



SALISBURY TOURISM AUTHORITY
dba
SALISBURY TOURISM AND CULTURAL DEVELOPMENT COMMISSION
Minutes
February 8, 2012

The Salisbury Tourism and Cultural Development Commission met at the Gateway Building, 204 East Innes Street, second floor, at 11:30 a.m. for their regular meeting followed by a joint meeting of the Rowan County TDA and STCDC. Lunch was provided by the Rowan TDA.

STCDC: Boris Bunich, Randy Hemann, Mark Lewis (Chair), Brian Miller, Krista Osterweil, Michelle Patterson, Barbara Perry, and David Redden

Absent: Bill Burgin

Staff representatives: Anna Bumgarner (Salisbury Purchasing), James Meacham (RCCVB), Diana Moghrabi (STCDC Secretary), Joe Morris (City Staff Liaison), Lesley Pulliam (RCCVB), Wade Furches (City Finance Director)

Rowan County TDA: Kelly Alexander, Millie Cress, Jeannie Moore, Wes Thompson, Andrew Waters, and Gretchen Witt

WELCOME AND OPENING REMARKS

Mark Lewis brought the STCDC meeting to order. Minutes of January 11, 2012, meeting were approved with revisions.

FINANCIALS

Wade Furches presented the financial report which was received as presented. A copy of the full report is attached. It appears we are on target to be over budget. There is over \$224,000 in the bank.

Wade presented a proposed Contract to Audit Accounts (copy attached) for the required 2012 annual audit. The charge is \$2,475 for the audit and \$625 for the preparation of the annual financial statements. The City will be going out for audit bids in January 2013. Wade requested adding the Salisbury TDA to that audit proposal request. The TDA would be bid separately.

Mark Lewis referred this item to the Organizational Committee for a recommendation. He invited John Sofley to come to the meeting March 5, 2012.

There was a discussion on whether the audit expenses should come out of the 3 percent administrative fees the TDA pays the City of Salisbury. James said this price was less than what Rowan County pays.

REPORTS

A. Destination Development Committee Report

Barbara Perry reported that the Downtown Holiday Decorations Committee met January 18 and February 2. (See minutes) They are making good progress with the plan. Staff will make a visual inventory of downtown poles and report on their observations. They will include vendors in the walk through town.

Mark Lewis reminded the committee to share the plan with City Council since they plan to install the decorations on the city's poles.

Brian Miller said that the City Council will have fiscal notes tied to each item on their agenda. They want to know the impact of each agenda item on the city's budget.

Anna Bumgarner can help with the purchasing procedures. (See City of Salisbury purchasing manual.)<http://www.salisburync.gov/lm&d/Salisbury%20Tourism/Current%20purchasing%20manual%20June%202022,%202010.pdf> Staff will prepare an RFQ.

Wayfinding Signage

Joe Morris distributed the latest version of the wayfinding signage system proposal. Some of the approach to implementing this program changed after meeting with J. P. Couch, traffic engineer with NCDOT. J. P. has agreed to have us forward the proposal to Raleigh for review.

Trolleys

The bid process ended, but the bid has been rejected. There will be a delay as the bids are resubmitted with more specific descriptions in the RFP.

Cable Car Concepts came in as the low bidder; however, they have never built a trolley like we are requesting. Some things the TDAs thought to be standard were not provided as envisioned. (Cable Car Concepts offered vinyl siding as opposed to wood siding and no steps off the rear porch.) Specific details are included this time.

There will need to be a presentation to City Council by the TDA before the order is placed. (Probably at the first Council meeting in March.) There needs to be an operating agreement in place. The TDA will pay back the City of Salisbury; the City transfers the assets to another

government agency so the RCCVB can operate, maintain and insure them. The title transfer will basically come on the back end once they are in place.

B. The Organizational Committee

The committee discussed the Red Tail Squadron at their February 6 meeting. James will cover this in his report to the joint TDAs.

The recommendation for staggered terms was created in March of last year (2011). Copies of those minutes were provided to the Commission and will go forward to City Council. This should be presented to City Council, along with the request for the trolleys.

Recess for lunch

Report from Rowan County TDA

CALL TO ORDER of the RCTDA Board by Board Chair Michelle Patterson. RCTDA approved the meeting agenda. Both meetings ran simultaneously.

Joint Marketing Committee

Krista Osterweil made a report. (See minutes of February 2, 2012)

DMANC January 26-27, 2012, Leadership Meeting with the TDA leaders from North Carolina met at the Rowan Museum. They represented 25 room-nights.

The Sanford Chamber of Commerce Leadership Retreat–January 20-21, 2012, were impressed with their visit to Salisbury Rowan.

The 2010 Main Street Managers' Conference–Lesley suggests that a committee needs to start meeting in March to plan for next year (January 23-25, 2013). A good group of about 25 volunteers will be needed as Salisbury/Rowan hosts the conference.

Kiosks–The Community Park, Lazy 5 and the Quality Inn kiosks have been installed. This has been a good program for the community.

Arts Night Out–The subcommittee approved recommending a grant funding up to \$7,000 to the Rowan Arts Council, who will partner with DSI, to put on the event in the “Night Out” style capacity.

- There would be an out-of-town based marketing behind it.
- Involve the arts and cultural partners in the downtown.
- It needs to be interactive.
- Focus on greater collaborations and partnerships.
- Use established media outlets that are in place to promote the event.

- It has to be packaged and brought back.
- Look for a time when it does not compete with an existing downtown event or is at an ideal time such as the summer solstice weekend.
- It should be more than a night out that has arts and culture in the name. It's a good concept, but it has some holes.

There was a consensus that the TDAs do not wish to completely fund the event in an ongoing manner. After discussion, the joint committee voted (9-0) to approve the MOTION.

There was a community meeting February 7, with good participation, in an effort to make this event very different. Merchants were excited for a new approach.

The Red Tail Squadron received a \$3,000 grant from the Joint Marketing Committee for their mobile exhibit coming to the NC Transportation Museum in Spencer February 15, 16, 17 and 18, 2012. James has found additional sponsors to help cover the balance of the fee. The STCDC Organizational Committee was willing to add an additional \$1,000, if needed, to bring the exhibit here.

The NC Transportation Museum is reaching out to the educational system in Rowan County. Livingstone College is including programs around the exhibit for their students and student government association. They have an alumnus who was a Tuskegee Airman.

This is a testament to the agility of the tourism authorities. This was a great opportunity. The RCCVB did a great job making it happen.

A mobile version of the Visit Salisbury NC Web site is coming and Miller Davis will be the vendor. The platform(s) is for both Androids and the iPhones. It should be in place by the middle of March 2012.

TOURISM INDUSTRY MASTER PLAN

There will be a presentation to City Council at the Council Retreat February 9, 2012.

RAC

The Rowan Arts Council is meeting the first Thursday of every month. Rhythm Nights is a project they are currently partnering with the Rowan Public Library and reaching a new audience. They are also working on the "Arts Night Out" event.

At the end of this month, the RAC will submit their Designated County Partner Review Application. Every three years all arts councils are reviewed by the state art council to see that they are meeting the mandated requirements.

There is a slate of board applicants that Michelle and Mark hope to appoint to the RAC. The "Big Three" (Piedmont Players Theatre, Salisbury Symphony and the Waterworks Visual Arts Center) will have representation from their prospective boards on the RAC. (Not paid staff)

Alexis Greer, Perkins Management Services, PPT board member and recommended by PPT

Marianna Swain, LA Murph's, Waterworks board, recommended by Waterworks

Sean Meyers, Photographer (Wayfinding Images), current RAC board member

Toby Hagmaier, Southern Spirit Gallery, current RAC board member

Barbara Perry, Community Volunteer, STCDC, Public Art Committee Chair

Jenn Selby, RCCC, Instructor of Photography and Visual Arts

Dick Huffman, Attorney

Linda Jones, Salisbury Symphony Executive Director

Mike Miller, Marketing and Public Relations Firm

James W. Donaldson, Retired, Hurley Park Advisory Board

Marina Konovalova-Bare, Art Instructor, Waterworks

Ashley B. Shoaf, Ashley Shoaf Realty, past board member of the Salisbury Symphony

ADJOURNMENT

The STCDC meeting adjourned at 12:50 p.m. The next full committee meeting is Wednesday, March 14, 2012, at 11:30 a.m. in the Gateway Building, 204 E Innes Street, Salisbury.

Respectfully submitted,

Diana Moghrabi

Salisbury Tourism and Cultural Development Commission

Balance Sheet

February 7, 2012

ASSETS

Cash and investments	\$ <u>224,715</u>
----------------------	-------------------

LIABILITIES AND FUND EQUITY

LIABILITIES

Accounts payable	\$ <u>-</u>
------------------	-------------

FUND EQUITY

Fund balance:

Reserved for Capital	\$ 193,713
----------------------	------------

Unreserved	<u>31,002</u>
------------	---------------

Total fund equity	\$ <u>224,715</u>
-------------------	-------------------

Total Liabilities and Fund Equity	\$ <u>224,715</u>
-----------------------------------	-------------------

Salisbury Tourism and Cultural Development Commission

Statement of Revenues and Expenditures and Change in Fund Balance

For the Year to Date Period Ending February 7, 2012

	<u>Actual</u>	<u>Budget</u>	Variance with Budget Positive (Negative)
REVENUES:			
Occupancy Tax Receipts	\$ 178,219	\$ 298,000	\$ (119,781)
Interest Income	-	2,000	(2,000)
Total revenues	<u>\$ 178,219</u>	<u>\$ 300,000</u>	<u>\$ (121,781)</u>
OTHER FINANCING SOURCES:			
Appropriated fund balance	<u>\$ -</u>	<u>\$ 79,000</u>	<u>\$ (79,000)</u>
Total revenues and other financing sources	<u>\$ 178,219</u>	<u>\$ 379,000</u>	<u>\$ (200,781)</u>
EXPENDITURES:			
Marketing	\$ 157,581	\$ 258,000	\$ 100,419
Capital	7,613	112,000	104,387
Administrative Fee	<u>5,347</u>	<u>9,000</u>	<u>3,653</u>
Total expenditures	<u>\$ 170,541</u>	<u>\$ 379,000</u>	<u>\$ 208,459</u>
NET INCREASE (DECREASE) IN FUND BALANCE	<u>\$ 7,678</u>	<u>\$ -</u>	<u>\$ 7,678</u>
FUND BALANCE, JULY 1, 2011	<u>\$ 217,037</u>		
FUND BALANCE, FEBRUARY 7, 2012	<u>\$ 224,715</u>		

Salisbury Tourism and Cultural Development Commission
Collection Summary Report for FY2012 as of February 7, 2012

Total Receipts Previously Reported	\$ 163,195.15
Total Receipts January 11, 2011 – February 7, 2012	<u>15,023.44</u>
 Total Gross Receipts Received	 <u>\$ 178,218.59</u>

CONTRACT TO AUDIT ACCOUNTS
Of Salisbury Tourism and Cultural Development Commission
Governmental Unit

On this 10th day of January, 2012, Martin Starnes & Associates, CPAs, P.A.
Auditor

730 13th Avenue Drive SE, Hickory, NC 28602

Mailing Address

_____, hereinafter referred to as
the Auditor, and Board of Commission of Salisbury Tourism and Cultural Development Commission, hereinafter referred
Governing Board Governmental Unit
to as the Governmental Unit, agree as follows:

1. The Auditor shall audit all statements and disclosures required by generally accepted accounting principles and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit for the period beginning July 1, 2011, and ending June 30, 2012. 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 will be rendered in relation to (as applicable) the governmental activities, the business-type activities, the aggregate discretely presented component units, 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).
2. At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with generally accepted auditing standards. The Auditor shall perform the audit in accordance with *Government Auditing Standards* if required by the State Single Audit Implementation Act, as codified in G.S. 159-34. If required by OMB Circular A-133 and the State Single Audit Implementation Act, the auditor shall perform a Single Audit. This audit and all associated workpapers may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the LGC. If the audit and/or workpapers 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.
3. This contract contemplates an unqualified opinion being rendered. If financial statements are not prepared in accordance with generally accepted accounting principles (GAAP), or the statements fail to include all disclosures required by GAAP, please provide an explanation for that departure from GAAP in an attachment.
4. This contract contemplates an unqualified opinion being rendered. 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*, July 2007 revisions, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he 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 their most recent peer review report regardless of the date of the prior peer review report to the Governmental Unit and the Secretary of the Local Government Commission prior to the execution of the audit contract. (See Item 21) If the audit firm received a peer review rating other than pass, the auditor shall not contract with any Local Government Units without first contacting the Secretary of the Local Government Commission for a peer review analysis that may result in additional contractual requirements.

If the audit engagement is not subject to *Government Accounting Standards*, the Auditor shall provide an explanation as to why in an attachment.
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 the SLGFD within four months of fiscal year end: October 31, 2012. If it becomes necessary to amend this due date or the audit fee, an amended contract along with a written explanation of the delay must be submitted to the Secretary of the Local Government Commission for approval.
7. It is agreed that generally accepted auditing standards include a review of the Governmental Unit's systems of internal control and accounting as the systems relate to accountability of funds, adherence to budget requirements, and adherence to law requirements. In addition, the Auditor will make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his findings, together with his recommendations for improvement. That written report must include all matters defined as "significant deficiencies and material weaknesses" in AU 325 of the *AICPA Professional Standards*. The Auditor shall file a copy of that report with the Secretary of the Local Government Commission.
8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the Local Government Commission. This includes annual or special audits, agreed upon procedures related to Internal Control, bookkeeping or other assistance necessary to prepare the Unit's records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Invoices for services rendered under these contracts

shall not be paid by the Governmental Unit until the invoice has been approved by the Secretary of the Local Government Commission. (This also includes any progress billings.) [G.S. 159-34 and 115C-447] The process for invoice approval has changed. All invoices for Audit work must be submitted by email in PDF format to the Secretary of the Local Government Commission for approval. The invoices must be emailed to: lgc.invoice@nctreasurer.com Email Subject line should read "unit name – invoice. The PDF invoice marked approved with approval date will be returned by email to the Auditor for them to present to the Local Government Unit for payment. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.

9. In consideration of the satisfactory performance of the provisions of this agreement, the Governmental Unit shall pay to the Auditor, upon approval by the Secretary of the Local Government Commission, the following fee, which includes any cost the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (Federal and State grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts:

Year-end bookkeeping assistance – [For audits subject to Government Auditing Standards, this is limited to bookkeeping services permitted by revised Independence Standards] Standard hourly rates ranging from \$75-\$250 per hour

Audit \$2,475

Preparation of the annual financial statements \$625

10. The auditor working with a local governmental unit that has outstanding revenue bonds will include in the notes to the audited financial statements, whether or not required by the revenue bond documents, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the auditor should be aware that any other bond compliance statements or additional reports required in the authorizing bond documents need to be submitted to the Local Government Commission simultaneously with the local government's audited financial statements unless otherwise specified in the bond documents.
11. 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 and all of its component units prepared in accordance with generally accepted accounting principles, (c) supplementary information requested by the client 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 as soon as practical after the close of the accounting period.
12. If the audit firm is required by the NC CPA Board or the Secretary of the Local Government Commission to have a pre-issuance review of their audit work, there must be a statement added to the engagement letter specifying the pre-issuance review including a statement that the Unit of Government will not be billed for the pre-issuance review. The pre-issuance review must be performed **prior** to the completed Audit being submitted to the Local Government Commission. The pre-issuance report must accompany the audit report upon submission to the Local Government Commission.
13. The Auditor shall electronically submit the report of audit to the Local Government Commission when (or prior to) submitting the invoice for services rendered. The report of audit, as filed with the Secretary of the Local Government Commission, becomes a matter of public record for inspection and review in the offices of the Secretary by any interested parties. Any subsequent revisions to these reports must be sent to the Secretary of the Local Government Commission. These audited financial statements are used in the preparation of Official Statements for debt offerings (the auditors' opinion is not included), by municipal bond rating services, to fulfill secondary market disclosure requirements of the Securities and Exchange Commission, and other lawful purposes of the government, without subsequent consent of the auditor. If it is determined by the Local Government Commission that corrections need to be made to the unit's financial statements they should be provided within three days of notification unless, another time frame is agreed to by the Local Government Commission.

The Local Government Commission's process for submitting audit reports is subject to change. Auditors should use the submission process in effect at the time of submission.

In addition, if the North Carolina Office of the State Auditor designates certain programs to be audited as major programs, a turnaround document and a representation letter addressed to the State Auditor shall be submitted to the Local Government Commission.

14. The auditor can be reached for matters concerning this contract at the following email address: ccostner@martinstarnes.com

The finance officer or other responsible employee/official can be reached for matters concerning this contract at the following email address: wfurc@salisburync.gov

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 Local Government Commission, this agreement

(Name of unit)

may be varied or changed to include the increased time and/or compensation as may be agreed upon by the Governing Board and the Auditor.

- 16. If an approved contract needs to be varied or changed for any reason, the change must be made in writing, signed and dated by all parties and pre-audited if the change includes a change in audit fee. This document and a written explanation of the change must be submitted by email in PDF format to the Secretary of the Local Government Commission for approval. Email address is lgc.contract@nctreasurer.com No change shall be effective unless approved by the Secretary of the Local Government Commission, the Governing Board, and the Auditor.
17. Whenever the Auditor uses an engagement letter with the client, Item 18 is to be completed by referencing the engagement letter and attaching a copy of the engagement letter to the contract to incorporate the engagement letter into the contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract will control. Engagement letter terms are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item 23 of this contract. Engagement letters containing indemnification clauses will not be approved by the Local Government Commission.
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. A separate contract must be executed for each component unit which is a local government and for which a separate audit report is issued.
20. The contract must be executed, pre-audited, physically signed by all parties and submitted by email in PDF format including unit and auditor signatures to the Secretary of the Local Government Commission. The email address is lgc.contract@nctreasurer.com Electronic signatures are not accepted at this time.
21. The contract is not valid until it is approved by the Local Government Commission. The staff of the Local Government Commission shall notify the unit and auditor of contract approval by email. The audit should not be started before the contract is approved.
22. 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 Local Government Commission.
23. All of the above paragraphs are understood and shall apply to this agreement, except the following numbered paragraphs shall be deleted: (See Item 17.)

Audit Firm Signature:

Firm Martin Starnes & Associates, CPAs, P.A.

By Chris S. Costner, Audit Director (Please type or print name)

Handwritten signature of Chris S. Costner

(Signature of authorized audit firm representative)

Email Address: ccostner@martinstarnes.com

Date January 10, 2012

Unit Signatures:

By Mark Lewis, Chairman (Please type or print name and title)

(Signature of Mayor/Chairperson of governing board)

Date

Email Address

Date Governing Body Approved Audit Contract

Unit Signatures (continued):

By N/A (Chair of Audit Committee- please type or print name)

(Signature of Audit Committee Chairperson)

Date N/A (If unit has no audit committee, this section should be marked "N/A.")

Email address N/A

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. Additionally, the following date is the date this audit contract was approved by the governing body.

John A. Sofley, Jr., Treasurer Governmental Unit Finance Officer (Please type or print name)

(Signature)

Date

(Preaudit Certificate must be dated.)

Email address