2-3 future scenarios, including risk assessments and sustainability thresholds, to guide decision making
- Actionable implementation guidance for the first 12–24 months

III. Scope of Work

The study will be completed within 14 weeks of contract execution and organized into four components.

Component 1: Research & Market Analysis (Weeks 1–4)

Purpose	Assess objective market conditions, competitive context, and structural constraints to ground future use scenarios in data.
Objectives	<ul style="list-style-type: none"> • Assess realistic demand for programming and events • Evaluate regional competition within driving radius • Identify demographic, tourism, and economic factors influencing potential Theatre uses • Establish baseline opportunity and constraint framework
Methodology	<ul style="list-style-type: none"> • Review Town, grant, and rehabilitation documentation • Analyze demographic and visitation data • Review of preexisting resources about the Theatre, Hertford, and the surrounding region • Conduct competitive scan of comparable venues • Compile case studies of 5-8 similar projects involving historic buildings in rural downtowns that highlight both success stories and examples of failed projects • Identify stakeholder groups (e.g., residents, tourists, business owners, artists) and decision makers (e.g., town leaders, funders, Theatre directors) • Conduct 10–15 structured stakeholder interviews (Virtual) • Conduct a Strengths, Weaknesses, Opportunities, Threats (“SWOT”) analysis
Inputs & Data Sources	<ul style="list-style-type: none"> • Municipal and grant documentation • U.S. Census and regional demographic data • Tourism and visitation data • Publicly available economic development plans and market studies • Comparable theater public financial and operating information • Stakeholder interviews
Deliverables	<ul style="list-style-type: none"> • Market & Context Briefing Memo • Interview summary • Preliminary analysis • Preliminary options (4-5 potential operating directions) for the Hertford Theatre to serve as conversation starters in the following weeks

Component 2: Stakeholder & Community Engagement (Weeks 5–7)

Purpose	Surface community expectations, clarify acceptable tradeoffs given market realities.
Objectives	<ul style="list-style-type: none"> • Surface community priorities and concerns • Identify “must-have” elements and constraints • Test initial market findings • Build shared understanding of financial and operational implications

Methodology	<ul style="list-style-type: none"> • Prepare for and facilitate a small group discussion among decision makers to review outcomes from the Exploration phase (e.g., case studies, stakeholder insights, SWOT analysis) and set informed parameters for future discussions (e.g., What are “must haves” for the Theatre? What is “out of bounds?”) <ul style="list-style-type: none"> • Note: It will be important to be clear on what can be adjusted based on community input and what are “fixed” parameters to ensure community engagement is authentic and expectations are correctly set • Prepare for and conduct a structured community charrette (in person recommended) to discuss community expectations, concerns, and hopes, through discussion of potential options for the Theatre • Deploy a short online survey to broaden participation • Refine SWOT analysis
Inputs & Data Sources	<ul style="list-style-type: none"> • Findings from Component 1 • Facilitated discussion outputs • Public feedback documentation • Survey responses
Deliverables	<ul style="list-style-type: none"> • Community Engagement Summary Memo • Refined SWOT incorporating public input • Updated options for the Hertford Theatre with clear pros and cons based on community input

Component 3: Feasibility & Financial Modeling (Weeks 8–11)

Purpose	Translate attractive potential uses into financially testable operating scenarios and assess long-term sustainability.
Objectives	<ul style="list-style-type: none"> • Develop initial financial estimates for the most attractive potential uses of the Theatre • Identify sustainability thresholds and risk exposure • Evaluate the comparative viability of alternative operating scenarios
Methodology	<ul style="list-style-type: none"> • Develop 3–4 realistic operating scenarios • Build 3–5 year pro forma projections • Conduct sensitivity analysis for each scenario • Conduct structured risk assessment identifying “what must be true” for each scenario to work
Inputs & Data Sources	<ul style="list-style-type: none"> • Comparable benchmarks from other theaters and similar venues • Local pricing and cost assumptions • Community demand indicators • Operational cost estimates
Deliverables	<ul style="list-style-type: none"> • Draft Feasibility & Financial Analysis • Multi-year scenario pro formas • Risk assessment summary

Component 4: Alignment & Decision Framework (Weeks 12–14)

Purpose	Synthesize findings into clear, actionable recommendations for municipal leadership.
Objectives	<ul style="list-style-type: none"> • Present “decision-ready” scenarios for the Hertford Theatre • Provide defined go/no-go criteria • Outline implementation steps
Methodology	<ul style="list-style-type: none"> • Develop a draft final report that documents the most promising future uses for the Theatre including a description of those uses, the market context for those uses (including both the positive tailwinds and challenging headwinds for those uses), select case studies of similar projects, and an assessment of how these uses align with stakeholder priorities. • Prepare for and facilitate a final small group discussion with stakeholders to present the draft final report, resolve outstanding questions where possible, and align on next steps. • Refine recommendations • Prepare final feasibility study and executive summary
Inputs & Data Sources	<ul style="list-style-type: none"> • Financial modeling outputs • Community engagement findings • Leadership input
Deliverables	<ul style="list-style-type: none"> • Final Comprehensive Feasibility Study (PDF)

IV. Project Leadership & Strategic Partnership

Project Lead: David Newsome, Managing Director, Tapestry, LLC

David Newsome will serve as the designated Project Lead and strategic partner to the Town. He will define the analytical framework and decision criteria; lead stakeholder interviews and community engagement; design and oversee financial modeling; interpret findings; author the final report; and present recommendations to Town leadership and stakeholders.

If research support staff are engaged, their role will be limited to data collection and drafting assistance under direct supervision. Full analytical responsibility will remain with the Project Lead.

David Newsome, Founder and Managing Director of Tapestry, LLC, brings over 15 years of experience designing, managing, and delivering strategies that drive innovation, foster economic growth, and advance the common good.

An alumnus of the University of Virginia, David began his career at McKinsey & Company, honing his skills in strategic planning, analysis, and executive communication. Drawn to public and community impact, he earned a joint Master in City Planning and MBA from MIT.

Since then, David has worked with foundations, governments, nonprofits, corporations, and social enterprises to help organizations clarify vision, align leadership, and execute with rigor — all in service of building stronger, more vibrant communities.



David founded Tapestry in 2020 to support community development organizations navigating the challenges of the COVID-19 pandemic. The firm reflects his belief that thriving communities are “woven together” through strategic vision, operational excellence, financial strength, human-centered design, and creativity. Since its founding, Tapestry has partnered with clients at local, state, and national levels to launch initiatives, foster cross-sector collaboration, and advance economic development and workforce priorities. Selected Relevant Projects:

- **Feasibility Assessment and Remote Worker Attraction Strategy for the Virginia Economic Development Partnership:** Assessed long-term remote work trends post-COVID, presenting recommendations (e.g., targeted marketing and broadband expansion) to help Virginia attract and retain remote workers.
- **Strategic Plan for the Southern Virginia Higher Education Center (SVHEC) (ongoing):** Developing a refreshed strategic plan for the SVHEC to address community needs and promote economic opportunity in South Boston, VA and the surrounding rural counties.
- **Program Development and Workforce Ecosystem Planning for North Carolina Textile, Innovation, and Sustainability Engine:** Convened community colleges, employers, and workforce leaders to align on workforce challenges, define practical strategies, and advance both grant applications and local implementation plans.
- **Design and Leadership of the Community Investment Guarantee Pool:** Provided interim leadership for a \$33M pooled capital facility that supports affordable housing, climate, and small business investments, ensuring continuity of operations, strategy, and investor relations.
- **Strategic Plan for the Parkinson’s Foundation:** Led a four-year strategic planning process to align senior leaders on objectives, workforce development priorities, and goals - supporting mission delivery and long-term organizational impact.
- **Leadership Alignment for the University of North Texas:** Led a leadership assessment under a new university president, identifying opportunities for vision alignment, process improvement, and strategic investment to position UNT as a local and global leader in talent development, research, and commercialization.

Education

- MBA, Sloan School of Management, Massachusetts Institute of Technology
- Master in City Planning, Massachusetts Institute of Technology
- BA, Linguistics, University of Virginia

V. Timeline Summary (14 Weeks Total)

Weeks	Component	Primary Focus
1–4	Research & Market Analysis	Establish demand, competition, and baseline conditions
5–7	Stakeholder & Community Engagement	Clarify priorities and tradeoffs
8–11	Feasibility & Financial Modeling	Test operating models and sustainability
12–14	Alignment & Decision Framework	Finalize recommendations and implementation plan

Completion will occur within 14 weeks of contract execution, consistent with the Town’s stated project timeline.

VI. Investment

The Town may select between two engagement options depending on the desired level of research, engagement, and analysis.

Option A: Comprehensive Feasibility Study (Recommended) — Fixed

Professional Fee: \$28,500

This option provides extensive engagement and multi-year sustainability testing.

Includes:

- 10–15 stakeholder interviews
- One in-person community charrette
- Design, deployment, and analysis of a community survey
- Development of 3–4 operating scenarios
- 3–5 year pro forma financial projections for each scenario
- Sensitivity analysis
- Risk assessment
- Final comprehensive feasibility report
- 12–24 month implementation roadmap
- Presentation to Town leadership

This option is recommended if the Town intends to rely on the study for long-term operating decisions, governance structuring, and future funding applications.

Option B: Core Feasibility Study — Fixed Professional Fee: \$19,500

This option provides a streamlined assessment focused on validating primary operating direction.

Includes:

- 5-8 stakeholder interviews
- One in-person community charrette
- Development of 2 primary operating scenarios
- High-level financial projections for each scenario
- Risk assessment
- Final feasibility report
- High-level next steps
- Presentation to Town leadership

This option is appropriate if the Town seeks directional clarity and a shorter-term assessment, with the understanding that detailed multi-year modeling and more extensive planning for next steps could be undertaken at a later phase if desired.

Travel and incidental expenses

This fee includes all costs associated with traveling to Hertford and leading one in-person community charrette.

Additional travel costs, if required, may be billed at cost or incorporated into an amendment at the Town's discretion.

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The	Governing Board Town Council
	Primary Government Unit Town of Hertford
of	
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 RH CPAs, PLLC
	Auditor Address 629 Green Valley Rd, Suite 201, Greensboro, NC 27408

Hereinafter referred to as Auditor

for	Fiscal Year Ending 06/30/26	Date Audit Will Be Submitted to LGC 12/31/26
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Must be within six months of FYE

hereby agree as follows:

1. The Auditor shall audit all statements and disclosures required by "U.S. Auditing Standards – AICPA (Clarified)," referred to as generally accepted auditing standards (GAAS) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit(s). The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion shall be rendered in relation to (as applicable) the governmental activities, the business-type activities, the aggregate DPCUs, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types). Budgetary comparison information shall be prepared in accordance with applicable GASB standards. Budget-to-actual comparisons at the level of the legally adopted budget ordinance shall be presented as required supplementary information and shall not be included in the basic financial statements. Any other budgetary comparison information shall be presented only as supplementary information for funds required to be budgeted under NCGS Chapter 159, Article 3.

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 *Generally Accepted 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 \$1,000,000 for federal and state single audits, or such other threshold as applicable for the fiscal year under 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 staff 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 (form SF-FAC) to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512) to ensure proper submission.

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 or subsequent revisions, as applicable) issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he or 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 to 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 the Auditor's receipt of an updated peer review report. If the audit firm receives 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. At the time of the execution of this contract, if the parties know that the anticipated submission date of the audit exceeds six months after fiscal year end, a written explanation shall be provided to the Secretary of the LGC on this contract form (see the space provided on Page 7). 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 they 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 the Auditor's findings, together with his or her recommendations for improvement. That written report shall include all matters determined to be "significant deficiencies and material weaknesses" in accordance with AU-C §265 "Communicating Internal Control Related Matters Identified in an Audit" of GAAS. 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, "Auditor's Communication With Those Charged With Governance," commonly referred to as a "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 paragraphs 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 for which the Auditor consulted outside the engagement team and, in the Auditor's judgment, are significant and relevant to those charged with governance, and other findings or issues that the Auditor believes are significant and relevant. If matters identified during the audit were required to be reported as described in AU-C §260 paragraphs 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 Single Audit Act and the State Single Audit Act. This does not include fees for any pre-issuance reviews that may be required by the North Carolina Association of Certified Public Accountants (NCACPA) Peer Review Committee or North Carolina State Board of CPA Examiners (see Paragraph 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 Secretary of the Local Government Commission to obtain a pre-issuance review or take corrective action as a result of peer review findings or quality control deficiencies, such corrective action shall be consistent with the authority and requirements of the North Carolina State Board of Certified Public Accountant Examiners, the AICPA Peer Review Program, and established Local Government Commission practice, including the use of report addenda or other remedial measures, as appropriate.

14. In accordance with G.S. 159-34, the Finance Officer of the Unit is responsible for filing the audited financial statements with the Secretary of the Local Government Commission.

The Auditor may upload the audit report and related documents through the LGC's electronic submission system; however, submission shall not be deemed complete until the Finance Officer has reviewed and certified the submission.

The Auditor, Finance Officer, other Unit staff member designated by the Finance Officer, or a third party approved by the Unit may enter all Data Input Report information except the information on the "transmittal doc info" tab. The "transmittal doc info" tab must be completed by the Auditor.

The Finance Officer shall review, approve, and certify the accuracy and completeness of the Data Input Report (DIR) in the LGC's LOGOS system prior to LGC review, regardless of whether the DIR is prepared by the Auditor or the Unit.

Finance Officer certification is required for any corrected or revised submissions.

Finance Officer certification of the DIR shall be completed in a timely manner following notification that the DIR is ready for review and within time frames prescribed by the LGC. Failure to complete certification in a timely manner may result in the audit being considered late due to unit action rather than auditor performance.

The Auditor shall conduct the audit in accordance with generally accepted auditing standards and shall ensure that the financial statements are prepared in accordance with generally accepted accounting principles as of the fiscal year end. Budget-to-actual comparisons at the level of the legally adopted budget ordinance shall be presented in required supplementary information, separate from the basic financial statements, and shall not be included in the audit opinion. The Auditor shall confirm that such information reconciles to the financial statements and is consistent with applicable accounting guidance and any LGC reporting requirements.

The Finance Officer shall certify in a timely manner that all data inputted in LOGOS used for preparation of the financial statements and required supplementary information is complete and accurate.

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 preaudited if the change includes a change in audit fee (preaudit 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 Paragraph 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, preaudited (preaudit 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. The Auditor shall comply with the requirements of NCGS Chapter 64 Article 2. Further, if the Auditor utilizes any subcontractor(s), Auditor shall require such subcontractor(s) to comply with the requirements of NCGS Chapter 64, Article 2.
27. 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 or 2024 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, the Auditor must document and include in the audit workpapers how the Auditor 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 Board 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 of the LGC. The Auditor's presentation to the Governing Board 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;
 - 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 Board that the Governing Board shall develop a "Response to the Auditor's Findings, Recommendations, and Fiscal Matters," if required under Rule 20 NCAC 03 .0508.

29. Information based on the audited financial statements shall be submitted to the Secretary of the LGC through the LGC's LOGOS system, including completion of the Data Input Report (DIR). Submission is not complete and shall not be accepted by the LGC until the Finance Officer has reviewed and certified the DIR in accordance with Paragraph 14 of this contract.
30. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted (See Paragraph 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. **Applicable to audits with fiscal year ends of June 30, 2025, and later.** The Unit authorizes the LGC to grant access to the LGC's LOGOS system, including the Data Input Report (DIR), to employees of the contracted audit firm who are associated with and acting on behalf of the firm for purposes of performing audit and reporting services under this contract. Such access shall be limited to the scope necessary to perform contracted services and shall not relieve the Auditor or the Unit of their respective responsibilities under this contract.
34. Changes or edits to the text of this contract form are not permitted, except for the Secretary's authority to revise or update this contract form pursuant to LGC Rule 20 NCAC 03. 0502.

For contracts with an anticipated audit submission date exceeding six months after fiscal year end, please use this space to explain the reason for the late submission, as required by Paragraph 6 of this contract form:

FEEES FOR AUDIT SERVICES

1. For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct (as applicable) and *Government Auditing Standards, 2018 Revision*. Refer to Paragraph 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: The individual at the 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:
Ashley Eure	Finance Director/ Town of Hertford	aeure@townofhertfordnc.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 Paragraphs 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 firm 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 Rule 20 NCAC .0503 shall be submitted to the Secretary of the LGC 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 Hertford
Audit Fee (financial and compliance if applicable)	\$ 45,020
Fee per Major Program (if not included above)	\$ 4,000 per major program (Up to 3 major programs anticipated)
Additional Fees Not Included Above (if applicable):	
Financial Statement Preparation (incl. notes and RSI)	\$ 5,280
All Other Non-Attest Services	\$
TOTAL AMOUNT NOT TO EXCEED	\$ 62,300

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* RH CPAs, PLLC	
Authorized Firm Representative (typed or printed)* Diana Hardy	Signature* <i>Diana Hardy</i>
Date* 03/13/26	Email Address* dhardy@rh-accountitng.com

GOVERNMENTAL UNIT

Governmental Unit* Town of Hertford	
Date Governing Board Approved Audit Contract* (Enter date in box to right)	
Mayor/Chairperson (typed or printed)*	Signature*
Date	Email Address*

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

GOVERNMENTAL UNIT – PREAUDIT CERTIFICATE

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

This instrument has been preaudited 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:	\$ 62,300
Primary Governmental Unit Finance Officer* (typed or printed) Ashley Eure	Signature*
Date of Preaudit Certificate*	Email Address* aeure@townofhertfordnc.com

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

DISCRETELY PRESENTED COMPONENT UNIT

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

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

DPCU – PREAUDIT CERTIFICATE

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

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

Sum Obligated by this Transaction:	\$
DPCU Finance Officer (typed or printed)* N/A	Signature*
Date of Preaudit Certificate*	Email Address*

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

PRINT

8b

NORTH CAROLINA
PERQUIMANS COUNTY

This instrument has been preaudited in the manner required by the Local Government Budgets and Fiscal Control Act.

Town of Hertford, Finance Officer

CONTRACT FOR LEGAL SERVICES

This Agreement for the employment of Town Attorney is entered into the _____ day of _____, 2026, by and between Town of Hertford, North Carolina, a body corporate and politic existing pursuant to the laws of the State of North Carolina (the "Town"), and Hornthal, Riley, Ellis & Maland, L.L.P. (the "Law Firm") and is effective as of the 1st day of July, 2026.

RECITALS

1. The Town is in need of the legal assistance of a law firm to fill the position of Town Attorney.
2. The Law Firm desires to be engaged to represent the Town in the capacity of Town Attorney.
3. The parties desire to memorialize their agreement as hereinafter set forth.

NOW, THEREFORE, for and in consideration of the mutual covenants expressed herein it is agreed as follows:

1. Term of Engagement: It is the agreement and understanding of the parties, that the position of Town Attorney is an appointed position and may be terminated at will by the Town provided, however, Law Firm shall not cease employment in such manner as to prejudice any legal positions, whether by litigation or otherwise, the Town may be maintaining through the Law Firm. In this regard, the Law Firm shall not withdraw from any litigation, negotiations, drafting or the like without the specified permission of Town, if to do so would prejudice Town's position.

2. **Services:** Law Firm shall provide to Town such legal services as Town requires and requests.

3. **Independent Contractor Status:** Law Firm offers its services as an independent contractor and Town has no liability for payment of any benefits that would normally accrue to its employees by virtue of their employment with the Town.

4. **Reimbursement and Billing:** Law Firm shall invoice and shall be reimbursed as follows:

a. \$1,300.00 per month as a non-refundable retainer for: (i) attendance at one (1) Town Council meeting per calendar month; (ii) short telephone calls that do not last more than fifteen (15) minutes and do not require any research or analysis; and (iii) review and response to emails taking less than fifteen (15) minutes to respond to and not requiring any research or analysis. This retainer shall be paid whether or not a meeting occurs that month or whether any calls or emails require response that month. This amount will not increase during the term of this Agreement.

b. The hourly rate for all legal services performed by any attorney of the Law Firm on behalf of the Town shall be \$250.00 per hour. All files, all services performed by any paralegal or law clerk of the Law Firm shall be billed at \$180.00 per hour. These rates will not increase until July 1, 2027 and then will increase by \$10.00 hour.

Law Firm shall submit monthly invoices to the Town indicating all work performed and expenses incurred. Town shall pay Law Firm for the invoiced work and expenses incurred. All statements are due upon receipt. All amounts not paid within thirty days of the billing date are subject to late charges on the outstanding balance at the rate of 1-1/2% per month. All payments received from the Town will be applied first to any late charge due.

c. Billable time will be charged in tenths of hours and will be rounded up to the nearest one-tenth of an hour. All expenses the Law Firm incurs or advances in connection with providing legal services will be invoiced at the Law Firm's customary rates. All variable expenses will be billed according to the actual amount of the expense. Examples of variable expenses are recording fees, filing fees, court costs and deposition expenses.

d. Travel expenses and associated time incurred for travel shall be invoiced at customary travel expense rates of the Law Firm and the hourly rates stated herein.

5. Expectations: Law Firm recognizes the need of Town for accessibility and prompt service. To this end, it shall be the obligation of Law Firm to diligently return phone calls, be available upon request, and otherwise meet reasonable deadlines imposed by the Town. John D. Leidy and Brock Mitchell, partners of the firm, shall be primarily responsible for providing the requisite services to the Town. However, Town understands it is hiring the Law Firm as opposed to an individual attorney. In the event of Mr. Leidy's and Mr. Mitchell's unavailability, the Town may seek advice from other attorneys within the Law Firm who will provide the services under this Agreement.

6. Organization and Access to Services: Law Firm represents the Town by and through its Town Council and not the Town's individual Town Council members, administration, staff, employees, contractors or other agents. However, unless requested or instructed to do so by the Town Council, the Law Firm shall be assigned legal tasks by the Town Manager and shall report to the Town Manager as to the progress and status of legal matters. In the event Law Firm recognizes a legal matter it deems in need of attention, the same may be reported to the Town Manager for permission to proceed. Except in emergency situations, Law Firm shall not initiate any legal action, or maintain any position on behalf of the Town, without the permission of the Town Council or pursuant to the instruction of the Town Manager.

7. Non-exclusive Obligation: It is agreed and understood that Law Firm is a private law firm with a substantial and varied practice. Nothing herein shall be construed as to prohibit the Law Firm from continuing to serve its other clients and promote its practice outside representation of Town.

8. Conflict of Interest: During its representation, Law Firm shall not undertake any new representation in conflict with the Town. In the event a conflict of interest is discovered, the same shall immediately be reported by Law Firm to the Town Manager. On behalf of the Town,

the Town Manager may approve or consent to representation which raises a potential for conflict, if such consent is allowed under the North Carolina State Bar's ethics rules. If the conflict is ethically irreconcilable, the Law Firm shall not represent either the Town or its other client in a controversy arising between them or in any way that is barred by the North Carolina State Bar's ethics rules.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

ATTEST:

TOWN OF HERTFORD

Town Clerk

By: _____
Doris Walton, Town Manager

(SEAL)

HORNTHAL, RILEY, ELLIS & MALAND, L.L.P.

By: _____
John D. Leidy, Partner

8c

ASHLEY HODGES
MAYOR

DORIS WALTON
TOWN MANAGER

GINA M. DURANTE
TOWN CLERK

JOHN LEIDY
TOWN ATTORNEY



COMMISSIONERS:

CONNIE BROTHERS
MAYOR PRO TEM

KEITH ROUSE

SARA WINSLOW

EVAN COPELAND

Text Amendment

Proposal:

To add Multi-Family Dwellings as a permitted use in the R-A Zone.

Definition R-A:

Zone R-A (Residential Agricultural) is defined as follows: The purpose of this district is to create an area in which residential and agricultural uses can be compatibility mixed where water and sewer are not available or where development of low density is desired. Single family residences and agricultural uses are allowed with a minimum lot area of 20,000 square feet.

Rationale:

Not to approve the request to add Multi-Family Dwellings in R-A.

The Residential Agricultural (RA) District is intended to accommodate low-density, single-family residential development while preserving the rural agricultural character of the area. The district is designed to support larger lot sizes, lower traffic volumes, and development patterns that are compatible with agricultural uses and open spaces.

Allowing multi-family residential development within the RA district would be inconsistent with the stated purpose of the district. Multi-family uses typically result in higher residential density, increased traffic creation and greater demand on public services and infrastructure which are not aligned with low-density development standards in this area (septic, county water, possibly well).

The RA district also serves as a transitional area between higher-density residential zones and active agricultural or underdeveloped lands. Allowing a multifamily development would disrupt this transition and could create land-use conflicts with adjacent properties.

Multifamily residential development is more appropriately located in zoning districts specifically intended for higher-density housing, where roadway capacity, utility infrastructure, and community services are designed to accommodate increased volume.

Restricting multi-family use in RA district promotes consistency with the current zoning ordinance, supports orderly and predictable growth.

8d

Town of Hertford
BUDGET ORDINANCE AMENDMENT
Amendment #FY26-17
03-23-26
FY 2025-2026

BE IT ORDAINED by the Governing Board of the Town of Hertford, North Carolina, that the following amendment be made to the annual budget ordinance for the fiscal year ending June30,2026:

PURPOSE OF REQUEST:

Request the Council Approval for Budget Amendment #FY26-17 for Fiscal Year 2025-2026

FISCAL IMPACT:

Budget Amendment required.

TOWN_MANAGER’S OPINION: Recommend approval of the Budget Amendment.

FINANCE OFFICER’S OPINION: Recommend approval of the Budget Amendment.

Section 1. To Amend:

General Revenue/General Fund:

<u>Account No.</u>	<u>Decrease</u>	<u>Increase</u>
Administration Building Main. 10-5210-522		\$31,300.00
Appropriation from fund balance 10-4999		\$31,300.00

Explanations:

To replace both units in the Administration building and one unit in the DMV building.

ADOPTED THIS, THE 23RD DAY OF MARCH 2026

R. Ashley Hodges, Mayor

ATTEST:

SEAL

Gina M Durante, Town Clerk

Town of Hertford
BUDGET ORDINANCE AMENDMENT
Amendment #FY26-18
03-23-26
FY 2025-2026

BE IT ORDAINED by the Governing Board of the Town of Hertford, North Carolina, that the following amendment be made to the annual budget ordinance for the fiscal year ending June30,2026:

PURPOSE OF REQUEST:

Request the Council Approval for Budget Amendment #FY26-18 for Fiscal Year 2025-2026

FISCAL IMPACT:

Budget Amendment required.

TOWN_MANAGER'S OPINION: Recommend approval of the Budget Amendment.

FINANCE OFFICER'S OPINION: Recommend approval of the Budget Amendment.

Section 1. To Amend:

General Revenue/General Fund:

<u>Account No.</u>	<u>Decrease</u>	<u>Increase</u>
Water overtime 51-5820-413	\$4,500.00	
Water Reg Wages 51-5820-411		\$4,500.00
Sewer overtime 51-5870-413	\$9,400.00	
Sewer Reg Wages 51-5870-411		\$9,400.00
Electric overtime 52-5900-413	\$26,100.00	
Electric Reg Wages 52-5900-411		\$26,100.00

Explanations:

The overtime account number was not set up on the payroll side of our software. We are trying to get this fixed for the coming year.

ADOPTED THIS, THE 23RD DAY OF MARCH 2026

R. Ashley Hodges, Mayor

ATTEST:

SEAL

Gina M Durante, Town Clerk

Town of Hertford
BUDGET ORDINANCE AMENDMENT
Amendment #FY26-19
03-23-26
FY 2025-2026

BE IT ORDAINED by the Governing Board of the Town of Hertford, North Carolina, that the following amendment be made to the annual budget ordinance for the fiscal year ending June30,2026:

PURPOSE OF REQUEST:

Request the Council Approval for Budget Amendment #FY26-19 for Fiscal Year 2025-2026

FISCAL IMPACT:

Budget Amendment required.

TOWN_MANAGER’S OPINION: Recommend approval of the Budget Amendment.

FINANCE OFFICER’S OPINION: Recommend approval of the Budget Amendment.

Section 1. To Amend:

General Revenue/General Fund:

<u>Account No.</u>	<u>Decrease</u>	<u>Increase</u>
Fire Supplies 39-5400-551	\$4,000.00	
Fire Vehicle 39-5400-524		\$4,000.00

Explanations:

The back up pump truck did not pass the pump inspection and pump needs some repairs.

ADOPTED THIS, THE 23RD DAY OF MARCH 2026

R. Ashley Hodges, Mayor

ATTEST:

SEAL

Gina M Durante, Town Clerk