



October 10, 2024

City of Elizabeth City
PO Box 347
306 E Colonial Avenue
Elizabeth City, NC 2907

Attention: Kirk Rivers

We are prepared to provide a full range of accounting and consulting services to City of Elizabeth City ("City") contingent upon approval of your management and/or governing body. The purpose of this engagement letter is to identify the scope of available services from GWI Tax and Accounting, A Member of Aline Accounting Partners (the "Firm"), the specific initial services requested at this time, and to confirm the terms, objectives, and limitations of our engagement services.

SCOPE OF SERVICES

The scope of professional services that are available and can be provided to the City are outlined below under the heading Scope of Available Services. While this listing includes a range of services available from the Firm, the specific initial services requested to be provided at the current time are separately identified under the heading Initial Services Requested. Any additional services that are available from the Firm beyond these initially requested services can be provided upon subsequent specific request and agreement.

SCOPE OF AVAILABLE SERVICES

Preparation of Annual Financial Statements
Accounting Services
General Accounting and Advisory Assistance

INITIAL SERVICES REQUESTED

We will prepare the annual financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2024 and the related notes to the financial statements which collectively comprise the County's basic financial statements. In addition, we will prepare the City's Annual Financial Information Report (AFIR). In conjunction with the annual financial statement preparation, we will provide your auditor with schedules supporting the footnotes in the financial statements that they will audit and coordinate the answers to questions they may have regarding such schedules.

THE FIRM'S RESPONSIBILITIES

The objective of our engagement is to prepare the annual financial statements in accordance with accounting principles generally accepted in the United States of America based on information provided by you. We will conduct our engagement in accordance with Statements on Standards for Accounting and Review Services (SSARs) promulgated by the Accounting and Review Services Committee of the AICPA and comply with the AICPA's Code of Professional Conduct, including the ethical principles of integrity, objectivity, professional competence, and due care.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or a conclusion or provide any assurance on the financial statements.

Our engagement cannot be relied upon to identify or disclose any financial statement misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the entity or noncompliance with laws and regulations.

MANAGEMENT RESPONSIBILITIES

The engagement to be performed is conducted on the basis that management acknowledges and understands that our role is to prepare financial statements in accordance with accounting principles generally accepted in the United States of America. Management has the following overall responsibilities that are fundamental to our undertaking the engagement to prepare your financial statements in accordance with SSARs:

- a. The selection of accounting principles generally accepted in the United States of America as the financial reporting framework to be applied in the preparation of the financial statements*
- b. The prevention and detection of fraud*
- c. To ensure that the entity complies with the laws and regulations applicable to its activities*
- d. The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement to prepare financial statements*
- e. To provide us with:*
 - i. Documentation, and other related information that is relevant to the preparation and presentation of the financial statements,*
 - ii. Additional information that may be requested for the purpose of the preparation of the financial statements, and*

- iii. *Unrestricted access to persons within the ("CITY"/"COUNTY"), whom we determine necessary to communicate.*

The financial statements will not be accompanied by a report. However, you agree that the financial statements will clearly indicate that no assurance is provided on them.

ACCESS TO WORKING PAPERS AND REPORTS

Any working papers prepared by the Firm in connection with performing the financial statement preparation and other professional services are the property of the Firm. Upon request, copies of any or all working papers and reports that we consider nonproprietary will be provided to management. Management may make such copies available to its external auditors and to certain regulators in the exercise of their statutory oversight responsibilities. Such copies may not be made available to any other third party without the prior written consent from the Firm.

CONFIDENTIALITY

During the course of this engagement we may have access to proprietary information of the City, including, without limitations, oral and written information and material concerning or pertaining to the City's trade secrets, business methods, plans and/or projects. I acknowledge that such information, regardless of its form, is confidential and proprietary to the City, and that I shall not use, copy, or disclose the information in whole or in part in any manner or to any person or entity without the express prior written consent of a duly authorized officer of the City.

FEES AND COSTS

Fees and out-of-pocket expenses for this engagement will be billed as the work progresses and payable upon receipt of our invoices. Out-of-pocket expenses include such costs incurred by the Firm in providing the services including travel, lodging, telecommunications, printing, document reproduction, and the like. Our fees for these services will be billed at our standard hourly rates, as follows, for the individual performing such services based on the actual number of hours of work, including travel time, performed by that individual.

Standard Hourly Rates:

- Audit preparation \$150
- Writing financial statements \$150
- Bookkeeping services \$120

Because the Firm has no direct control over the type and amount of services requested by the management or the governing body during the term of this engagement, nor does the Firm have direct control over the quality of your accounting system or records, potential turnover of your staff, or your staffing levels, resources, or capabilities, it is impractical for us to provide an accurate amount of hours that will be required for the services requested or a not-to-exceed limit on fees and expenses charged. We will rely on you to

provide us with a copy of approved purchase orders, containing estimated fees and expenses, monitor the cumulative fees and expenses charged, and notify us if and when the cumulative amount approaches the total appropriated level estimated. You also agree to provide sufficient appropriation for all services requested prior to the services being performed. However, for your purchase order preparation purposes, we estimate that the fees for the services anticipated at this time, as defined in the Scope of Services section of this letter, will approximate will be between \$20,000 and \$24,000.

Payment for services is due when rendered and interim billings will be submitted as work progresses and expenses incurred. Invoices are payable upon presentation. If payment is to be made by check, the check shall be mailed to GWI Tax and Accounting, 9650 Strickland Road, Suite 103-268, Raleigh, NC 27615. If payment is to be made by ACH, then payment shall be made to the bank account the Firm provides to you by a password protected PDF file which you should verbally confirm with the Firm before the initial payment is remitted. Any correspondence changing the means of payment shall be verbally confirmed with the Firm by the town before such change is made and payment remitted.

In the event the City hires a contractor/employee of the Firm, the City agrees to pay the firm a one-time fee of 25% of the annual compensation the City has offered to the contractor/employee. This fee will not be limited by the maximum billing threshold in the previous paragraph.

The Firm may perform additional services upon receipt of a formal request from management or the governing body with terms and conditions that are acceptable to both parties.

The agreements and undertakings contained in this engagement letter, shall survive the completion or termination of this engagement.

OTHER MATTERS

Unless you indicate otherwise, our firm may transmit confidential information that you provided us to third parties in order to facilitate delivering our services to you. We have secured confidentiality agreements with all our service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have the appropriate procedures in place to prevent the unauthorized release of confidential information to others. We will remain responsible for the work provided by any third-party service providers used under this agreement. By your signature below, you consent to having confidential information transmitted to entities outside the firm. Please feel free to inquire if you would like additional information regarding the transmission of confidential information to entities outside the firm.

In addition, in the event our firm or any of its employees or agents is called as a witness or requested to provide any information (whether oral, written, or electronic) in any judicial, quasi-judicial, or administrative hearing or trial regarding information or communications that you have provided to this firm, or any documents and work papers prepared by the Firm in accordance with the terms of this agreement, you agree to pay any and all reasonable expenses, including fees and costs for our time at the rates specified in our engagement letter, as well as any legal or other fees that we incur as a result of such appearance or production of documents, to the extent we are acting on behalf of the City and at the direction of management, the City agrees to indemnify us for any damages that may result from our good faith actions.

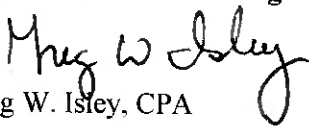
In connection with this engagement, we may communicate with you or others via email transmission. We take reasonable measures to secure your confidential information in our email transmissions, including password protecting confidential documents. However, as email can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom it is directed and only to such parties, we cannot guarantee or warrant that email from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure or communication of email transmissions, or for the unauthorized use or failed delivery of email transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of sales or anticipated profits, or disclosure or communication of confidential or proprietary information.

Billings become delinquent if not paid within thirty days of the invoice date. If billings are past due in excess of thirty days, at our election, we may stop all work until your account is brought current or withdraw from this engagement. City acknowledges and agrees that we are not required to continue work in the event of City's failure to pay on a timely basis for services rendered as required by this engagement letter. City further acknowledges and agrees that in the event we stop work or withdraw from this engagement, as a result of City's failure to pay on a timely basis for services rendered as required by this engagement letter, we will not be liable for any damages that occur as a result of our ceasing to render services.

I appreciate the opportunity to be of service to you and believe this letter correctly expresses the significant terms of our engagement. If you have any questions, please let me know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to me. This letter will continue in effect until canceled by either party.

Cordially,

GWJ Tax and Accounting


Greg W. Isley, CPA
Partner

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of **CITY OF ELIZABETH CITY**, North Carolina by:

Name: _____

Title: _____

Date: _____

This instrument has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act, NCGS 159-28. A Purchase Order will be issued for this Agreement and will be amended prior to any additional expenses incurred over the original Purchase Order Amount.

Finance Officer

Date