



**Town of Coats
Board of Commissioners
Regular Meeting
August 13, 2026 - 7:00 p.m.
Town Hall, 25 E. Main St., Coats, NC**

AGENDA

CALL TO ORDER

INVOCATION AND PLEDGE OF ALLEGIANCE

APPROVAL OF AGENDA

CONSENT AGENDA ITEMS:

1. Approval of Minutes – July 9; July 21; & July 28, 2026
2. Approval of Attorney Invoice for Services Rendered July 1-31, 2026

PUBLIC COMMENT

- *Time Limit: Each speaker is asked to limit comments to 3 minutes.*
- *Sign-Up: Speakers should sign up prior to the start of the meeting.*
- *Handouts: Please provide the clerk with copies of any handouts to be provided to the Board prior to the start of the meeting.*
- *Board Action: Although the Board is interested in hearing your concerns, speakers should not expect Board action or deliberation on the subject matter brought up during the Public Comment segment.*

Thank you for your consideration of the Town Board, staff, and other speakers.

(N.C.G.S. §160A-81.1)

BUSINESS ITEMS:

1. **Consideration and Approval of Contract** with S. Preston Douglas & Associates, LLP, for annual audit.
2. **Consideration and Approval of Renewal of Memorandum of Understanding (MOU)** with Harnett County for the School Resource Officer Program.
3. **Consideration and Approval of Budget Amendment** to the FY 2026-2027 Annual Budget Ordinance.
4. **Consideration of Golf Cart Inspection and Registration Fees.**



**Town of Coats
Board of Commissioners
Regular Meeting
August 13, 2026 - 7:00 p.m.
Town Hall, 25 E. Main St., Coats, NC**

AGENDA

- 5. Consideration and Approval of Parks and Recreation Trail Rehabilitation Project
and Selection of Contractor for Trail Resurfacing.**

TOWN MANAGER REPORT

COMMISSIONERS' COMMENTS

CLOSED SESSION

Pursuant to N.C.G.S. § 143-318.11(a)(6)

ADJOURNMENT

TOWN OF COATS
Board of Commissioners
Thursday, July 9, 2026

The Town of Coats Board of Commissioners met in regular session on Thursday, July 9, 2026, at 7:00 p.m. in the Board of Commissioners' Meeting Room at Coats Town Hall.

Members Present:

Mayor Chris Coats
Mayor Pro Tem Kelvin Gilbert
Commissioner Marc Powell
Commissioner Shirley Allen
Commissioner Monique-Clegg Warren
Commissioner Todd Pope

Staff Present:

Barbara Hollerand, Town Manager
Wesley Blount, Public Works Director
Jade Stone, Town Clerk / Human Resources

Others Present: Alton Bain, Town Attorney

CALL TO ORDER

A quorum being present, Mayor Chris Coats called the meeting to order at 7:00 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE

Mayor Chris Coats delivered the invocation and led those in attendance in the Pledge of Allegiance.

APPROVAL OF AGENDA

Mayor Chris Coats stated additional matters need to be added to the agenda, to include: an informational discussion with Chris Short, director of engineering and construction with Lumos, to answer questions about the company's upcoming fiber project as Business Item 3; to add a Request for approval of the annual Powell Bill map as Business Item 4; and to move Consent Agenda Item 3 – Request for Approval of Contract for Engineering Services with Meyers Engineering - to Business Items as Item 5.

RESOLVED, to approve the amended agenda.

MOTION BY: Commissioner Marc Powell

SECOND BY: Commissioner Shirley Allen

APPROVED: Unanimously Approved

CONSENT AGENDA

Consent Agenda Item 2 – Approval of Attorney Bill for Services Rendered June 1 – 30, 2026 – was amended to reflect a total of \$715.00.

1. Approval of Minutes – June 11, 2026, Regular Meeting, recessed to June 29, 2026.
2. Approval of amended Attorney Bill for Services Rendered June 1 – 30 – 2026.

RESOLVED, to approve the amended consent agenda.

MOTION BY: Commissioner Shirley Allen

SECOND BY: Mayor Pro Tem Kelvin Gilbert

APPROVED: Unanimously Approved

PUBLIC COMMENTS

Holly Rothe, 137 E. Odum Street - Wished to complain about new cable lines being put in. Was upset at previous contractors running wires and is concerned about the potential damage caused by the new contractors to her yard. Also requested to know about the status of the police department.

Andy Cole, 1420 Abattoir Road - Wished happy birthday to the United States; requested changes to current development ordinances and holding developers accountable; reminded board that they are not required to make decisions at every meeting and can table matters to allow further time to review matters prior to placing a vote; expressed appreciation for all that board members do for the town.

Joan Harmon, 1390 Abattoir Road - Wished to revisit the survey from the comprehensive land plan; states the board only heard the summary and did not see the presentations by KCI; 78% of completed surveys were by people who lived or owned property – residential development considered low priority, commercial development was a high priority, strong desire for preservation of agriculture and rural heritage; top land use plan 1) protecting natural resources, 2) more shops and restaurants, 3) more economic development and employment opportunities. In 2024 – citizens voted for #1 preference was for large lot developments, 2) mixed use housing, 3) infield development, 4) medium density. Stated public wants well planned, quality development. Provided commissioners with copies of the printed PowerPoint survey results.

Lila Lanier, 144 N. McLean Street, stated rights-of-way look nice; wanted to know why rates were raised; states her neighborhood does not have enough bushes and trees to justify additional cost for yard waste pickup; requests town newsletter be included in water bills.

BUSINESS ITEMS

1. Farmers Market Location

Information presented by Town Manager Hollerand; out of necessity market was shifted from former location due to the downtown square construction; several vendors requested at the ribbon cutting to return to the old location now that the square is open. Ms. Hollerand requested that the downtown space be opened to the farmers' market moving forward at no cost with the market season concluding in or around October.

No formal action was taken. The Board expressed unanimous consensus to allow the Farmers Market to return to its previous location for the remainder of the season.

2. Administration of the Oath of Office – Acting Police Chief

Mayor Coats administered the Oath of Office to David Register as Acting Chief of Police.

3. Informational Discussion with Chris Short with Lumos

Stated he would work with the town and residents to address any issues that may arise during the process of running fiber optic cable lines; timeline for completion will vary depending on circumstances as they proceed with the project; advised his company offers a responsive customer service 1-800 line that

addresses any complaints in a timely fashion and requests residents to please feel free to contact them with any problems they may experience. Mayor Pro Tem stated to Mr. Short that the town would hold them accountable for any issues on behalf of town residents.

4. Request for Approval of the annual Powell Bill map.

Ms. Hollerand presented the new annual map and requested the board approval; stated the map reflects the new annexation; no streets added as subdivisions have not turned those over to the town as of yet.

RESOLVED, to approve annual Powell Bill map.

MOTION BY: Mayor Pro Tem Kelvin Gilbert

SECOND BY: Commissioner Marc Powell

APPROVED: Unanimously Approved

5. Request for Approval of Contract for Engineering Services with Meyers Engineering.

Ms. Hollerand explained the item was on last July's board meeting as well and is a proposal for as-needed engineering/code enforcement services; is town's access to engineering services and even the hiring of a planner would not negate the need for these services in the future.

RESOLVED, to approve the Contract for Engineering Services with Meyers Engineering.

MOTION BY: Commissioner Marc Powell

SECOND BY: Commissioner Shirley Allen

APPROVED: Unanimously Approved

TOWN MANAGER REPORT

Ms. Hollerand gave the following updates:

- Expressed thank you to everyone who attended the square ribbon cutting on July 4th and recognized Parks and Recreation Staff, Sarah and Kevin, for their hard work in organizing the event.
- CAMPO representatives met with town staff last week and are willing to provide a presentation to the board. Will be scheduled for August or September.

CLOSED SESSION: Mayor Chris Coats called for a motion to enter into closed session pursuant to §143-318.11.(a)(6)

RESOLVED, to enter into closed session.

MOTION BY: Commissioner Monique Warren-Clegg

SECOND BY: Commissioner Todd Pope

APPROVED: Unanimously Approved

The Board of Commissioners entered into Closed Session at 7:36 p.m.

The Board of Commissioners reconvened in open session at 10:18 p.m.

ADJOURNMENT

Mayor Chris Coats called for a motion to adjourn.

RESOLVED, to adjourn the meeting.

MOTION BY: Commissioner Monique Warren-Clegg

SECOND BY: Commissioner Shirley Allen

APPROVED: Unanimously Approved

Meeting adjourned at 10:19 p.m.

The attached documents of reference are incorporated herewith and are hereby made a part of these minutes.

Chris Coats, Mayor

ATTEST:

Jade Stone, Town Clerk

TOWN OF COATS
Board of Commissioners
Thursday, July 21, 2026
Reconvened Tuesday, July 28, 2026

The Town of Coats Board of Commissioners met in special session on Thursday, July 21, 2026, at 7:00 p.m. in the Board of Commissioners' Meeting Room at Coats Town Hall.

Members Present:

Mayor Chris Coats
Mayor Pro Tem Kelvin Gilbert
Commissioner Marc Powell
Commissioner Shirley Allen
Commissioner Monique Warren-Clegg
Commissioner Todd Pope

Staff Present:

Barbara Hollerand, Town Manager
Wesley Blount, Public Works Director
Jade Stone, Town Clerk / Human Resources
Sarah Goldsmith, Parks & Recreation Director
David Register, Acting Police Chief
Paula Stewart, Interim Finance Director

CALL TO ORDER

A quorum being present, Mayor Chris Coats called the meeting to order at 7:00 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE

Mayor Chris Coats delivered the invocation and led those in attendance in the Pledge of Allegiance.

APPROVAL OF AGENDA

RESOLVED, to approve the agenda as presented.

MOTION BY: Mayor Pro Tem Kelvin Gilbert

SECOND BY: Commissioner Todd Pope

APPROVED: Unanimously Approved

GENERAL PUBLIC COMMENTS

There were no public comments.

BUSINESS ITEMS

1. Public Hearing - FY 2026-2027 Proposed Budget and Fee Schedule

Town Manager Hollerand advised the board that this was the 10th budget meeting for the new fiscal year. Per mayor's request, Interim Finance Director Stewart prepared an amended budget removing all allocation of monies from the general fund. Ms. Stewart stated that the budget prepared and presented was basically a continuation of last year's budget, with very few increases, and does not include any employee compensation adjustment or new positions. Some money was shown to be allocated to contingency which would allow for the board to later assess and determine their needs for any employee salary adjustments, new employee positions, or other needs as determined.

Chief Register spoke specifically to the police department budget; including his desire to increase starting salaries for all sworn positions, providing specific information pertaining to salaries for other local municipalities. His wish is to be more competitive with local municipalities in order to attract high-quality candidates to fill positions.

Ms. Stewart informed the board that the SRO salary listed is also partially reimbursable by the County.

Further discussion resumed amongst board. Mayor Pro Tem voiced he was uncomfortable with approving the budget at this time and would prefer more time to review. Mayor Coats requested Ms. Stewart to further research the Water Line Project grant (Fund 46) to confirm proper closure of project and to determine if there are any monies still unspent.

Ms. Goldsmith stood and requested the board approve a budget so normal operations could continue without delay. Mr. Blount also voiced his request to the board to pass the budget, so he is able to proceed with projects currently on hold. Commissioner Allen voiced her desire to proceed with the amended budget as it did not use any money from general funds and had monies in contingency that could be later addressed. Mayor Pro Tem Gilbert again voiced his concern in proceeding without feeling there was sufficient time to review.

Ms. Stewart requested that the board approve the fee schedule even if they wished to put off vote on budget; advised that the county is waiting on these rates for billing purposes. Mr. Blount stated that putting off approval of rates puts town further behind in utility billing as it takes a minimum of 30 days to get all rates updated in the billing system.

PUBLIC HEARING COMMENTS

Lila Lanier, no address provided, commented that she had an issue with the yard waste price on the fee schedule; stated her community leaves all waste in one place and there are not many yards with trees or bushes that need regular trimming; wants town to do its own waste pickup and not pay a third-party vendor stating that was how it had been done in years past.

With no further comments, Mayor Coats called for a motion to close the public hearing.

RESOLVED, to close public hearing.

MOTION BY: Commissioner Marc Powell

SECOND BY: Commissioner Monique Warren-Clegg

APPROVED: Unanimously Approved

2. Adoption of FY 2026 – 2027 Budget and Fee Schedule

Mayor Coats called for a motion to vote on the proposed fee schedule.

RESOLVED, to approve the proposed fee schedule for FY 2026-2027 as presented.

MOTION BY: Commissioner Shirley Allen

SECOND BY: Commissioner Marc Powell

APPROVED: Approved, 4-1 (Commissioner Monique Warren-Clegg opposed).

Additional discussion resumed amongst the board. Staff was asked to provide proposed salary grades and classifications as well as proposed positions to include insurance and benefits as well as any additional

department head requests for the fiscal year. Board agreed to recess to a later date to address the monies in contingency and how best to allocate those funds to personnel/department needs.

Mayor Coats called for a motion to approve amended budget as presented.

RESOLVED, to approve amended budget as presented.

MOTION BY: Commissioner Shirley Allen

SECOND BY: Commissioner Marc Powell

APPROVED: Approved 4-1 (Mayor Pro Tem Kelvin Gilbert opposed).

COMMISSIONERS COMMENTS

Mayor Coats advised staff to look at proposed positions as “a la carte” – individual requests to be addressed by the board. Commissioner Powell requested staff to provide all information to them by no later than Friday, so they have enough time to review prior to reconvening. Commissioner Warren-Clegg concurred and stated she would like sufficient time to review the information before the next reconvened meeting. Ms. Hollerand advised she could have information together by Friday. Commissioner Powell stated he had never participated in a budget where every department received everything it requested. Commissioner Allen said she hoped staff would be satisfied with whatever they may be able to do with the contingency funds.

Commissioner Powell commented on trash pickup. Stated the old vacuum truck was inoperable and beyond repair; a replacement would have cost in excess of \$265,000 to purchase; at that time the town board determined it was cheaper to contract out trash services than to purchase and maintain a replacement vacuum truck which is the reason the town staff no longer performs waste pickup.

With no further comments, Mayor Chris Coats called for a motion to recess to a later date to address the contingency monies, salaries, positions, and department requests.

RESOLVED, to recess meeting at 8:42 p.m. and to reconvene on Tuesday, July 28, 2026, at 7:00 p.m.

MOTION BY: Commissioner Todd Pope

SECOND BY: Commissioner Marc Powell

APPROVED: Unanimously Approved

RECESSED

**Reconvened Session
Tuesday, July 28, 2026**

Members Present:

Mayor Pro Tem Kelvin Gilbert
Commissioner Shirley Allen
Commissioner Monique Warren-Clegg
Commissioner Todd Pope

Staff Present:

Barbara Hollerand, Town Manager
Wesley Blount, Public Works Director
Jade Stone, Town Clerk / Human Resources
David Register, Acting Police Chief
Paula Stewart, Interim Finance Director

Members Absent:

Mayor Chris Coats
Commissioner Marc Powell

CALL TO ORDER

A quorum being present, Mayor Pro Tem Gilbert called the meeting to order at 7:00 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE

Mayor Pro Tem Gilbert delivered the invocation and led those in attendance in the Pledge of Allegiance.

Mayor Pro Tem Gilbert, in the absence of Mayor Coats, reconvened the recessed special meeting of July 21, 2026, and resumed consideration of unfinished business.

PUBLIC COMMENT

There were no public comments.

CONTINUATION OF BUSINESS ITEMS

1. For the Purpose of Continuing Discussion and Possible Board Direction regarding the FY2026-2027 Contingency Fund Allocation.

A public hearing was held on July 21, 2026, for the purpose of approving the proposed FY 2026–2027 budget. Said budget was approved; however, the meeting was recessed to further address the allocation of contingency funds. Staff were asked to provide documentation of proposed salary grades and classifications, proposed new positions to include insurance and benefits, as well as department heads requests for the new fiscal year.

Town Manager Barbara Hollerand began the presentation by presenting her salary proposal first, stating to the board that staff had prepared materials for their review in order to aid in deciding allocations of contingency funds. She stated that municipal services are provided and not made and so the need was there for well-trained employees. She stated that director positions filled in the last year have required higher pay than in previous years; advised her goal was to keep existing employees and believes they are “gold”. She believes an additional \$20,000 should be budgeted for ongoing finance assistance and another \$20,000 will be needed to repair the town hall’s current air conditioning system. Mayor Pro Tem Gilbert inquired about the pay study Ms. Hollerand had previously mentioned to which she advised that no money had been budgeted for this and stated she used her professional judgment to develop the proposed salary ranges.

Mayor Pro Tem Gilbert asked if Ms. Stewart had assisted in preparing the salary proposals and Ms. Stewart advised that she did not.

Commissioner Allen asked about sewer revenue. Ms. Hollerand stated it is a wash.

\$10,000 was needed from the fund balance in order to balance the water fund. Ms. Stewart advised it is standard budgeting practice to appropriate fund balance even though the entire amount is not typically expended.

Commissioner Warren-Clegg asked about the proposed Parks and Recreation part-time positions. Ms. Hollerand advised the current part-time person is seasonal and will most likely apply for the new part-time position, which would leave one more position to fill. She explained that part-time positions would work flexible schedules and not necessarily at the same time. Commissioner Allen stated that it still sounded seasonal and asked if people to fill the position seasonally can't be found. Ms. Hollerand stated Director Goldsmith has been planning a lot of upcoming work for the year.

Commissioner Warren-Clegg asked about workload for the Public Works staff during the winter and how many people on staff currently hold a commercial driver license. Ms. Hollerand advised that only one employee currently holds a CDL. Commissioner Warren-Clegg asked if Director Blount had his CDL to which Mr. Blount stated that the Town had not paid for him to obtain a CDL.

Human Resources Administrator/Town Clerk Jade Stone then presented the HR salary proposal. Commissioner Allen asked about the total cost for proposed positions and was referred to page 4 of the proposal, where the costs associated with the staff's requested new positions were summarized.

Mayor Pro Tem Gilbert stated the board is trying to work with what they have to make the best decision for the town.

Acting Chief Register next presented his proposal for the police department staff. Chief Register stated he did not do a salary study and was therefore providing estimates of the proposed salaries while attempting to make salaries more competitive with surrounding agencies. After reviewing the proposed increases, he also advised he would like to add shift premium incentives for those who work nights; stating you lose people for one of two reasons: 1) management or 2) money.

Mayor Pro Tem Gilbert asked to speak to the Public Works Director and wanted to know his perspective on the Town Manager's proposed salary increases. Mr. Blount was handed a copy of the proposal and looked it over, stating that his staff respond to emergencies and worked at all hours as needed.

Ms. Stone advised a salary study had not been completed and therefore her recommendation would be to address individual pay raises and not to change the current salary grade table as it exists as the proper research had not been completed to re-evaluate the positions and salary ranges.

Commissioner Allen stated she was surprised by the salary disparity.

Mayor Pro Tem Gilbert stated he did not feel comfortable proceeding without Mayor Coats and Commissioner Powell being present to which Commissioners Allen and Pope both agreed.

Mayor Pro Tem Gilbert called for a motion to table further consideration of contingency fund expenditures and employee salary adjustments until a Special Meeting to be held on Thursday, August 6, 2026, at 7:00 p.m.

RESOLVED, to table the consideration of contingency fund appropriations related to employee compensation adjustments until a Special Meeting to be held on Thursday, August 6, 2026, at 7:00 p.m.

MOTION BY: Commissioner Todd Pope

SECOND BY: Commissioner Monique Warren-Clegg

APPROVED: Unanimously Approved.

There being no further business, Mayor Pro Tem Gilbert called for a motion to adjourn.

RESOLVED, to adjourn the meeting.

MOTION BY: Commissioner Todd Pope

SECOND BY: Commissioner Shirley Allen

APPROVED: Unanimously Approved

Meeting adjourned at 8:25 p.m.

The attached reference documents are incorporated herewith and are hereby made a part of these minutes.

Chris Coats, Mayor

ATTEST:

Jade Stone, Town Clerk

Bain & McRae, LLP

65 Bain Street
Lillington, North Carolina 27546

INVOICE

Invoice # 341
Date: 08/07/2026
Due On: 09/06/2026

The Town of Coats
Post Office Box 675
Coats, NC 27521

3128: Coats

The Town of Coats: Business

Type	Date	Notes	Quantity	Rate	Total
Expense	07/01/2026	Reimbursable expenses: Retainer fee: Monthly retainer of \$400 less credit for \$239.30 error on previous billing	1.00	\$160.60	\$160.60
Service	07/01/2026	Telephone Conference with Mayor; Studied and reviewed file and forwarded documentation to Mayor; Studied and reviewed email from Town Manager regarding easement issue; reply to email; .Research regarding issue of use of street right of way.	0.60	\$175.00	\$105.00
Service	07/02/2026	Research regarding issue of use of street right of way. Telephone conference with Wes Blount; Study and reviewed email for our manager; Research regarding issue of Clerk position and supervision.	1.40	\$175.00	\$245.00
Service	07/03/2026	Research regarding issue of clerk and human resource officer; .Research regarding use of street right of way.	2.20	\$175.00	\$385.00
Service	07/05/2026	Review matters regarding personnel reporting to the Board; .Draft email to Mayor regarding the personnel matters.	1.10	\$175.00	\$192.50
Service	07/08/2026	Studied and reviewed email from clerk regarding Family Medical Leave Matter.	0.10	\$175.00	\$17.50
Service	07/09/2026	Review Family Medical Leave Act Information; Review Notice to Lien Agent; Review proposed Service Contract; Review email from Team Manager; Telephone Conference with Mayor; Telephone conference with Clerk.	2.20	\$175.00	\$385.00
Service	07/20/2026	Telephone conference with David Register.	0.20	\$175.00	\$35.00
Service	07/29/2026	Telephone conference with Mayor; Review email	0.30	\$175.00	\$52.50

from Town Manager re August 6 meeting; reply to
email

Total \$1,578.10

Detailed Statement of Account

Current Invoice

Invoice Number	Due On	Amount Due	Payments Received	Balance Due
341	09/06/2026	\$1,578.10	\$0.00	\$1,578.10
Outstanding Balance				\$1,578.10
Total Amount Outstanding				\$1,578.10

Please make all amounts payable to: Bain & McRae, LLP

Please pay within 30 days.



TOWN OF COATS AGENDA ITEM

Meeting Date		
Aug. 13, 2026		
Agenda Item Name		
Audit Engagement Letter and Contract		
Requested Action		
Request Approval of Engagement Letter and Contract for FY2025-2026 Audit		
Staff Report		
For the last several years, the Town has contracted with the audit firm of S. Preston Douglas & Associates, LLP in Whitesville to conduct its state-required audit. With the end of the 2025-2026 fiscal year June 30, 2026, the finance department is preparing to schedule an on-site visit with the audit team in September.		
Additional Analysis		
N/A		
Fiscal Impact Summary		
Fiscal Impact	Fund Number and Description	Available Budget Amount
\$16,750.00	10-4110-1910	\$16,750.00
Exhibits Attached		
Audit engagement letter Audit contract Audit request list		



S. Preston Douglas & Associates, LLP

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS
American Institute of CPAs
N. C. Association of CPAs

March 12, 2026

To the Honorable Mayor and
Members of Board of Commissioners
and the Finance Officer

Town of Coats
PO Box 675
25 E. Main Street
Coats, NC 27521

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the disclosures, which collectively comprise the basic financial statements, of the Town of Coats, North Carolina as of and for the year ended June 30, 2026. 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 Coats, North Carolina'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 Coats, North Carolina'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 appropriate 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) Law Enforcement Officers' Special Separation Allowance
- 3) Other Postemployment Benefits – Schedule of Funding Progress and Employer Contributions
- 4) Local Government Employees' Retirement System's Schedules of the Proportionate Share of Net Pension Liability (Asset)
- 5) Schedule of Contributions - Local Government Employees' Retirement System

We have also been engaged to report on supplementary information other than RSI that accompanies the Town of Coats, North Carolina'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 auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

- 1) Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund

- 2) Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Water Fund
- 3) Schedules of Changes in Assets and Liabilities – Cemetery Fund
- 4) Schedule of Ad Valorem Taxes Receivable
- 5) Analysis of Current Tax Levy – Town-Wide Levy

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 auditor's 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 objectives also include reporting on:

- Internal control over financial reporting and compliance with 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).

Auditor's 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 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 government or to acts by management or employees acting on behalf of the government. 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 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 on 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. 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, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

We have identified the following significant risks of material misstatement as part of our audit planning:

- 1) Management override of controls
- 2) Revenue recognition

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 Control

We will obtain an understanding of the government and its environment, including the system of internal control, 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. Tests 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 Coats, North Carolina'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 Coats, North Carolina's major programs. The purpose of these procedures will be to express an opinion on Town of Coats, North Carolina's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

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, establishing, 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 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 awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America, 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 financial statements, schedule of expenditures of federal awards, all financial records, and related information available to us; for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers); and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for the 12 months after the financial statements date or shortly thereafter (for example, within an additional three months if currently known). 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 awards; federal 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 affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud 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 government 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 on October 1, 2026.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal 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 awards in any document that contains, and indicates that we have reported on, the schedule of expenditures of federal awards. You also agree to [include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon OR make the audited financial statements readily available to intended users of the schedule of expenditures of federal 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 awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal 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 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 [include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR 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.

Other Services

We will also assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes of Town of Coats, North Carolina in conformity with accounting principles generally accepted in the United States of America and the Uniform Guidance based on information provided by you. 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 awards, and related notes 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 for the financial statements, schedule of expenditures of federal awards, and 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, the schedule of expenditures of federal 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, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

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.

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.

The audit documentation for this engagement is the property of S. Preston Douglas & Associates, LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to Local Government Commission or its designee. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of S. Preston Douglas & Associates, LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the Local Government Commission or its designee. The Local Government Commission or its designee may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

We expect to begin our audit on approximately August 1, 2026 and to issue our reports no later than December 1, 2026. Lee Grissom, CISA, CFE, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

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 will not exceed \$16,750 (or \$21,750 if a single audit is required). Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. 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. 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. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to the Town of Coats, North Carolina 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.

Reporting

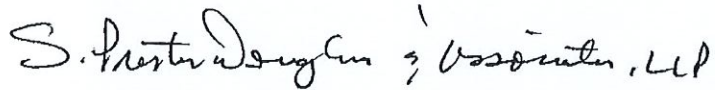
We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Honorable Mayor and Members of the Board of Commissioners of the Town of Coats, North Carolina. Circumstances may arise in which our report may differ from its expected form and content based on the 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 auditor's 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.

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 state 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 Coats 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.

Respectfully yours,



S. Preston Douglas & Associates, LLP
Ocean Isle Beach, North Carolina

RESPONSE:

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

Finance Officer's signature: _____

Title: _____

Date: _____

Mayor's signature: _____

Title: _____

Date: _____

The	Governing Board MAYOR AND BOARD OF COMMISSIONERS
of	Primary Government Unit TOWN OF COATS
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 S. PRESTON DOUGLAS & ASSOCIATES, LLP
	Auditor Address 6649 BEACH DRIVE SW, SUITE 1, OCEAN ISLE BEACH, NC 28468

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:

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 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:

Finance Officer

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 COATS
Audit Fee (financial and compliance if applicable)	\$ 16750
Fee per Major Program (if not included above)	\$ 5000
Additional Fees Not Included Above (if applicable):	
Financial Statement Preparation (incl. notes and RSI)	\$
All Other Non-Attest Services	\$
TOTAL AMOUNT NOT TO EXCEED	\$

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	\$ 21,750

SIGNATURE PAGE

AUDIT FIRM

Audit Firm*	
S. PRESTON DOUGLAS & ASSOCIATES, LLP	
Authorized Firm Representative (typed or printed)* Lee Grissom, CISA, CFE, CPA	Signature*
Date*	Email Address* lgrissom@spdouglas.com

GOVERNMENTAL UNIT

Governmental Unit*	
TOWN OF COATS	
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:	\$
Primary Governmental Unit Finance Officer* (typed or printed)	Signature*
Date of Preaudit Certificate*	Email Address*



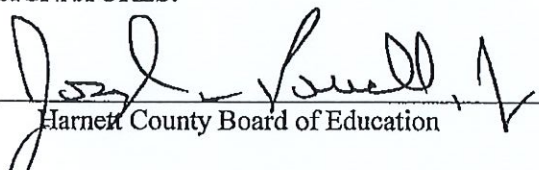
TOWN OF COATS AGENDA ITEM

Meeting Date		
Aug. 13, 2026		
Agenda Item Name		
Renewal of School Resource Officer Program Memorandum of Understanding		
Requested Action		
Request Renewal of School Resource Officer Program Memorandum of Understanding		
Staff Report		
The Town entered into a Memorandum of Understanding (MOU) for a School Resource Officer (SRO) program with Harnett County Board of Education on Oct. 1, 2018. The School Board has requested that the Town renew the MOU at this time. The agreement became effective July 1, 2023 and expired June 30, 2026. Upon expiration of the initial term, the MOU renews automatically for successive one-year terms unless one of the parties provides at least 30 days' written notice of its intent to terminate prior to the expiration of the then-current term. The agreement may be terminated by any party with or without cause upon 90 days' written notice. Related to the MOU is the SRO program reimbursement agreement. The term of the reimbursement agreement began Oct. 4, 2018 and ended June 30, 2019. At the expiration of the initial term, the agreement renews annually with the renewal of the MOU. The agreement provides for reimbursement by Harnett County to the Town for 11/12ths of an SRO's compensation and provides that the Town may schedule the SRO for non-SRO duties during summer breaks and for scheduled holidays so long as such assignments do not conflict with any of the requirements of the MOU. For the 2025-2026 school year, Coats Elementary did not have a dedicated SRO due to staffing limitations. Since that time, the Town has been unsuccessful in recruiting another SRO.		
Additional Analysis		
N/A		
Fiscal Impact Summary		
Fiscal Impact	Fund Number and Description	Available Budget Amount
N/A	N/A	N/A
Exhibits Attached		
Signature page for MOU renewal, effective July 1, 2026 MOU, effective Oct. 1, 2018 SRO Program Reimbursement Agreement, effective July 1, 2023		

Re: Renewal of School Resource Officer Program Memorandum of Understanding

Per Article VII entitled "Amendments and Modifications; Additional Policies and Procedures" of the School Resource Officer Program Memorandum of Understanding dated October 1, 2018 ("MOU"), attached hereto, the Harnett County Board of Education and **Town of Coats** mutually agree to renew the MOU. The terms are contingent on the negotiations with the Sheriff or Police Chief that allow the school district to address performance issues with individual school resource officers actively. All other terms and conditions will remain the same for a term of 12 months, beginning July 1, 2026, and ending June 30, 2027.

SIGNATURES:


Harnett County Board of Education

Town of Coats

DATE

DATE

**SCHOOL RESOURCE OFFICER PROGRAM
REIMBURSEMENT AGREEMENT FOR
ELEMENTARY AND PRIMARY SCHOOLS**

This Reimbursement Agreement (hereinafter "Agreement") effective July 1, 2023 is made and entered into by and between the Harnett County Board of Education (hereinafter "Board"), the governing body of the Harnett County Schools (hereinafter "HCS"), the County of Harnett (hereinafter "County"), and the Town of Coats (hereinafter referred to as the "Town").

WITNESSETH:

WHEREAS, the Board and the Town entered into a School Resource Officer Program Memorandum of Understanding (hereinafter referred to as the "MOU") effective October 1, 2018;

WHEREAS, Article V of the MOU states that the Board and governing body of the Town agree to enter into a separate contract to address the assignment of School Resource Officers (hereinafter referred to as "SRO" or collectively "SROs") to specific HCS schools and payment for SRO services during each fiscal year;

WHEREAS, County agrees to provide funding for the SRO's to the Board for reimbursement of SRO services as described in the MOU.

NOW, THEREFORE, in consideration of the promises and covenants of the parties herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Board, County, and the Town do hereby agree as follows:

Article I

SRO School Assignment

The Town shall hire and train law enforcement officers to serve as SROs pursuant to the MOU in each of the following schools within the Town's limits:

1. Coats Elementary

Between school years and during scheduled holidays, the Town shall have the right to utilize the SROs for non-SRO purposes so long as such uses do not conflict with any of the requirements of the MOU.

Article II

Compensation for SRO Services

The County, as part of the Current Expense Funding made to the Board every fiscal year, shall include eleven-twelfths (11/12) of the yearly allocation, identified below, to be used by the

Board to compensate for law enforcement officers performing SRO services during the months that school is in session.

The compensation to be paid by County to the Town for reimbursement of the SRO services described in the MOU and for non-SRO purposes during scheduled holidays and between school years shall be set at \$66,334.00 per fiscal year, which shall be paid over twelve (12) equal monthly installments over the course of the fiscal year in accordance with Article III. The annual compensation paid by the County shall increase by three percent (3%) at the beginning of each subsequent fiscal year. If the total amount of funds expended on the SROs for the then-current term of the MOU exceeds the allocated amount for the current fiscal year, the Town shall be solely responsible for the excess expenditures of the SRO's services, unless the agreed upon in writing by the County.

At the conclusion of the academic year, the County will invoice the Board for all expenses incurred for SRO activities.

Article III

Invoices for SRO Services

In order to request payment, the Town shall submit monthly invoices to the Harnett County Sheriff's Office (hereinafter referred to as "HCSO") describing the applicable charges, including identification of personnel who performed the services, dates services were performed, the school at which the SRO performed the services, and reimbursable expenses, if any. If the invoice contains expenditures for non-SRO purposes during a scheduled holiday, the invoice shall identify the type of services performed by the SROs. Prior to submission of invoices to the Board, the HCSO shall verify them for accuracy within five business days of receipt. Once verified, County shall process and pay invoices within 30 days of receipt.

Article IV

Term and Termination of Agreement

The term of this Agreement shall begin on July 1, 2023 and end on June 30, 2026 (the "Initial Term"), unless terminated earlier as herein provided. At the expiration of the Initial Term, this Agreement shall automatically renew for successive one (1) year terms upon the renewal of the MOU, unless any of the parties provide at least 30 days' written notice of its intent to terminate prior to the expiration of the then-current term.

This Agreement may be terminated by any party, with or without cause, upon 90 days' written notice to the other parties. However, this Agreement shall automatically terminate without notice upon the termination of the MOU. If at any time this Agreement is terminated during the Initial Term or any subsequent term of the MOU, the parties shall negotiate and execute a new agreement that is compliant with Article V or any amendment thereof prior to the termination date of this Agreement, unless any amendment of the MOU no longer requires such an agreement.

Article V

Notice

Any notice, consent, or other communication in connection with this Agreement shall be in writing and may be delivered in person, by mail, or by facsimile transmission (provided sender confirms notice by written copy). If hand-delivered, the notice shall be effective upon delivery. If by facsimile copy, the notice shall be effective when sent. If served by mail, the notice shall be effective three business days after being deposited in the United States Postal Service by certified mail, return receipt requested, addressed appropriately to the address set forth below:

To Board:

Harnett County Schools
Attention: Superintendent
1008 South 11th Street
Lillington, North Carolina 27546

To County

Brent Trout
County Manager
Post Office Box 759
Lillington, North Carolina 27546

With copy to:

Christopher Appel
Senior County Staff Attorney
Post Office Box 238
Lillington, North Carolina 27546

To Town

Nick Holcomb
Town Manager
Post Office Box 675
Coats, North Carolina, 27521

Article VI

Miscellaneous Provisions

1. Relationship of Parties. The parties to this Agreement shall be independent contractors, and nothing herein shall be construed as creating a partnership or joint venture; nor shall any employee of the parties be construed as employees, agents, or principals of any other party to this Agreement. Each party agrees to assume the liability for its own acts or omissions, or the acts or omissions of their employees or agents, during the term of this Agreement, to the extent permitted under law.
2. Governing Law; Venue. This Agreement shall be governed by the laws of the State of North Carolina. The venue for initiation of any such action shall be Harnett County, North Carolina Superior Court.
3. Amendments and Modifications; Additional Policies and Procedures. This Agreement may be modified or amended by mutual consent of the parties as long as the amendment is executed in the same fashion as this Agreement.
4. Entire Agreement. This Agreement constitutes the entire agreement between the parties and supersedes all prior agreements and understandings, whether written or oral, relating to the subject matter of this Agreement.
5. Severability. In the event that any provision of this Agreement shall be invalid, illegal, or otherwise unenforceable, the validity, legality, and enforceability of the remaining provisions shall in no way be affected or impaired thereby.
6. No Third Party Benefits. There are no third-party beneficiaries to this Agreement. Nothing in this Agreement shall create or give to third parties any claim or right of action against the parties.
7. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which taken together constitute one and the same instrument.
8. E-Verify. All parties shall comply with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes, "Verification of Work Authorization," and will provide documentation reasonably requested by any party to this Agreement demonstrating such compliance.

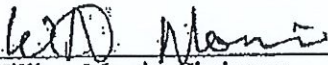
IN WITNESS WHEREOF, the parties hereto caused the Agreement to be executed on their behalfs.

HARNETT COUNTY BOARD OF EDUCATION

Chair

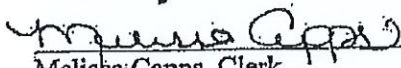
ATTEST:

COUNTY OF HARNETT



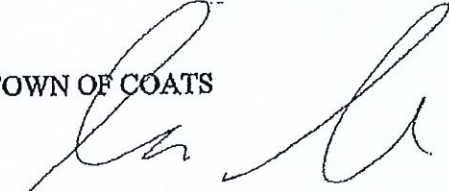
William Morris, Chairman
Harnett County Board of Commissioners

ATTEST:



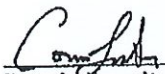
Melissa Capps, Clerk

TOWN OF COATS

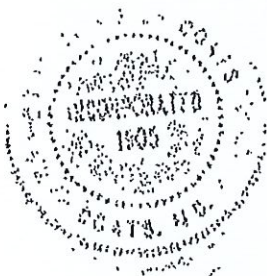


Chris Coats, Mayor

ATTEST:



Connie Lassiter, Town Clerk



**SCHOOL RESOURCE OFFICER PROGRAM
MEMORANDUM OF UNDERSTANDING (MOU)**

This Memorandum of Understanding ("MOU") effective October 1, 2018 is made and entered into by and between the Harnett County Board of Education (hereinafter referred to as the "Board"), the governing body of the Harnett County Schools (hereinafter referred to as "HCS"), and the Town of Coats (hereinafter referred to as the "Town").

WITNESSETH:

WHEREAS, the Board and the Town recognize the benefits of the School Resource Officer Program to the citizens of the Town, and particularly to the students, parents, and staff of Coats Elementary School, North Carolina;

WHEREAS, the Board desires to have the Town through the Coats Police Department provide a School Resource Officer to Coats Elementary School within the HCS;

WHEREAS, The Town is willing to provide a School Resource Officer to Coats Elementary School within the HCS; and

WHEREAS, it is in the best interest of the Board and the Town, and the citizens of the Town to establish the School Resource Officer Program as hereinafter described.

NOW, THEREFORE, in consideration of the promises and covenants of the parties herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Board and the Town do hereby agree as follows:

Article I

Purpose, Goals and Objective, and Governing Principles

This MOU outlines the goals and guiding principles as agreed to by and between the Board and the Town in order to foster an efficient and cohesive program that will build a positive relationship between law enforcement officers, school administrators, parents, and the students in Coats Elementary School. A School Resource Officer Program is hereby established at the Coats Elementary School to promote a safe and secure environment on the school campus. The ultimate goal of the School Resource Officer Program is to provide a safe, inclusive, and positive learning environment for all students and educators.

School policing is intended to promote a safe, welcoming, and inclusive environment for all students, staff, and other members of the school community while recognizing that sworn police officers have constitutional, statutory, and professional standards by which they are bound. The parties agree that in compliance with the law, the parties shall administer the School Resource Officer Program established under this MOU without discrimination against any

person on the basis of sex, gender, gender identity, race, color, religion, national origin, age, or disability. In particular, under no circumstances will any representative of any of the parties engage in any conduct in violation of state or federal anti-discrimination laws in their interactions with students, including, but not limited to, any retaliation for reporting, alleging, or filing complaints concerning any alleged discrimination.

Article II

Duties of the Coats Police Department

The Town, through the Coats Police Department, shall provide a School Resource Officer (hereinafter referred to as "SRO") as follows:

1. Qualifications of SROs. The Coats Police Department shall assign a regularly employed law enforcement officer to serve as SRO in Coats Elementary school. The assigned SRO will be a certified law enforcement officer by the State of North Carolina and must complete a 40 hour School Resource Officer training course through the North Carolina Justice Academy and obtain Crisis Intervention Training (CIT) certification through the Harnett County CIT training program. If the officer does not possess SRO training and/or CIT certification at the time of assignment, the Coats Police Department will ensure that the officer participates in any necessary coursework to receive the training and certification at the next available course offering.
2. Assignment of SRO. SRO position shall be filled by the Coats Police Department's directives and selection process. SRO should have no substantiated evidence of harassment, discrimination, disproportionate minority contact, improper use of force, or other serious performance issues in his or her work history that would make the officer inappropriate for performing duties as a SRO. In addition, SRO should have positive experience working with youth and/or in a school setting, and should be willing and able to serve as mentors for students. HCS may provide feedback to the Coats Police regarding SRO selection. The Coats Police Department shall ensure that the SRO participates in an orientation process conducted in collaboration between the Police Department and HCS to provide an overview of the School Resource Officer Program and review HCS policies and procedures.
3. Assignment of SRO Supervisor. The Coats Police Department shall designate a regularly employed law enforcement officer to supervise the assigned SRO and to coordinate the functions of the SRO Program with the Superintendent of HCS or designee. The duties of the SRO supervisor shall include: coordinating work assignments of the SRO; ensuring SRO compliance with directives and policies of the Coats Police Department and the HCS; coordinating SRO scheduling and work hours (vacation requests, sick leave, etc.); and addressing concerns and complaints regarding performance and conduct of SRO in collaboration with HCS and in accordance with Coats Police Department protocols.

4. SRO Trainings. The Coats Police Department shall ensure that its SRO maintains minimum in-service training and certification requirements as would normally apply to all other certified officers in the Coats Police Department in addition to any training and certification required under this MOU.
5. SRO Guidance Sessions. The Coats Police Department shall require the SRO to attend HCS or Harnett County Sheriff's Office (hereinafter referred to as "HCSO") orientations and guidance sessions designed for SROs that may occur periodically during the school year, so long as the scheduling of the guidance sessions offered do not conflict with assignments from the Coats Police Department. Such guidance sessions shall be designed to provide resources to SROs on topics relevant to the School Resource Officer Program, such as: working with students with disabilities and special needs; student records and privacy issues; cultural competency and nondiscriminatory administration of school discipline; positive behavior interventions and supports; restorative justice and alternatives to incarceration programs; and mediation and conflict resolution processes with students. Repeated failure to attend guidance sessions without a valid reason or proper notice may be grounds for the Superintendent to request removal of a SRO pursuant to Article VI herein. Other law enforcement officers who supervise SROs will be strongly encouraged to attend such sessions.
6. SRO Work Hours and Absences. The Coats Police Department shall not utilize the SRO during the designated workday for duties other than set forth herein, except in emergency situations that necessitate removal of the SRO from his or her normal duties pursuant to this MOU. In the event a SRO is temporarily unavailable on campus due to training, illness, approved leave, court hearing, or other reasons, the Coats Police Department shall notify the principal in advance and provide a replacement officer, whenever possible.
7. Reporting. At least quarterly, the Coats Police Department agrees to provide to HCS reports of the aggregated number of referrals (reported by race, gender, and school assignment) of HCS students by the SRO to the adult criminal justice system, juvenile petitions, teen court referrals, and/or referrals to any formal mediation program.

Article III

Board Expectations of the SRO While Serving on School Property

1. SRO Work Hours, Uniforms, and Visibility on Campus. The SRO shall remain on the school grounds during normal school hours, except when necessary to attend to a law enforcement emergency, to attend any meetings or trainings described in this MOU, or on limited occasions to attend to official law enforcement business off-campus. With the exception of emergency situations out of the SRO's control, the SRO shall give the SRO's supervisor and principal or designee reasonable advance notice of any times when the SRO is not expected to be on campus during normal school hours, and the Coats Police Department will provide replacement officers to the extent possible in accordance with Article II, Section 6 of this MOU. The SRO shall wear the official law enforcement uniform or other apparel issued by the Coats Police Department at all times while serving on Board property and shall make best efforts to maintain high visibility at all times when

practical and safe to do so, especially in areas where incidents of crime or violence are most likely to occur. The SRO shall, whenever possible and in accordance with guidance from the school principal or designee, participate in or attend school functions during the SRO's regular duty hours in order to assure the peaceful operation of school-related programs. Security services for extracurricular activities held outside of school hours shall be addressed, if necessary, through a separate contract between the Board and the Town for law enforcement officer services.

2. SRO Mentoring and Outreach. Each SRO shall conduct himself or herself as a role model at all times and in all facets of the job; shall seek to establish a strong rapport with staff, faculty, students, and others associated with the school; and shall encourage students to develop positive attitudes towards the school, education, law enforcement officers, and positive living in general.
 - a. *Interaction with parent and faculty groups.* The SRO shall be strongly encouraged to attend meetings of parent and faculty groups to solicit their support and understanding of the School Resource Officer Program and to promote awareness of law enforcement functions during the SRO's regular duty hours.
 - b. *Information on community resources.* The SRO shall be familiar with community resources that offer assistance to youths and their families, including but not limited to mental health clinics and drug treatment centers, and shall provide information on such resources to students, parents, and/or school administrators when appropriate. In addition, the SRO shall provide information to the school principal, students, and parents regarding additional resources offered by community programs or organizations providing afterschool and summer programs and opportunities for youth.
3. School Discipline. The school administrator shall be solely responsible for implementing the student Code of Conduct and discipline policies. The school administration, not the SRO, has primary responsibility for maintaining order in the school environment and for investigating and responding to school disciplinary matters. The SRO shall refer any reports or concerns relating to student discipline to the principal or designee and shall not independently investigate or administer consequences for violations of the Student Code of Conduct or any school disciplinary rules. The SRO should generally not have any further involvement in routine disciplinary matters, such as tardiness, loitering, noncompliance, the use of inappropriate language, dress code violations, minor classroom disruptions, disrespectful behaviors, and other similar minor infractions of school rules. School officials shall only request SRO assistance when necessary to protect the health and safety of staff, students, or others on school property.
 - a. *Searches.* The SRO shall not conduct or participate in searches of students or their belongings in school disciplinary investigations unless his or her assistance is requested by school personnel to maintain a safe and secure school environment.

- b. *Interrogations.* The SRO will not be involved in questioning of students initiated and conducted by school personnel in disciplinary matters unless requested by the school personnel to maintain a safe and secure school environment. If the SRO's presence is requested under these circumstances, the SRO shall confine his or her involvement to what is reasonably necessary to protect the safety and security of members of the school community and shall not lead the investigation or actively question students.
4. Joint Law Enforcement and School Discipline Investigations. In cases where school disciplinary investigations and law enforcement investigations into criminal activity overlap and relate to matters affecting health or safety (e.g., when both the school administration and SRO are investigating matters related to the presence of drugs or weapons on campus), it may be appropriate for school administrators and SROs to work in tandem. In such events, the criminal investigation takes precedence over school disciplinary issues. In such circumstances, the SRO shall be mindful of and clarify his or her role as a law enforcement officer conducting a law enforcement investigation when interviewing student witnesses, particularly students suspected of criminal wrongdoing. The SRO shall also adhere to all appropriate laws and standards governing law enforcement investigations and not assume that laws and standards that govern school disciplinary investigations will also apply to him or her in the course of conducting a criminal investigation.
5. Law Enforcement Actions and Safety Interventions. The SRO may initiate appropriate law enforcement actions to address criminal matters, including matters that threaten the safety and security of the school or its occupants, and/or intervene with staff or students (with or without a referral from school staff) when necessary to ensure the immediate safety of persons on school property in light of an actual or imminent threat to health or safety. Any such intervention shall be reasonable in scope and duration in light of the nature of the circumstances presented and shall be reasonably calculated to protect the physical safety of members within the school community, while minimizing, to the extent possible, any unintended negative effects on students. All law enforcement actions and interventions to protect the safety of others shall be consistent with all applicable laws, regulations, and policies. Use of force may be implemented pursuant to Coats Police Department procedures and protocols as well as all applicable laws, if objectively reasonable based on the totality of the circumstances, and shall not be excessive, arbitrary, or malicious. The SRO also shall, whenever possible, advise the principal before requesting additional law enforcement assistance on campus and shall request such assistance only when necessary to protect the safety or security of those present on school property.
- a. *Investigations and Arrests.* Criminal investigations and arrests by SROs will be conducted in accordance with all applicable legal requirements, including all applicable laws, regulations, and policies governing the use of force, interrogations, searches, and arrests. The SRO shall promptly notify appropriate school authorities whenever the SRO asks a student questions of an investigative nature or takes any direct law enforcement action against a student. However,

notification may be withheld until deemed appropriate by the SRO if such notification would endanger a student or any other person, or compromise an ongoing criminal investigation. The appropriate school authorities shall promptly notify the parent(s) or guardian(s) of: any student suspected of criminal wrongdoing; whenever a SRO asks a student questions of an investigative nature; or takes any direct action against any student suspected of criminal wrongdoing. SROs and school administrators shall collaborate and determine how such notice should be given in each individual circumstance. SROs shall comply with *Miranda* and juvenile *Miranda* rules whenever applicable in the course of questioning individuals suspected of criminal wrongdoing. If a SRO questions, searches, or arrests a student at school, all reasonable efforts will be made to remove the student from other students and bystanders or otherwise to not bring undue attention to the student.

- b. *Searches.* SROs shall be aware of and comply with all laws and standards regarding searches of persons and property while performing services pursuant to this MOU. In particular, SROs shall be aware of the differing standards governing searches by law enforcement officers for law enforcement purposes as compared with searches by school administrators in connection with student discipline. At no time shall any SRO request that any HCS employee lead or conduct a search of a student for law enforcement purposes.
 - c. *Interrogations.* In cases where the parent(s) or guardian(s) cannot be reached and any questioning of a student is conducted without parental notification, the school principal or designee must be present during the questioning unless the SRO directs otherwise for safety or investigative reasons. Presence of the principal/designee does not in any way impact the SRO's duty, if applicable in the situation, to comply with the student's *Miranda* or juvenile *Miranda* rights. At no time shall the SRO request that any HCS employee act as an agent of the SRO or law enforcement in any interrogation.
 - d. *Non-school Investigations.* The SRO shall refrain from questioning students at school regarding non-school related matters unless the SRO has a warrant or unless questioning, searching or arresting a student on school property at that time is necessary, in the discretion of the SRO, for the success of a law enforcement investigation or to prevent injury or crime.
6. Confidentiality and Access to Student Records. The SRO shall comply with all applicable laws, regulations, and Board policies, including, but not limited to, laws, regulations and policies regarding access to confidential student records, provided that SROs shall under no circumstances be required or expected to act in a manner inconsistent with their duties as law enforcement officers. The SRO may have access to confidential student records or to any personally identifiable information of any HCS student as defined in 34 CFR 99.3, only to the extent allowed under the Family Educational Rights and Privacy Act (FERPA) and applicable Board policies and procedures. SROs shall not automatically have access to confidential student records or

personally identifiable information in those records simply because they are conducting a criminal investigation involving a student or for general non-specific purposes. School officials may, however, share relevant confidential student records and personally identifiable information contained in those records with SROs under any of the following circumstances:

- a. The SRO is acting as a "school official" (as it relates to accessing student records) as defined in 34 CFR 99.31 because he or she is exercising a function that would otherwise be performed by school personnel and has legitimate educational interests in the information to be disclosed. For example, a SRO may be authorized to review the Behavior Intervention Plan of a student with a disability if the principal or designee has requested the SRO's assistance in deescalating physical conflicts and ensuring the physical safety of the student and others when the student becomes involved in interpersonal conflicts.
 - b. The SRO has written consent from a parent, guardian, or eligible student to review the records or information in question.
 - c. The principal or designee reasonably determines that disclosure to the SRO without parental or guardian consent is necessary in light of a significant and articulable threat to one or more person's health or safety.
 - d. The disclosure is made pursuant to a valid subpoena or court order, provided that advance notice of compliance is provided to the parent, guardian, or eligible student so that they may seek protective action from the court, unless the court orders the existence or the contents of the subpoena or the information furnished in response to the subpoena to not be disclosed.
 - e. The information disclosed is "directory information" as defined by Board Policy 4700, and the parent, guardian, or eligible student has yet to opt out of the disclosure of directory information.
 - f. The disclosure is otherwise authorized under FERPA, its implementing regulations, and applicable HCS policies and procedures.
7. Communication between SRO and Principal. The SRO is expected to meet with the school principal and members of the administrative team designated by the principal on a regular basis, both formally and informally, to discuss school safety concerns, duties, and responsibilities.
8. Development of School Safety Plans. The SRO shall report any safety concerns to the school principal or designee and shall confer with the school principal to develop plans and strategies to prevent and/or minimize dangerous situations on or near the campus or involving students at school-related activities. The school principal will contact any other school system personnel who should be involved in these discussions.

9. SRO Guidance Sessions. The SRO shall attend all orientations, meetings, and information and guidance sessions scheduled during the SRO's regular duty hours as requested by the Coats Police Department and/or HCS in accordance with Article II, Paragraph 5 herein set forth.

Article IV

Duties of the Board and HCS

1. Provision of Office Space and Access to School Community.
The Board, Superintendent, and school principals agree to provide to the SRO:
 - a. Access to suitable accommodations at the school;
 - b. A radio/cell phone (depending on what is customarily issued by Coats Police Department);
 - c. Keys to the assigned school; and
 - d. Reasonable opportunity to address students, teachers, school administrators, and parents about criminal justice, safety, and security issues relating to school-aged students.
2. Referrals to the SRO. Maintaining order in the school environment and investigating and responding to school discipline matters shall be the responsibility of the school administration. School administrators are expected to adhere to the student discipline procedures outlined in applicable state and federal law and Board policies. HCS shall refrain from involving the SRO in the response to student disciplinary incidents and the enforcement of disciplinary rules that do not constitute violations of law, except when necessary to support staff in maintaining a safe school environment. HCS shall provide training to school administrators regarding the role of the SRO and the appropriate involvement of the SRO in student matters that pose a threat to the safe school environment, at least on an annual basis. Such trainings shall include information on how to distinguish between disciplinary infractions appropriately handled by school officials versus threats to school safety that warrant a referral to law enforcement.
3. Communication between SROs and Principals. School principals are expected to meet with the SRO on a regular basis, both formally and informally, to discuss school safety concerns, duties and responsibilities. The Board authorizes the principals to report any crimes that occur on campus to the assigned SRO in compliance with all applicable state laws and Board policies that require school officials to report criminal acts occurring on school grounds to law enforcement.
4. SRO Guidance Sessions. HCS shall coordinate an orientation for SROs at the start of the school year, to discuss an overview of the School Resource Officer Program and review HCS policies and procedures. HCS also shall host, in collaboration with the HCSO, an annual summit of SROs and school administrators to discuss issues relevant to the School Resource Officer Program and operations. At least one administrator from each school with an assigned SRO shall attend the summit. In addition, HCS shall offer additional guidance sessions and resources to SROs on topics relevant to the School Resource

Officer Program that may occur periodically during the school year, such as working with students with disabilities and special needs; student records and privacy issues; cultural competency and nondiscriminatory administration of school discipline; positive behavior interventions and supports; restorative justice and alternatives to incarceration programs; and mediation and conflict resolution processes with students.

5. Data Collection and Reporting. HCS, working in conjunction with the SRO, shall maintain data listed in Article II, Section 7 herein and other data on school-based discipline referrals that result in involvement with a SRO and/or law enforcement and review such data on an annual basis, including, but not limited to, the following information:
- a. The name of the staff member making the referral;
 - b. A detailed explanation of circumstances that led to the referral, including a description of the conduct, the setting, and names and roles of any staff members or SRO/law enforcement involved in the incident;
 - c. The name, race, ethnicity, sex, age, disability status, English Language Learner (ELL) status, grade level of the student(s) being referred, and all other students involved in the incident;
 - d. Whether the referral to law enforcement was mandatory under G.S. 115C-288(g); and
 - e. A summary of the actions taken as a result of the incident (e.g. based upon the school administrator's knowledge, whether the student was questioned, searched, or arrested on campus by law enforcement).

In addition, principals are expected to maintain documentation of all notifications received pursuant to G.S. 7B-3101 regarding juveniles who are alleged or found to be delinquent and shall preserve the confidentiality of such documentation in accordance with G.S. 115C-404.

6. Review of SRO Program. The Superintendent of HCS or his/her designee shall collect feedback from principals at least annually regarding the SRO program and provide feedback to the Coats Police Department regarding the SRO program and the performance of the SRO on an annual basis.

Article V

Financing the School Resource Officer Program

The Board agrees to enter into a separate agreement with the Town, which is incorporated herein by reference as though fully set forth herein, to address the assignment of an SRO to Coats Elementary School and payment for SRO services during each fiscal year. The terms of any separate agreement shall not be inconsistent with the terms of this MOU. In the event of any conflict between any separate agreement regarding SRO services and the terms of this MOU, the terms of this MOU shall prevail, except that the agreement will prevail only with respect to the issue of payment for SRO services. Notwithstanding the foregoing, continuation

of the School Resource Officer Program shall be contingent upon available funding from the HCS and Harnett County.

Article VI

Employment Status of SROs; Suspension or Reassignment

The SRO assigned to Coats Elementary School shall remain an employee of the Town, and shall not be an employee of the Board. The Coats Police Department shall provide their SRO with the same type benefits, equipment, supplies, and training as that provided to their regularly employed law enforcement officers.

If, in the discretion of the school principal, a SRO is not effectively performing his or her duties or responsibilities, and/or receives a complaint from a staff member, student, or parent about actions of the SRO, the principal shall report concerns to the SRO's supervisor to address the performance concerns. In the event concerns continue or persist, the principal shall recommend to the Superintendent of HCS that the SRO be removed from the program, and shall state the reasons in writing. After receiving the recommendation from the principal, the Superintendent or his/her designee, if s/he agrees, shall advise the Coats Police Department of the request. The Coats Police Department shall contact the HCS or his/her designee and shall agree to remove the SRO from serving Coats Elementary School if, upon review by the Coats Police Department, there is verifiable, documented evidence of ongoing performance issues that persist despite the SRO being provided notice and an opportunity to improve.

In addition, if the principal documents SRO misconduct that threatens the health or safety of students or staff, HCS will immediately notify the SRO's supervisor and provide copies of such documentation, and the Coats Police Department shall promptly remove the SRO from serving Coats Elementary School until the completion of the Coats Police Department's review of the alleged misconduct, consistent with the Coats Police Department's policies and ordinances and this MOU.

In the event of the resignation, dismissal, removal, or reassignment of a SRO, the Coats Police Department shall provide a replacement for the SRO within a reasonable period of time, to be discussed between the parties when a vacancy occurs. During such interim period, as much as reasonably possible, the Coats Police Department shall assign an alternate law enforcement officer temporarily to carry out the duties of the SRO until a replacement can be secured.

Notwithstanding the foregoing, nothing in this MOU shall prohibit the Superintendent from preventing the access of any individual, including any assigned SRO, to Board property if the Superintendent determines it is in the best interest of the health and safety of HCS students. Likewise, the Coats Police Department reserves the right to suspend a SRO from duty with the HCS. During any period of suspension under this section, the Coats Police Department shall provide a replacement SRO pursuant to Article II, Section 6 herein set forth.

Article VII

Term and Termination of MOU

The term of this MOU shall begin on October 1, 2018 and end on June 30, 2019 and may be renewed for two additional one-year terms upon the mutual written consent of both parties, unless terminated earlier as herein provided.

Any party's participation in this MOU may be terminated by that party, with or without cause, upon 90 days written notice to the other parties.

Article VIII

Notice

Any notice, consent, or other communication in connection with this MOU shall be in writing and may be delivered in person, by mail, or by facsimile transmission (provided sender confirms notice by written copy). If hand-delivered, the notice shall be effective upon delivery. If by facsimile copy, the notice shall be effective when sent. If served by mail, the notice shall be effective three business days after being deposited in the United States Postal Service by certified mail, return receipt requested, addressed appropriately to the addresses set forth below:

To Board:

Harnett County Schools
Attention: Superintendent
1008 South 11th Street
Lillington, North Carolina 27546

To Town of Coats

Nick Holcomb
Town Manager
Post Office Box 675
Coats, North Carolina 27521

Article IX

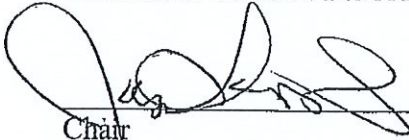
Miscellaneous Provisions

1. **Sex Offender Registry Checks.** The parties acknowledge that the requirements of G.S. 115C-332.1 apply to this MOU. The Coats Police Department shall conduct an annual check of all sworn law enforcement officers assigned as SROs on the North Carolina Sex Offender and Public Protection Registration Program, the North Carolina Sexually Violent Predator Registration Program, and the National Sex Offender Registry. The Town certifies that no individual may provide services to Board under this MOU if he/she appears on any of the sex offender registries.
2. **Relationship of Parties.** The Town and the Board shall be independent contractors, and nothing herein shall be construed as creating a partnership or joint venture; nor shall any employee of either party be construed as employees, agents, or principals of any other party to this MOU. The Town maintains control over its personnel and any employment rights of personnel assigned under this MOU shall not be abridged. Each party agrees to assume the liability for its own acts or omissions, or the acts or omissions of their employees or agents, during the term of this MOU, to the extent permitted under law.

3. Governing Law; Venue. This MOU shall be governed by the laws of the State of North Carolina. The venue for initiation of any such action shall be Harnett County, North Carolina Superior Court.
4. Amendments and Modifications; Additional Policies and Procedures. This MOU may be modified or amended by mutual consent of the parties as long as the amendment is executed in the same fashion as this MOU. Notwithstanding the foregoing, the parties may develop additional policies and procedures by consent to implement this MOU, including but not limited to policies and procedures regarding reporting requirements and sharing information between HCS, Town, and the Coats Police Department. Further, each party may develop internal policies and procedures to implement their respective obligations under this MOU.
5. Entire Agreement. This MOU constitutes the entire agreement between the parties and supersedes all prior agreements and understandings, whether written or oral, relating to the subject matter of this MOU.
6. Severability. In the event that any provision of this MOU shall be invalid, illegal, or otherwise unenforceable, the validity, legality, and enforceability of the remaining provisions shall in no way be affected or impaired thereby.
7. No Third Party Benefits. There are no third party beneficiaries to this MOU. Nothing in this MOU shall create or give to third parties any claim or right of action against the Town, the Coats Police Department, or a SRO.
8. Counterparts. This MOU may be executed in one or more counterparts, each of which shall be deemed an original, but all of which taken together constitute one and the same instrument.
9. E-verify. All parties shall comply with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes, "Verification of Work Authorization," and will provide documentation reasonably requested by any party to this MOU demonstrating such compliance.

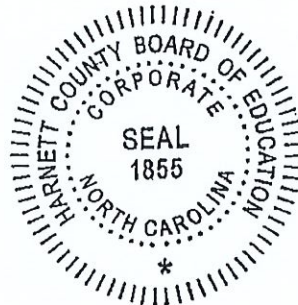
IN WITNESS WHEREOF, the parties hereto caused the MOU to be executed on their
behalfes.

HARNETT COUNTY BOARD OF EDUCATION

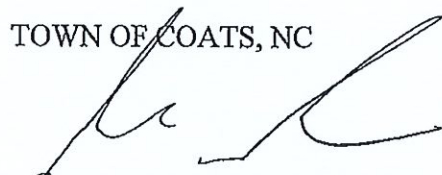

Chair

ATTEST:

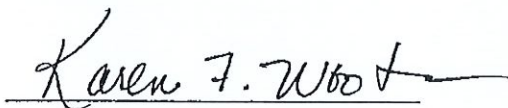




TOWN OF COATS, NC


Chris Coats, Mayor

ATTEST:



TOWN OF COATS
AMENDMENT TO BUDGET ORDINANCE
Fiscal Year 2026-2027

Budget Amendment #2027-01

BE IT ORDAINED by the Governing Board of the Town of Coats, North Carolina, that the following amendment is made to the annual budget ordinance for the fiscal year ending June 30, 2027:

GENERAL FUND

<u>Line Item</u>	<u>Account Name</u>	<u>Previous Appropriation</u>	<u>Adjustment</u>	<u>Revised Appropriation</u>
Revenue				
10-3280-1000	DMV Taxes & Fees	\$7,000	\$7,000	\$14,000
10-3472-0000	Furniture/Yard Waste Revenue	\$45,000	\$165,000	\$210,000
TOTAL			\$172,000	
Expenditure				
10-4910-6000	Contracted Services-Engineering	\$40,650	(\$34,150)	\$5,000
10-4110-5990	Contingency	\$131,455	\$206,150	\$337,605
TOTAL			\$172,000	

Explanation: Revenues for DMV taxes and fees and furniture/yard waste were understated and should be amended. Engineering Services were overstated and should be reduced. Net result is an additional \$206,150 in contingency.

ADOPTED this _____ day of _____, 2026 by the Town of Coats Board of Commissioners.

Chris Coats
Mayor

ATTEST:

Jade Stone
HR/Town Clerk

(7) (a) Permits/stickers will be issued annually, and are valid from July first through June thirtieth. The following fees shall apply:

1. Annual inspection by Police Department, \$15 (includes permit/sticker);
2. Re-inspection by Police Department upon failure; \$5.

(b) Permit/stickers of initial inspection issued prior to 7-1-2010 shall be valid through 6-30-2011.

(8) Lost or stolen permit/stickers are the responsibility of the owner. A police report must be filed in the event of a lost or stolen permit/sticker. The Chief of Police will have the discretion in determining whether a permit/sticker may be re-issued in this instance. If no record can be found of a previous application, or the receipt of a permit/sticker, the Chief of Police may direct the applicant to reapply, and also resubmit any and all fees necessary, before a replacement permit/sticker is issued. (Ord. passed - -) Penalty, see § 77.99

§ 77.04 STATE LAW.

(A) *Registration, insurance, applicable laws.* Any person who operates a golf cart in the town, and fails to receive or to properly display a town permit/sticker will be subject to the state law requiring registration, insurance, and any other applicable laws, in addition to being in violation of this chapter.

(B) *Traffic laws.* Golf carts will be subject to the traffic laws of North Carolina:

(1) All operators must adhere to all laws that apply to normal vehicle operation, to wit: stop signs, stop lights, one-way streets, etc. All alcohol laws will apply.

(2) Golf carts will adhere to all traffic flow patterns and will operate on the right side of the roadway.

(3) Golf cart operators must yield the right of way to any overtaking vehicles.

(4) Golf carts shall not be operated on sidewalks.

(5) Golf carts shall not be operated on private property, without the permission and consent of the property owner.

(Ord. passed - -) Penalty, see § 77.99



SCHEDULE OF FEES

Effective July 1, 2026

(NOTE: All fees are subject to change without notice. Please contact the appropriate department to confirm current fees.)

TAXES

Property Tax Rate:.....\$0.49 per \$100 of assessed valuation
Municipal Vehicle Tax:.....\$10.00 per vehicle

WATER RATES

RESIDENTIAL RATES:

In Town: First 2,000 gallons of water (FLAT RATE).....\$18.10
Each 1,000 gallons THEREAFTER.....\$ 6.90

Out of Town: First 2,000 gallons of water (FLAT RATE).....\$35.00
Each 1,000 gallons THEREAFTER.....\$13.80

COMMERCIAL RATES:

In Town: First 2,000 gallons of water (FLAT RATE).....\$18.10
Each 1,000 gallons THEREAFTER.....\$6.90

Out of Town: First 2,000 gallons of water (FLAT RATE)..... \$35.00
Each 1,000 gallons THEREAFTER.....\$13.80

EQUIPMENT FEE:.....\$1.00/month

WATER TAP & METER RETROFIT FEES:

3/4"\$2,500.00
1"\$3,000.00
2"\$6,000.00
3/4" AMI Meter & MXU only.....current price + 10%
1" AMI Meter & MXU only.....current price + 10%
2" AMI Meter & MXU only..... current price + 10%
MXU Transmitter Disc & wire only.....current price + 10%
Meter box replacement.....\$100.00
Meter installation.....\$50.00
Meter testing (refund w/defective meter).....\$75.00
Irrigation tap (branch off existing 3/4" or 1" line)...\$1,000.00

UTILITY FEES

Water Deposit (Owner):	\$0.00-\$50.00
Water Deposit (Renter):.....	\$50.00-\$100.00
Connection Fee:.....	\$30.00
Transfer Fee:.....	\$30.00
Cleaning Rental Units:.....	\$25.00
Late fee:	\$20.00
(Applied to payments received after 4:30pm on 17th of any month)	
Non-payment fee:.....	\$50.00
Scheduled Service Call	\$30.00
Charges for illegal cut-on of water:.....	\$50.00
(Assessed to customers who illegally cut on their water)	

Sewer Rates: Deposit and Rates set by Harnett Regional Water

NEW SERVICE DEPOSITS:

All Water/Sewer Deposits are based upon your credit. Valid ID & SS # are required.
 Water, Sewer and Connection Fee must be paid in full before water is turned on.
 New accounts or delinquent accounts must be paid in full by 3:00 pm in order for
 water service to be cut back on.

INSPECTION & MISC. PUBLIC WORKS FEES

Water line.....	\$1.50/linear foot
Builder-installed taps.....	\$150.00/tap
Public streets (proof rolls/paving).....	\$1.50/linear foot
Public sidewalk/greenways.....	\$1.50/linear foot
Stormwater line.....	\$1.50/linear foot
Driveway inspection.....	\$100.00
Public Works re-inspection fee.....	\$100/trip
Hydraulic model update.....	Direct costs plus 10%
Distribution plan review.....	\$150.00
Road bores.....	\$500.00
Road bores with asphalt repair.....	\$750.00
Asphalt repairs.....	TBD based on need
Encroachment fee.....	\$100.00
Spot checking of third-party locates.....	\$45.00/hour
Driveway piping.....	Cost of materials
Lot mowing (hourly w/one-hour minimum).....	\$100.00

SYSTEM DEVELOPMENT FEES

New fees to take effect in 2026 and retroactive one year for connection to Town water system. Fees are paid by builder at time of issuance of building permit in accordance with Session Law 2020-61, effective Jan. 1, 2021.

SOLID WASTE FEES

RESIDENTIAL & BUSINESS

In Town:	Garbage (Weekly Pickup).....	\$11.00/Month
	Recycling (Bi-Weekly Pickup).....	\$6.00/Month
	Yard Waste.....	\$10.00/Month
Total In Town per Month =		\$27.00

Out of Town:	Garbage (Weekly Pickup).....	\$24.00/Month
	Recycle (Bi-Weekly Pickup).....	\$9.00/Month

PARKS & RECREATION FEES

PARK RENTAL:

Picnic Shelter (all day).....	\$50.00
Ball Fields (hourly rate without lights)	\$20.00
Ball Fields (hourly rate with lights).....	\$40.00

RECREATION PROGRAMS:

Youth Participants:

Resident Fee.....	\$25.00
Non-Resident Fee	\$45.00
Late Registration Fee	\$5.00
Summer camps.....	\$25.00
Nature programs.....	Cost of materials
Adult League Softball (per team).....	\$550.00

MCKINLEY POINT RENTAL:

Farm Vendor (per year)	\$100.00/with farm stand on property for 30+ days
Farm Vendor (day rate)	\$10.00/same-day set up/tear down
Private Event (per day).....	\$100.00
Non-Profit Event (per day).....	\$50.00
Non-Profit Signage only (per week).....	\$25.00

ALCOHOL PRIVILEGE LICENSE

Beer "On-premise".....	\$15.00
Beer "Off-premise".....	\$5.00
Wine "On-premise".....	\$15.00
Wine "Off-premise".....	\$10.00

MISCELLANEOUS RATES & FEES

Copying.....	\$0.30/page
Cemetery Plots.....	\$500.00
Burial Permit.....	\$100.00
Returned Check Fee.....	\$25.00
(After 2nd return check, no personal checks will be accepted)	
Police Reports.....	\$5.00 each
Police Fingerprint Cards (In Town, No Charge).....	Out of Town \$5.00
Golf Cart Registration	\$40.00
Golf Cart Annual Inspection.....	\$40.00
Online Convenience Fee.....	3% of total bill

PLANNING / ZONING

ZONING APPLICATION PERMITS

Residential:

Detached Dwelling.....	\$50.00
Attached Dwelling.....	\$100.00
Fence Permit.....	\$0.00
Watershed High Density Application.....	\$250.00

Non-Residential/Commercial:

Structure.....	\$200.00 + zoning site plan review fee
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Building Permit Fees.....Set by Harnett County

Review/Inspection Fees (by Town's Contractor).....Reimbursement of Direct Costs

Planning Fees (Board Approval Required):

Special Use Permit Application.....	\$500.00
Annexation Application.....	\$400.00
Variance Request.....	\$400.00
Re-Zoning Application.....	\$400.00
Ordinance Text Amendment.....	\$400.00

Road Renaming Petition (Buying New Signs & E911 Addressing).....\$400.00
(Advertising costs associated with above applications subject to reimbursement)

Planning Service Fees:

Zoning Certification Letter.....\$30.00
Exempt or Recombination Subdivision Review.....\$50.00
Minor Subdivision Filing Fee:.....\$250.00 + \$20.00/lot
Major Subdivision Preliminary Plat..... \$500.00 + \$20.00/lot
Construction Drawings Review Fee..... \$500.00
Storm Drainage/Erosion Control Fee.....\$500.00
Major Subdivision Final Plat Review \$350.00 + \$20.00/lot
Site Plan Review.....\$250.00
Wireless Communication Facility Application.....\$1,000.00
Parks & Rec. Development Fee--New Residential Construction..\$500.00/lot/unit
(Due at final plat approval for subdivisions and at zoning permit approval for individual lots)

Sign Permits:

Business Sign Permit..... \$50.00/each sign
Temporary (Limited to 30 days/year)..... \$35.00

MANAGEMENT REIMBURSEMENT

Mileage Reimbursements.....IRS Rate

Justification for Trail Rehabilitation Project

The walking trail at Coats Municipal Park has deteriorated to the point that it presents a safety concern for park visitors. Over time, tree roots, uneven surfaces, divots, washouts, and erosion have created numerous tripping hazards throughout the trail. As one of the park's most frequently used amenities, the trail should provide a safe and accessible walking experience for residents of all ages. Rehabilitating the trail will improve safety, extend the life of the existing pathway, and encourage continued recreational use by the community.

The proposed project consists of completely restoring the trail surface by placing approximately 84–100 tons of gravel, grading and shaping the trail to establish proper drainage, creating a crowned surface where appropriate, thoroughly compacting the material, wetting it to improve compaction, and performing a final compaction to create a durable, long-lasting walking surface. This process is intended to significantly reduce future erosion while providing a stable and comfortable trail for users.

To ensure competitive pricing, staff contacted eight companies for quotations. Three companies ultimately submitted proposals:

- **Cukrowicz Construction** submitted a proposal of **\$5,900**, which includes **84 tons of gravel** and the associated grading and installation work.
- **Iron Wolf Grading** submitted the lowest initial proposal at **\$5,300**, but the quote only includes **40 tons of gravel**. The company indicated that additional gravel would be billed at **\$1,000 per 20 tons**, and based on staff's assessment, the project will require a minimum of **80 tons** to properly complete the trail. This would increase the total project cost to at least **\$7,300**, making it the highest-cost option.
- **Lee's Grading**, a local contractor, submitted a proposal of **\$5,875**, which includes **100 tons of gravel** along with the complete grading and installation process.

After reviewing all three proposals, staff recommends awarding the project to **Lee's Grading**. Although the proposal is only **\$25 less** than Cukrowicz Construction's, it includes approximately **16 additional tons of gravel**, providing greater assurance that sufficient material will be available to complete the project correctly without the need for costly change orders. Additionally, Lee's Grading is a local business that the Town has successfully worked with in the past, including the removal of the former tennis courts at Coats Municipal Park. Their previous work has demonstrated quality workmanship, professionalism, and reliability.

Selecting Lee's Grading provides the Town with the best overall value by ensuring adequate materials, supporting a local contractor with a proven track record, and delivering a safer,

more durable walking trail for the community. This investment will improve park safety, reduce ongoing maintenance caused by erosion, and enhance one of the park's most utilized recreational amenities for years to come.

All funding will come out of line item 10-6120-7220 for Park Improvement Projects with the money that was given to us from the county. We have enough funds in this account to cover the costs.