



Town of Southern Shores

5375 N. Virginia Dare Trail, Southern Shores, NC 27949

Phone 252-261-2394 / Fax 252-255-0876

www.southernshores-nc.gov

February 20, 2018

COUNCIL MEETING - 9:00 A.M.-PITTS CENTER

JOINT MEETING WITH SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC. BOARD OF DIRECTORS

and STRATEGIC PLANNING

1. Opening

- A. Call Meeting to Order (all citizens interested in offering Public Comment are reminded to sign up.)
- B. Pledge of Allegiance
- C. Moment of Silence

2. Special Recognition of Chairman Bob Woodard, Dare County Board of Commissioners - Mayor Bennett

3. General Public Comment (Limit: 3 minutes per speaker.)

4. Joint Meeting with SSVFD, Inc. Board of Directors **(TAB 1)**

Call to Order – SSVFD Inc., Treasurer Maylon White and Mayor Bennett

(After opening comments, the Fire Chief and Town Manager will be recognized for a proposed discussion agenda regarding (1) renewal of the existing Fire Services Contract (expires 2019) between the two entities, and (2) Update on the current Design Process of the SSVFD-Proposed New Fire Station. That agenda proposed to be facilitated by Southern Shores citizen Pat Regan).

Lunch Recess (One Hour - Lunch not provided)

5. Council Other Strategic Planning - Council Members to advocate for discussion and propose for adoption by the full Council, any specific planning objectives for the Town staff to incorporate into appropriate operations.

6. General Public Comment (Limit: 3 minutes per speaker.)

7. Adjourn

1. Fire Service Memorandum of Agreement
2. Fire Service Real Estate
3. SSVFD-2009-to-2019 SERVICE CONTRACT
4. MAY 12 MINUTES FY2010-2011 Requested Adjustment Deliberation
5. JUNE 1 MINUTES FY2010-2011 Requested Adjustment Deliberation
6. Adjustment June 15, 2010 Budget Adoption
7. SSVFD 2015-2016 BUDGET
8. SSVFD 2016-2017 BUDGET
9. SSVFD 2017-2018 BUDGET
10. SSVFD FINANCIAL STATEMENTS JUNE 30, 2015 AND JUNE 30, 2014
11. SSVFD FINANCIAL STATEMENTS JUNE 30, 2016 AND JUNE 30, 2015
12. SSVFD FINANCIAL STATEMENTS JUNE 30, 2017 AND JUNE 30, 2016

BLANK

Space Above This Line For Recording Data

Prepared by and return to:
Benjamin M. Gallop, Attorney
Hornthal, Riley, Ellis & Maland, LLP
Post Office Box 310
Nags Head, North Carolina 27959

Excise Tax: \$-0-
Transfer Tax: \$-0-

Tax Parcel: 022110000 and 022519012

MEMORANDUM OF AGREEMENT

NORTH CAROLINA, DARE COUNTY

THIS MEMORANDUM OF AGREEMENT, made this 26 day of February, 2009, by and between FIRE SERVICE REAL ESTATE, INC., a North Carolina nonprofit corporation, whose address is 15 South Dogwood Trail, Southern Shores, NC 27949 (hereinafter referred to as "FSRE"); and TOWN OF SOUTHERN SHORES, NORTH CAROLINA, a North Carolina municipal corporation, whose address is 5375 N. Virginia Dare Trail, Southern Shores, NC 27949 (hereinafter referred to as "Town"):

WHEREAS, FSRE owns certain real property located in the Town of Southern Shores, Atlantic Township, Dare County, North Carolina and being more particularly described as follows:

SEE ATTACHED EXHIBIT A.

(the "Real Estate"); and

WHEREAS, FSRE and the Town have entered into an agreement dated February 1, 2009 (the "FSRE Agreement"), and FSRE and the Town desire to provide constructive notice of the existence of the FSRE Agreement concerning the Real Estate.

NOW, THEREFORE, this Memorandum shall serve as record notice that the following agreements apply to the Real Estate:

1. Right of First Refusal. Upon termination of any lease existing at any time between FSRE and the Southern Shores Volunteer Fire Department, Inc. (the "Fire Department"), the Town shall have the right of first refusal to enter into a new lease of the all or any portion of the Real Estate with the FSRE as against all other parties except the Fire Department. Upon the termination or expiration of any lease existing at any time between FSRE and the Fire Department, and upon receipt of a bona fide offer from a

third party, which offer is acceptable to FSRE for the leasing of all or any portion of the Real Estate described above to anyone other than the Fire Department, FSRE shall give written notice to Town, by certified mail, return receipt requested, of the existence and terms and conditions of such offer, furnishing Town with a correct copy of such offer, and Town shall thirty (30) days thereafter to notify FSRE by certified mail, return receipt requested, that Town agrees to lease the Real Estate on the same terms and conditions as are contained in such offer. If Town declines to make such offer, or fails to reply to FSRE's written notice of such offer, within such thirty (30) day period, FSRE may accept such offer from the third party. Any written notice by FSRE to Town of the right of first refusal shall not relieve FSRE's obligation under this Agreement to give further notices of right of first refusal upon any future offers by third parties for the Real Estate described in this Agreement.

The right of first refusal shall exist and continue until the termination or expiration of the FSRE Agreement.

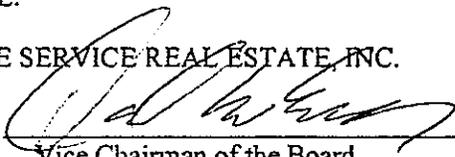
2. Transfer or other disposition of the Real Estate. The FSRE Agreement sets forth provisions with regard to any subsequent transfer or other disposition of the Real Estate by FSRE, which provisions are incorporated herein by reference in this Memorandum.

3. Other provisions. The other provisions set forth in the FSRE Agreement are hereby incorporated by reference in this Memorandum.

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be duly executed and delivered as of the day and year first above written.

FSRE:

FIRE SERVICE REAL ESTATE, INC.

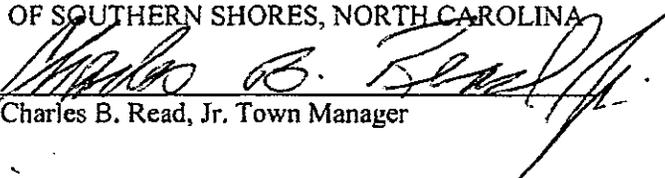
BY: 

Vice Chairman of the Board

ATTEST:


Secretary

TOWN OF SOUTHERN SHORES, NORTH CAROLINA

BY: 

Charles B. Read, Jr. Town Manager

ATTEST:


Carrie Gordin, Town Clerk



NORTH CAROLINA, DARE COUNTY

I, MEREDITH A. SMITH, a Notary Public of the County of DARE and State aforesaid, certify that DAVID EVANS personally came before me this day and acknowledged that (s)he is Secretary of FIRE SERVICE REAL ESTATE, INC., a North Carolina nonprofit corporation, and that by authority duly given and as the act of the Corporation, the foregoing instrument was signed in its name by its Vice Chairman of the Board, and attested by (him) (her) as its Secretary.

Witness my hand and official stamp or seal, this 26 day of FEB, 2009.



Meredith A. Smith
Notary Public
Notary's printed or typed name: MEREDITH A. SMITH

My commission expires: 3/01/2013

STATE OF NORTH CAROLINA, COUNTY OF DARE

I, Bonnie M. Swain, a Notary Public of the County and State aforesaid, certify that Charles B. Read, Jr. personally came before me this day and acknowledged that he is the Town Manager of The Town of Southern Shores, a North Carolina municipal corporation, and that by authority duly given and as the act of the Town, the foregoing instrument was signed in its name by its Town Manager, sealed with its corporate seal and attested by Carrie Gordin, its Town Clerk.

Witness my hand and official stamp or seal, this 24th day of February, 2009.

Bonnie M. Swain
Notary Public
Notary's printed or typed name: Bonnie M. Swain

My commission expires: 1-12-10

(AFFIX NOTARY SEAL)

EXHIBIT A
LEGAL DESCRIPTION OF THE REAL ESTATE

Parcel One:

All that certain lot or parcel of land lying and being in the Town of Southern Shores, Atlantic Township, Dare County, North Carolina, and more particularly described as follows:

BEGINNING at a point marked by a concrete marker set in the Northern right-of-way line of 36th Street, said point being located North 74°13'40" East 163.75 feet from the point of intersection of the Northern right-of-way line of 36th Street with the Eastern right-of-way line of Duck Road, and being located at the Southwestern corner on said right-of-way line of 36th Street of property now or formerly belonging to Larry K. Lambroff and wife; thence from the point of beginning, South 74°13'40" West 100 feet along the Northern right-of-way line of 36th Street to a concrete marker; thence North 15°46'20" West 150 feet to a concrete marker; thence North 74°13'40" East 150 feet to a point marked by a concrete marker at the Northwestern corner of property now or formerly owned by Larry K. Lambroff and wife; thence along the line of property now or formerly owned by Larry K. Lambroff and wife; South 15°46'20" East 150 feet to the point of beginning, said property containing all of Lot 23 and a portion of Lots 22 and 24 in Block 33 as shown on that plat certain plat entitled Amended Plat B, Section 3, of Southern Shores, recorded in Map Book 1, Page 36, Dare County Registry.

Gas, oil and mineral rights are not hereby conveyed.

Being the same property conveyed to the Grantor herein by deed dated May 25, 1977 and recorded in Book 247, Page 411, Dare County Registry.

Parcel Two:

All that certain lot or parcel of land lying and being in the Town of Southern Shores, Atlantic Township, Dare County, North Carolina, and more particularly described as follows:

BEGINNING at a point located in the Eastern margin or right of way of NCSR 1200, commonly referred to as the Duck Road, having a 60 foot right of way at this point where such Eastern right of way is intersected by the Northern margin or right of way of Dogwood Trail as it extends in an Easterly direction from the Duck Road towards the Atlantic Ocean, and said Dogwood Trail also having a 60 foot right of way at this point, and said point of beginning further located a course of North 34°44'44" East a distance of 48.92 feet from a concrete monument designated NCGS "Firehouse", which monument is located within the right of way of Dogwood Trail near the Southern margin thereof; running thence from the point of beginning a course of North 36°08'09" West a distance of 152.98 feet along the Eastern right of way of NCSR 1200 to a concrete monument; thence turning and running North 65°02'04" East a distance of 93.17 feet to a point; thence turning and running South 24°57'56" East a distance of 150.0 feet to a point in the Northern margin of Dogwood Trail; thence turning and running South 65°02'04" West a distance of 63.55 feet along the Northern margin of Dogwood Trail to the point or place of beginning.

Same being the remainder of Lot 25, Block 33 of the Subdivision of Southern Shores as shown on Map Book 2 at Page 142 of the Dare County Public Registry and constituting an additional portion of property located adjacent to and West of the Southern Shores Volunteer Fire Department property presently existing.

Gas, oil and mineral rights are not hereby conveyed.

This conveyance is made subject to existing rights of way easements including but not limited to the existence of a certain VEPCO transformer and other utility equipment located on and adjoining this property and crossing this property at various points.

Being the same property conveyed to Grantor herein by deed dated October 22, 1982 and recorded in Book 334, Page 656, Dare County Registry.

EXHIBIT A
LEGAL DESCRIPTION OF THE REAL ESTATE (cont.)

Parcel Three:

All that certain lot or parcel of land located and being on the West side of Dogwood Trail in the Town of Southern Shores, Atlantic Township, Dare County, North Carolina, and bounded as follows:

BEGINNING at a concrete monument located in the West margin of the right of way of Dogwood Trail, the said monument also being located 654.53 feet North of the point of intersection of the West margin of the right of way of Dogwood Trail with the North margin of the right of way of U.S. Highway 158, said beginning point being also located at the intersection of the North boundary of the Bishop Vincent S. Waters parcel of land with the West margin of the right of way of Dogwood Trail; thence from the beginning point South 80 deg. 53 min. 00 sec. West 200 feet to an iron pipe or other marker; thence cornering North 10 deg. 07 min. 00 sec. West 150 feet to an iron pipe or other marker located and being in the South boundary of the lands of Kitty Hawk Land Company; thence cornering North 80 deg. 53 min. 00 sec. East 200 feet to the West margin of the right of way of Dogwood Trail; thence cornering and along the West margin of the right of way of Dogwood Trail South 10 deg. 07 min. 00 sec. East 150 feet to the point of beginning.

The same being the Eastern most 200 feet of those certain lands as shown on a map or plat entitled "Survey for Kitty Hawk Land Company of property to be given to Town of Southern Shores, NC," by Southern Surveying and Land Planning, dated January 14, 1986 and recorded in Plat Cabinet C, Slide 1E, Dare County Registry.

There is reserved and retained from the lands hereinabove conveyed, an easement for access, egress and ingress to and from other lands of the Town of Southern Shores lying to the Westward of the lands herein conveyed and a street being constructed by Kitty Hawk Land Company on the North of the lands herein above conveyed, over, upon and across the Northwestern corner of the properties above described said easement being 25 feet in width and 84 feet in length and being bounded as follows:

BEGINNING at a point which said point is the Northwestern corner of the lands herein above conveyed said beginning point being located on a course of South 80 deg. 53 min. 00 sec. West 200 feet from the intersection of the South boundary of the lands of Kitty Hawk Land Company with the West margin of the right of way of Dogwood Trail and thence running from the beginning point North 80 deg. 53 min. 00 sec. East 84 feet to a point; thence cornering South 10 deg. 07 min. 00 sec. East 25 feet to a point; thence cornering South 80 deg. 53 min. 00 sec. West 84 feet to a point being in and marking the Eastern boundary of the remaining lands of the Town of Southern Shores; thence cornering and along the Town of Southern Shores East boundary North 10 deg. 07 min. 00 sec. West 25 feet to the point of beginning.

The property hereinabove described was acquired by Grantors by instrument recorded in Deed Book 355 page 166 and Deed Book 587, Page 363, Dare County Registry.

Parcels One, Two and Three hereinabove described being the same property acquired on the 29th Day of January, 2009 by Fire Service Real Estate, Inc. via the Deed of Gift recorded on January 30th, 2009 at Book 1790 and Page 153 of the Dare County Public Registry.

NORTH CAROLINA
Dare County

CONTRACT BETWEEN THE TOWN OF SOUTHERN SHORES, AND FIRE SERVICE REAL ESTATE, INC.

THIS CONTRACT AND AGREEMENT (this "Contract") made and entered into this First Day of February 2009, by and between Town of Southern Shores, (the "Town"), and Fire Service Real Estate, Inc. ("FSRE").

RECITALS:

A. The Town and the Southern Shores Volunteer Fire Department, Inc. (the "Fire Department") have agreed to enter into a contract for fire services (the "Fire Contract"), a copy of said contract being attached hereto as Exhibit 'A';

B. As a condition precedent to the entry into the Fire Contract by the Town, the FSRE must agree to provide its assets, namely the real estate (the "Real Estate") described in the Deed of Gift found at Book 1790, Page 153 of the Dare County Public Registry and attached hereto as Exhibit 'B' and incorporated herein by reference, as part of the distribution of the assets of the SSVFD in the event of termination as set forth in Section 14 of the Fire Contract;

C. Such action is consistent with the Articles of Incorporation of FSRE and the stated purposes of the FSRE to specifically emphasize "the need to support firefighting services within Dare County, North Carolina."

D. The Fire Department is the only current lessee/customer of the FSRE and the existence of a contract between the Fire Department and the Town is a benefit to the FSRE in that the Fire Department will continue to lease the Real Estate from the FSRE;

NOW THEREFORE, in consideration of the Fire Department and the Town entering into the Fire Contract and the mutual promises and agreements herein contained the parties hereto mutually contract and agree as follows:

(1) Upon an event of termination triggering the distribution of assets of the Fire Department pursuant to Section 14 of the Fire Contract, FSRE shall comply with and distribute all assets of FSRE as agreed to by the Fire Department and its customers, including the Town, or as directed by the third party neutral administrator if one is hired pursuant to Section 14 of the Fire Contract.

(2) FSRE agrees to maintain reasonable liability insurance coverage, as protection from judgments of any kind, including but not limited to insurance coverage for claims of premises liability and general liability insurance. FSRE agrees to include the Fire Department and the Town as insured on any policies of insurance maintained pursuant to this Contract. In the event the Fire Department maintains sufficient insurance coverage to satisfy this provision, the FSRE need not purchase additional insurance unless it feels such purchase is reasonably necessary.

(3) Upon the dissolution, insolvency or bankruptcy of FSRE, FSRE agrees to transfer and convey the Real Estate and any other assets of FSRE in a manner consistent with the Fire Contract to the Fire Department or as agreed to by both the Fire Department and the Town.

(4) During the term of this Contract, FSRE shall not take any action to dispose of or otherwise reduce the value or encumber any assets, including the Real Estate, that may be allocated to the Town or any other customer of the Fire Department pursuant to the Fire

Contract with the intent or purpose of avoiding or reducing the Town's interest in such assets. FSRE shall provide both the Fire Department and the Town with at least (20) days written notice of their intentions prior to encumbering, pledging or otherwise disposing of any portion of the Real Estate in any manner other than a lease to the Fire Department or the Town for the purposes of providing fire services. Said notice shall include any information pertinent to the action the FSRE intends to take, including but not limited to the parties, the consideration and the description of any parcel subject to the action intended by the FSRE. The FSRE shall provide any parties involved with the intended action full disclosure of this Contract, including its exhibits.

(5) The FSRE shall enter into a lease of the Real Estate with the Fire Department. Upon termination of any lease existing at any time between FSRE and the Fire Department, the Town shall have the right of first refusal to enter into a new lease of the Real Estate with the FSRE as against all other parties except the Fire Department.

(6) The Fire Department shall have the right to enforce any provisions in this Contract against FSRE.

(7) This Contract shall remain in effect as long as any contract exists between the Town and the Fire Department.

IN TESTIMONY WHEREOF: Fire Service Real Estate, Inc., has caused this instrument to be executed in its name and behalf by its Vice Chairman of the Board, attested by its Secretary as the act and deed of said Corporation, and the Town of Southern Shores, a municipal corporation of the State of North Carolina has caused this instrument to be executed in its name and behalf by its Town Manager, attested by its Town Clerk, and its corporate seal affixed hereto as the act and deed of the said Municipality.

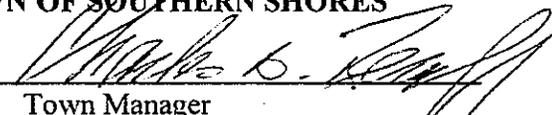
FIRE SERVICE REAL ESTATE, INC.

BY: 
Vice Chairman of the Board

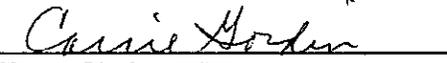
ATTEST:

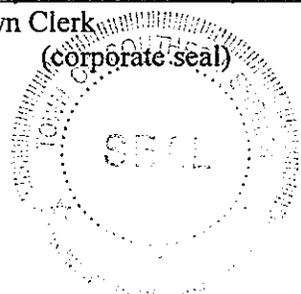

Secretary

TOWN OF SOUTHERN SHORES

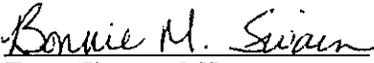
BY: 
Town Manager

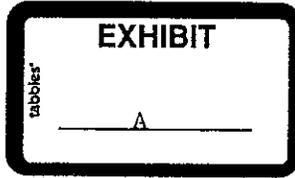
ATTEST:


Town Clerk



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


Town Finance Officer



NORTH CAROLINA
Dare County

**FIRE SERVICES CONTRACT BETWEEN THE TOWN OF
SOUTHERN SHORES, AND THE SOUTHERN SHORES
VOLUNTEER FIRE DEPARTMENT, INC.**

THIS CONTRACT AND AGREEMENT (this "Contract") made and entered into this First Day of February 2009, by and between Town of Southern Shores, (the "Town"), and the Southern Shores Volunteer Fire Department, Inc., (the "Fire Department").

WITNESSETH:

THAT WHEREAS, N.C.G.S. 160A Article 3, Sections 16-19 provides that a Town may enter into continuing contracts and pursuant to this authority, the Town may enter into a continuing contract with a volunteer fire department and may make annual appropriations of such funds as may be provided for in this Contract; and

NOW THEREFORE, in consideration of the mutual promises and agreements herein contained and pursuant to the general power and authority of the Fire Department to furnish fire fighting services and the general power and authority of the Town Council to provide fire protection for its inhabitants and owners of property within Southern Shores, the parties hereto mutually contract and agree as follows:

(1) CONTRACT TERM — The effective term of this Contract shall, upon the execution of this Contract by all parties begin on February 1, 2009 and shall extend for ten (10) years from the first day of July 2009. A Contract Year shall be considered to be a fiscal year running from July 1st of one calendar year through June 30th of the following calendar year.

(2) SERVICES PROVIDED — The Fire Department agrees to furnish and provide continuing fire protection service to all properties lying within the incorporated limits of Southern Shores, N.C., by promptly dispatching, upon call from the Dare County Central Paging System or upon notification of fire or emergency by any other means, the Fire Department's fire fighting and rescue equipment and adequate personnel to operate the same, and then making diligent efforts to control and extinguish all fires and control or mitigate emergencies.

(3) MANNER OF PROVIDING SERVICES - The Fire Department, in providing the said services in a manner that is consistent with the Town's Emergency Management Plan, shall use its own means and methods, which shall not be subject to control, direction or supervision by the Town. All fire fighting equipment and personnel necessary and proper for the performance of this Contract shall be provided by the Fire Department at its sole cost and expense, and all persons engaged in fighting fires pursuant to the provisions of the Contract shall be subject to the exclusive control, direction and supervision of the Fire Department. The Town shall not have any right or power with respect to the employment, control, direction, supervision, suspension or discharge of any person who may engage in fire fighting services or activities in the performance of the obligations imposed by this Contract upon the Fire Department in furnishing fire fighting services to the Town for the benefit of its residents and property owners.

(4) PROHIBITING INTERFERENCE WITH FIRE DEPARTMENT - The Town will adopt such rules and regulations, by ordinances or otherwise, as may be necessary and proper to prohibit interference with personnel of the Fire Department in the discharge of their duties in fighting fires within the Town, to prohibit damage to and interference with

the fire fighting equipment and apparatus of the Fire Department and to provide for such other rules and regulations as necessary for the furtherance of the objectives of this Contract.

(5) LONG TERM DEBT – The Fire Department shall not be restricted in its ability to encumber assets or commit to debt so long as its Debt Ratio remains less than 1.0. The Debt Ratio is calculated by using the following formula:

$$\text{Debt Ratio} = \text{Total Debt} / \text{Total Assets}$$

If the Fire Department wishes to commit to new debt that would cause its Debt Ratio to exceed 1.0, then the Fire Department must first receive the prior approval of the Town Council before doing so. If the Town does not provide approval, the Fire Department will not commit to or issue new debt until and unless doing so will not increase its Debt Ratio above 1.0, or it receives subsequent permission from the Town Council. The Town through its manager or the Town Council upon reasonable notice may request that the Fire Department provide the Town with its current Debt Ratio and the Fire Department shall respond to such a request within a reasonable time, not to exceed fourteen (14) business days.

(6) PRESENTATION OF BUDGET AND YEARLY AUDIT - The Fire Department will present the Town with a budget annually and a fiscal year end audit.

(a) The budget will be in a form and level of detail that is mutually agreed upon and include, at a minimum, revenue and expenses for operations, capital and debt service. The budget shall be submitted using the same time schedule required of Town departments. The budget shall provide sufficient information for the Town to calculate the Debt Ratio referenced in this Contract. The Fire Department shall provide a person familiar with the budget to appear before the Town Council at the Town Council's request to discuss the budget in open session of a public meeting of the Town Council.

(b) The fiscal year end financial audit shall be conducted by a reputable CPA firm. Said audit shall result in the production of a written audit report. The audit report shall provide sufficient information for the Town to calculate the Debt Ratio referenced in this Contract. The Fire Department will use its best efforts to assure that a copy of the written audit report shall be presented to the Town no later than November 1st of each Contract Year.

(7) DEVELOPMENT OF STRATEGIC PLAN - Town and Fire Department explicitly acknowledge that the Fire Department is facing significant capital projects during the term of this Contract, including those itemized in Attachment 1 to this instrument, entitled Southern Shores Volunteer Fire Department, Strategic Plan. The Fire Department shall provide for participation by the Town in the development and finalization of the priorities and the sources and availability of funding for those needs.

(8) COMPENSATION TO FIRE DEPARTMENT- Except as otherwise provided in this Section, the Fire Department's compensation under this Contract shall be calculated annually as of the first day of July by using an effective tax rate, expressed in cents per hundred dollars (hereinafter "effective tax rate") multiplied by the taxable value of property within the Town after adjustment for a 99.5% collection rate (hereinafter "Property Tax Base") per year.

(a) For the period beginning February 1, 2009 and ending June 30, 2009, the Town shall pay \$25,000 per month in five monthly payments. Payments shall be due on or before the fifteenth day of each month.

(b) For the Contract Year beginning July 1, 2009 and ending June 30, 2010, the compensation of the Fire Department shall be \$300,000. For said fiscal year, the Town shall make

two equal payments to the Fire Department in July and January each totaling \$150,000. Payments shall be due on or before the fifteenth day of both months.

(c) For the Contract Year beginning July 1, 2010 and ending June 30, 2011, the effective tax rate shall be two cents (\$0.02) per hundred and the Town shall make two equal payments to the Fire Department in July and January each totaling one half of the annual amount. Payments shall be due on or before the fifteenth day of both months.

(d) Annually, following the submission of the Fire Department budget request, the Town Council shall determine if the then current effective tax rate is sufficient to fund the needs of the Fire Department. The Fire Department may request adjustments in the effective tax rate annually during the budget process. The burden of proof in establishing the need for any increases shall be upon the Fire Department. The Town Council may accept, modify or decline any request for adjustment of the effective tax rate, no later than April 1st of each year, provided that the Fire Department may request and Town agrees to grant a public hearing regarding any such request.

(e) If during the term of this contract and any extensions thereto, a reassessment is conducted which causes an adjustment up or down in the taxable property within the Town, the effective tax rate shall be adjusted to compensate for the change in values so that the resulting effective tax rate is revenue neutral to the Fire Department.

(f) Once the Town Council has established a new effective tax rate, such rate shall become the basis for continuing annual funding of the Fire Department until modified through the budget process contained in this Contract.

(g) The Fire Department reasonably relies on the predictable continuation of funding under this Contract to service long-term commitments that serve the mutual interests of the Town, other customers and the Fire Department. At no time during the term of this Contract will the effective tax rate be decreased from the amount specified in the previous year, without specific written agreement of the Board of Directors of the Fire Department.

(h) From time to time the Fire Department may encounter unusual financial needs beyond its reasonable control. These may include, but are not limited to, new regulatory requirements, industry-wide cost increases for items such as fuel and insurance. When the Fire Department becomes aware of such needs beyond its reasonable control, it may report those needs to the Town, together with options and a plan to meet those needs. The Town, at its sole discretion may choose, but shall not be required to adjust the effective tax rate for the remainder of the fiscal year or make a grant to the Fire Department for any portion of such needs that are associated with providing services under this Contract.

(i) The Fire Department may seek other sources of revenue including, but not limited to, gifts, donations, grants, additional customers and fees for service.

(i) Fees may be assessed of any person, corporation or entity for extraordinary expenses incurred when mitigating an emergency situation. Examples include the rental or purchase of specialized equipment (i.e.: cranes, heavy equipment, boats for rescues, lumber and tools for shoring of structures, etc.), and for the use of items and supplies that are likely reimbursable by insurers, (i.e.: foam concentrate, FIT-5, etc.).

(ii) The Fire Department may also charge fees of Town taxpayers, provided that a fee schedule is first presented to the Town and approved by the Council during the budget process or some other mutually agreeable time. Fees of this type may be established for multiple nuisance fire alarms, property inspections and similar occurrences and will be reviewed at least annually during the budget process.

(iii) The Fire Department may also establish a fee schedule for certain types of responses and services, (i.e.: traffic accident, extrication, etc.) provided that persons and corporations who pay property taxes to the Town shall be exempted from such service charges.

(9) EXPANDED SCOPE/ADDITIONAL WORK- The Town and Fire Department agree that at any time during the term of this Contract either party may initiate discussions regarding the expansion of the scope of the Contract to include expanded or additional services to be provided to the Town by the Fire Department. If such expansion of scope is agreed to and implemented, the financial terms and other terms of this Contract shall be changed to reflect the cost of providing new services.

(10) ESTABLISHMENT OF FIRE DISTRICT- During the first twelve months of this Contract Town and Fire Department will diligently analyze and use best efforts to determine if inclusion of the Town in the Fire District, which currently serves Martin's Point is a substantial benefit to the Town. If such a determination is made at any time during this Contract the parties may undertake such inclusion by mutual agreement to petition the County to expand the Fire Protection District to include the Town.

(11) AVAILABILITY OF RECORDS- The Town or any resident thereof may inspect the financial records of the Fire Department by appointment with the Treasurer or leadership of the Fire Department with reasonable notice and during business hours.

(12) INSURANCE OBLIGATIONS Fire Department agrees to maintain insurance coverage, the premiums for which shall be included in the budget of the Fire Department, said coverage to be as follows:

(a) The insurance coverage to be maintained by the Fire Department shall be as follows:

(i) Workers' Compensation: Coverage to apply to all volunteers for statutory limits in compliance with the applicable State and Federal laws. The policy must include employer's liability with a limit of \$100,000.00 each accident; \$100,000 bodily injury or disease for each employee and \$500,000.00 bodily injury or disease policy limit.

(ii) Comprehensive General Liability: Shall have minimum limits of \$1,000,000 per occurrence combined single limit for bodily injury liability and property damage liability. This shall include premises and/or operations, products and/or completed operations, broad form property damage, and a contractual liability endorsement.

(iii) Business Auto Policy: Shall have minimum limits of \$1,000,000.00 per occurrence combined single limit for bodily injury liability and property damage liability. This shall include: owned vehicles, hired and non-owned vehicles, and employee non-ownership.

(iv) Professional Errors and Omissions Liability: Coverage shall have minimum limits of \$1,000,000.00 per claim and \$2,000,000.00 aggregate.

(v) Umbrella Liability: Coverage shall have a minimum limit of \$1,000,000.00 with underlying coverages of compensation/employers liability.

(b) Additional special requirements shall be as follows:

(i) The Fire Department shall include the Town as an additional insured on each of the liability policies required to be maintained by this Contract.

(ii) The Fire Department shall maintain current, valid insurance policies meeting the requirements stated above during the entire duration of this Contract. The Fire Department shall insure that for any policy of insurance held by the Fire

Department pursuant to this Contract that the Town receives any certificates for new insurance policies within thirty (30) days of the effective date of the policy and that the Town receives renewal certificates more than thirty (30) days prior to any expiration date on every policy. The Fire Department shall insure that the Town is provided thirty (30) days notice of any event of a cancellation or modification of any policy of insurance held by the Fire Department pursuant to this Contract. The Fire Department shall insure that certificates of insurance meeting the required insurance provisions shall be forwarded to the Town. The Fire Department shall insure that the insurance certificates contain no language stating or implying that no liability shall be imposed upon the insurance company for failure to provide the Fire Department and the Town with the notice required by this Contract.

(13) EVENTS OF TERMINATION-- This Contract shall terminate upon any of the following events:

- (a) The dissolution, insolvency or bankruptcy of the Fire Department;
- (b) The dissolution, insolvency or bankruptcy of the Town;
- (c) Inclusion of the Town in a Fire Protection District in which fire protection services for the Town and its citizens will be provided by Dare County through any means allowed by law for Dare County to provide such services;
- (d) The expiration of one hundred eighty (180) days after the Fire Department's receipt of written notice that the Town has adopted a resolution establishing a municipal fire department;
- (e) The expiration of one hundred eighty (180) days after the Fire Department's receipt of written notice that Town intends to use another entity to provide its fire services;
- (f) The parties entry into a new written agreement which expressly supersedes this Contract; or
- (g) The expiration of this Contract without the parties' written agreement to renew the terms of this Contract.

(14) EFFECTS OF TERMINATION-- Upon the termination of this Contract all obligations of the parties to this Contract shall cease except for those obligations created by this Section:

(a) DISTRIBUTION OF ASSETS/LIABILITIES - Upon termination of this Contract for any event of termination the assets and liabilities of the Fire Department shall be disposed of as follows:

Distribution based on Section (13) - The Fire Department shall convene and facilitate a meeting of its contracted customers including the Town, Dare County,

acting on behalf of the citizens of Martin's Point and any other municipalities or entities with which the Fire Department contracts to provide Fire and Rescue services. At that meeting, and any subsequent meetings, the parties will develop a fair division of assets of the Fire Department and a plan to assure continued Fire and Rescue services within each jurisdiction. If requested by the customers the Fire Department will provide, at the Fire Department's expense, a neutral third party administrator, acceptable to all customers, with expertise in implementation and provision of Fire and Rescue services, to assist in the development of the plan, evaluation and distribution of assets and establishment of any contracts or agreements required. The Fire Department shall cooperate fully with the distribution of assets and implementation of the plan developed during this process.

Town and Fire Department expressly agree that one goal of the process for dissolution of the Fire Department outlined herein is to assure that all assets and liabilities are fairly distributed and discharged so as to satisfy any and all encumbrances and financial responsibilities of the Fire Department at the time of dissolution.

Town specifically agrees that the funds invested on behalf of the Fire Department's members in the Length of Service Annuity Plan (LOSAP) will not be subject to distribution among the customers of the Fire Department, but will be distributed to the Fire Department members or in a manner that the members direct.

Fire Department agrees that should it contract with additional new customers, it will not agree to terms in new contracts that contain provisions regarding the distribution of assets that are used to serve the Town that give the new customers rights that are more than equal to those of the Town. New customers may participate in the process described herein with the same rights as the Town.

Assets directly contributed or funded by new customers and assets not used in or related to service to the Town may be exempted from this provision by terms of new customer contracts. For example, if a new customer in a new geographic area contributes a station and fire apparatus to the Fire Department for use in its own jurisdiction, that customer may be given preferential rights regarding that specific station and equipment, including reversion rights.

(b) ASSET OBLIGATIONS- The Town warrants that it will fulfill all obligations and requirements and meet all terms and conditions required by the Federal Emergency Management Agency, the Federal or State government in regard to any vehicles, equipment or property that has been acquired using grant funding, if such assets are actually conveyed to the Town.

(b) INDEMNIFICATION- The Town agrees that it will, to the extent authorized by law, assume all responsibility for all assets and obligations actually conveyed to the Town. Town further warrants that to the maximum extent authorized by law, it will protect, hold harmless, indemnify and defend the Fire Department, its Board of Directors, Officers and members from all liabilities, without limit, related to the condition of or use by the Town of any assets, or responsibility for obligations conveyed to the Town.

(c) REMAINING ASSETS- If the Fire Department is dissolved, any assets not conveyed to its customers under the terms of this Contract will be disposed of as required by State Law. If the Town establishes a Town Fire Department it shall not have any rights to assets of the Fire Department except as provided in this Contract.

(d) PROTECTION OF ASSETS - During any period following notice of impending termination of this Contract for which obligations of the Fire Department continue, the Fire Department shall not take any action to dispose of or

otherwise reduce the value or encumber any assets that may be conveyed to the Town pursuant to this agreement with the intent or purpose of avoiding or reducing the Town's interest in such asset.

(15) RIGHTS TO ASSETS AND FINANCIAL RESPONSIBILITY-Other than as specifically set forth in this Contract, the Town has no claim or other rights related to the property and assets of the Southern Shores Volunteer Fire Department, Inc. Except as specifically set forth in this Contract, the Town will have no financial responsibility for or control over the debts, encumbrances or liabilities of the Fire Department. If in the future the Town specifically agrees to co-sign or guarantee some future loan, lease, bond or financial instrument, the Town shall have the right to make conditions and exercise control over such obligations, which it guarantees.

(16) RELATION TO PRIOR CONTRACTS — This Contract replaces and supersedes all previous contracts entered into between the parties for the provision of fire services to the Town by the Fire Department.

(17) NEGOTIATION OF FUTURE CONTRACTS – If the parties have not negotiated a new agreement or renewal of this Contract then the parties shall enter into good faith negotiations for the same at least one hundred eighty (180) days prior to the end of the contract term. The Fire Department shall initiate said negotiations.

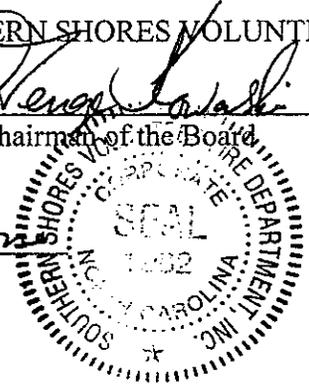
IN TESTIMONY WHEREOF: The Southern Shores Volunteer Fire Department, Inc., has caused this instrument to be executed in its name and behalf by its Chairman of the Board, attested by its Secretary and its corporate seal affixed hereto all as the act and deed of said Corporation, and the Town of Southern Shores, a municipal corporation of the State of North Carolina has caused this instrument to be executed in its name and behalf by its Town Manager, attested by its Town Clerk, and its corporate seal affixed hereto as the act and deed of the said Municipality.

SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC.

BY: *Henry L. Ladd*
Chairman of the Board

ATTEST:

Harold Sanderson
Secretary
(corporate seal)

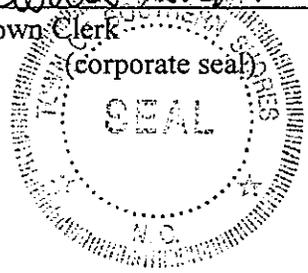


TOWN OF SOUTHERN SHORES

BY: *Charles R. [Signature]*
Town Manager

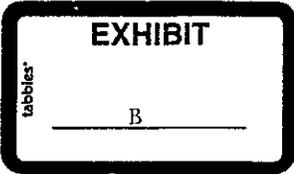
ATTEST:

Cornie Hester
Town Clerk
(corporate seal)



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

Bonnie M. Swan
Town Finance Officer



B: 1790 P: 153 Doc Id: 6252827
01/30/2009 03:17 PM Receipt # 09-0991
Doc Code: DEED NCEXISE Tax pd \$0.00
Barbara M Gray, Register of Deeds Dare CO, NC

6252827 B: 1790 P: 153 Page 1 of 3 1/30/09 3:17 PM

EXEMPT
DARE COUNTY TAX
COLLECTOR

NO. 251-09

Tax Lot No. _____ Parcel ID No. _____
Verified By _____ County on the _____ day of _____ 200

Mail after recording to: Grantee
This instrument was prepared by: Dwight H. Wheless File # 08-034
Brief description: Metes and Bounds, Southern Shores, Dare County, North Carolina

NORTH CAROLINA GENERAL WARRANTY DEED

Deed of Gift

THIS DEED made this 29th day of January, 2009, by and between

GRANTOR	GRANTEE
SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC., a North Carolina Non-Profit Corporation	FIRE SERVICE REAL ESTATE, INC., a North Carolina Non-Profit Corporation 15 South Dogwood Trail Southern Shores, NC 27949

The designation Grantors and Grantees as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

WITNESSETH that the Grantor, for valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee in fee simple, all that certain lot or parcel of land situated in Town of Southern Shores, Dare County, North Carolina and more particularly described as follows:

Parcel One:

All that certain lot or parcel of land lying and being in the Town of Southern Shores, Atlantic Township, Dare County, North Carolina, and more particularly described as follows:

BEGINNING at a point marked by a concrete marker set in the Northern right-of-way line of 36th Street, said point being located North 74°13'40" East 163.75 feet from the point of intersection of the Northern right-of-way line of 36th Street with the Eastern right-of-way line of Duck Road, and being located at the Southwestern corner on said right-of-way line of 36th Street of property now or formerly belonging to Larry K. Lambroff and wife; thence from the point of beginning, South 74°13'40" West 100 feet along the Northern right-of-way line of 36th Street to a concrete marker; thence North 15°46'20" West 150 feet to a concrete marker; thence North 74°13'40" East 150 feet to a point marked by a concrete marker at the Northwestern corner of property now or formerly owned by Larry K. Lambroff and wife; thence along the line of property now or formerly owned by Larry K. Lambroff and wife; South 15°46'20" East 150 feet to the point of beginning, said property containing all of Lot 23 and a portion of

NORTH CAROLINA-DARE COUNTY
I CERTIFY THE FOREGOING INSTRUMENT TO
BE A TRUE COPY AS COMPARED WITH THE
ORIGINAL ON FILE IN THIS OFFICE.
THIS 16th DAY OF February, 2009
BARBARA M. GRAY

REGISTER OF DEEDS OF DARE COUNTY
BY: Calvin Valencia
DEPUTY/ASSISTANT REGISTER OF DEEDS



Lots 22 and 24 in Block 33 as shown on that plat certain plat entitled Amended Plat B, Section 3, of Southern Shores, recorded in Map Book 1, Page 36, Dare County Registry.

Gas, oil and mineral rights are not hereby conveyed.

Being the same property conveyed to the Grantor herein by deed dated May 25, 1977 and recorded in Book 247, Page 411, Dare County Registry.

Parcel Two:

All that certain lot or parcel of land lying and being in the Town of Southern Shores, Atlantic Township, Dare County, North Carolina, and more particularly described as follows:

BEGINNING at a point located in the Eastern margin or right of way of NCSR 1200, commonly referred to as the Duck Road, having a 60 foot right of way at this point where such Eastern right of way is intersected by the Northern margin or right of way of Dogwood Trail as it extends in an Easterly direction from the Duck Road towards the Atlantic Ocean, and said Dogwood Trail also having a 60 foot right of way at this point, and said point of beginning further located a course of North 34°44'44" East a distance of 48.92 feet from a concrete monument designated NCGS "Firehouse", which monument is located within the right of way of Dogwood Trail near the Southern margin thereof; running thence from the point of beginning a course of North 36°08'09" West a distance of 152.98 feet along the Eastern right of way of NCSR 1200 to a concrete monument; thence turning and running North 65°02'04" East a distance of 93.17 feet to a point; thence turning and running South 24°57'56" East a distance of 150.0 feet to a point in the Northern margin of Dogwood Trail; thence turning and running South 65°02'04" West a distance of 63.55 feet along the Northern margin of Dogwood Trail to the point or place of beginning.

Same being the remainder of Lot 25, Block 33 of the Subdivision of Southern Shores as shown on Map Book 2 at Page 142 of the Dare County Public Registry and constituting an additional portion of property located adjacent to and West of the Southern Shores Volunteer Fire Department property presently existing.

Gas, oil and mineral rights are not hereby conveyed.

This conveyance is made subject to existing rights of way easements including but not limited to the existence of a certain VEPCO transformer and other utility equipment located on and adjoining this property and crossing this property at various points.

Being the same property conveyed to Grantor herein by deed dated October 22, 1982 and recorded in Book 334, Page 656, Dare County Registry.

Parcel Three:

All that certain lot or parcel of land located and being on the West side of Dogwood Trail in the Town of Southern Shores, Atlantic Township, Dare County, North Carolina, and bounded as follows:

BEGINNING at a concrete monument located in the West margin of the right of way of Dogwood Trail, the said monument also being located 654.53 feet North of the point of intersection of the West margin of the right of way of Dogwood Trail with the North margin of the right of way of U.S. Highway 158, said beginning point being also located at the intersection of the North boundary of the Bishop Vincent S. Waters parcel of land with the West margin of the right of way of Dogwood Trail; thence from the beginning point South 80 deg. 53 min. 00 sec. West 200 feet to an iron pipe or other marker; thence cornering North 10 deg. 07 min. 00 sec. West 150 feet to an iron pipe or other marker located and being in the South boundary of the lands of Kitty Hawk Land Company; thence cornering North 80 deg. 53 min. 00 sec. East 200 feet to the West margin of the right of way of Dogwood Trail; thence cornering and along the West margin of the right of way of Dogwood Trail South 10 deg. 07 min. 00 sec. East 150 feet to the point of beginning.

The same being the Eastern most 200 feet of those certain lands as shown on a map or plat entitled "Survey for Kitty Hawk Land Company of property to be given to Town of Southern Shores, NC," by Southern Surveying and Land Planning, dated January 14, 1986 and recorded in Plat Cabinet C, Slide 1E, Dare County Registry.

There is reserved and retained from the lands hereinabove conveyed, an easement for access, egress and ingress to and from other lands of the Town of Southern Shores lying to the Westward of the lands herein conveyed and a street being constructed by Kitty



Hawk Land Company on the North of the lands herein above conveyed, over, upon and across the Northwestern corner of the properties above described said easement being 25 feet in width and 84 feet in length and being bounded as follows:

BEGINNING at a point which said point is the Northwestern corner of the lands herein above conveyed said beginning point being located on a course of South 80 deg. 53 min. 00 sec. West 200 feet from the intersection of the South boundary of the lands of Kitty Hawk Land Company with the West margin of the right of way of Dogwood Trail and thence running from the beginning point North 80 deg. 53 min. 00 sec. East 84 feet to a point; thence cornering South 10 deg. 07 min. 00 sec. East 25 feet to a point; thence cornering South 80 deg. 53 min. 00 sec. West 84 feet to a point being in and marking the Eastern boundary of the remaining lands of the Town of Southern Shores; thence cornering and along the Town of Southern Shores East boundary North 10 deg. 07 min. 00 sec. West 25 feet to the point of beginning.

The property hereinabove described was acquired by Grantors by instrument recorded in Deed Book 355 page 166 and Deed Book 587, Page 363, Dare County Registry.

TO HAVE AND TO HOLD the aforesaid lot or parcel of land and all privileges and appurtenances thereto belonging to the Grantee in fee simple.

The Grantor covenant with the Grantee, that Grantor is seized of the premises in fee simple, and has the right to convey the same in fee simple, that the title is marketable and free and clear of all encumbrances, and that Grantor will warrant and defend the title against the lawful claims of all persons whomsoever except for the exceptions hereinafter stated.

Title to the property hereinabove described is subject to the following exceptions:

Easements and restrictions appearing of record.

IN WITNESS WHEREOF the Grantors have hereunto set their hands and seals the day and year first above written.

Southern Shores Volunteer Fire Department, Inc.

BY: George Kowalski (SEAL)
George Kowalski, Chairman

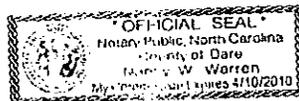
STATE OF North Carolina
COUNTY OF Dare

I, the undersigned, a Notary Public, certify that George Kowalski personally came before me this day and acknowledged to me that he is Chairman of the Board of Directors of Southern Shores Volunteer Fire Department, Inc., a Non-Profit North Carolina Corporation, and that he, as Chairman of the Board of Directors, being authorized to do so, executed the foregoing on behalf of the corporation.

Witness my hand and official seal, this the 30 day of January, 2009.

Nancy W. Warren
Notary Public
My Commission Expires: 4/10/2010

(SEAL/STAMP)



BLANK

NORTH CAROLINA
Dare County

**FIRE SERVICES CONTRACT BETWEEN THE TOWN OF
SOUTHERN SHORES, AND THE SOUTHERN SHORES
VOLUNTEER FIRE DEPARTMENT, INC.**

THIS CONTRACT AND AGREEMENT (this "Contract") made and entered into this First Day of February 2009, by and between Town of Southern Shores, (the "Town"), and the Southern Shores Volunteer Fire Department, Inc., (the "Fire Department").

WITNESSETH:

THAT WHEREAS, N.C.G.S. 160A Article 3, Sections 16-19 provides that a Town may enter into continuing contracts and pursuant to this authority, the Town may enter into a continuing contract with a volunteer fire department and may make annual appropriations of such funds as may be provided for in this Contract; and

NOW THEREFORE, in consideration of the mutual promises and agreements herein contained and pursuant to the general power and authority of the Fire Department to furnish fire fighting services and the general power and authority of the Town Council to provide fire protection for its inhabitants and owners of property within Southern Shores, the parties hereto mutually contract and agree as follows:

(1) CONTRACT TERM — The effective term of this Contract shall, upon the execution of this Contract by all parties begin on February 1, 2009 and shall extend for ten (10) years from the first day of July 2009. A Contract Year shall be considered to be a fiscal year running from July 1st of one calendar year through June 30th of the following calendar year.

(2) SERVICES PROVIDED — The Fire Department agrees to furnish and provide continuing fire protection service to all properties lying within the incorporated limits of Southern Shores, N.C., by promptly dispatching, upon call from the Dare County Central Paging System or upon notification of fire or emergency by any other means, the Fire Department's fire fighting and rescue equipment and adequate personnel to operate the same, and then making diligent efforts to control and extinguish all fires and control or mitigate emergencies.

(3) MANNER OF PROVIDING SERVICES - The Fire Department, in providing the said services in a manner that is consistent with the Town's Emergency Management Plan, shall use its own means and methods, which shall not be subject to control, direction or supervision by the Town. All fire fighting equipment and personnel necessary and proper for the performance of this Contract shall be provided by the Fire Department at its sole cost and expense, and all persons engaged in fighting fires pursuant to the provisions of the Contract shall be subject to the exclusive control, direction and supervision of the Fire Department. The Town shall not have any right or power with respect to the employment, control, direction, supervision, suspension or discharge of any person who may engage in fire fighting services or activities in the performance of the obligations imposed by this Contract upon the Fire Department in furnishing fire fighting services to the Town for the benefit of its residents and property owners.

(4) PROHIBITING INTERFERENCE WITH FIRE DEPARTMENT - The Town will adopt such rules and regulations, by ordinances or otherwise, as may be necessary and proper to prohibit interference with personnel of the Fire Department in the discharge of their duties in fighting fires within the Town, to prohibit damage to and interference with

the fire fighting equipment and apparatus of the Fire Department and to provide for such other rules and regulations as necessary for the furtherance of the objectives of this Contract.

(5) LONG TERM DEBT – The Fire Department shall not be restricted in its ability to encumber assets or commit to debt so long as its Debt Ratio remains less than 1.0. The Debt Ratio is calculated by using the following formula:

$$\text{Debt Ratio} = \text{Total Debt} / \text{Total Assets}$$

If the Fire Department wishes to commit to new debt that would cause its Debt Ratio to exceed 1.0, then the Fire Department must first receive the prior approval of the Town Council before doing so. If the Town does not provide approval, the Fire Department will not commit to or issue new debt until and unless doing so will not increase its Debt Ratio above 1.0, or it receives subsequent permission from the Town Council. The Town through its manager or the Town Council upon reasonable notice may request that the Fire Department provide the Town with its current Debt Ratio and the Fire Department shall respond to such a request within a reasonable time, not to exceed fourteen (14) business days.

(6) PRESENTATION OF BUDGET AND YEARLY AUDIT - The Fire Department will present the Town with a budget annually and a fiscal year end audit.

(a) The budget will be in a form and level of detail that is mutually agreed upon and include, at a minimum, revenue and expenses for operations, capital and debt service. The budget shall be submitted using the same time schedule required of Town departments. The budget shall provide sufficient information for the Town to calculate the Debt Ratio referenced in this Contract. The Fire Department shall provide a person familiar with the budget to appear before the Town Council at the Town Council's request to discuss the budget in open session of a public meeting of the Town Council.

(b) The fiscal year end financial audit shall be conducted by a reputable CPA firm. Said audit shall result in the production of a written audit report. The audit report shall provide sufficient information for the Town to calculate the Debt Ratio referenced in this Contract. The Fire Department will use its best efforts to assure that a copy of the written audit report shall be presented to the Town no later than November 1st of each Contract Year.

(7) DEVELOPMENT OF STRATEGIC PLAN - Town and Fire Department explicitly acknowledge that the Fire Department is facing significant capital projects during the term of this Contract, including those itemized in Attachment 1 to this instrument, entitled Southern Shores Volunteer Fire Department, Strategic Plan. The Fire Department shall provide for participation by the Town in the development and finalization of the priorities and the sources and availability of funding for those needs.

(8) COMPENSATION TO FIRE DEPARTMENT- Except as otherwise provided in this Section, the Fire Department's compensation under this Contract shall be calculated annually as of the first day of July by using an effective tax rate, expressed in cents per hundred dollars (hereinafter "effective tax rate") multiplied by the taxable value of property within the Town after adjustment for a 99.5% collection rate (hereinafter "Property Tax Base") per year.

(a) For the period beginning February 1, 2009 and ending June 30, 2009, the Town shall pay \$25,000 per month in five monthly payments. Payments shall be due on or before the fifteenth day of each month.

(b) For the Contract Year beginning July 1, 2009 and ending June 30, 2010, the compensation of the Fire Department shall be \$300,000. For said fiscal year, the Town shall make

two equal payments to the Fire Department in July and January each totaling \$150,000. Payments shall be due on or before the fifteenth day of both months.

(c) For the Contract Year beginning July 1, 2010 and ending June 30, 2011, the effective tax rate shall be two cents (\$0.02) per hundred and the Town shall make two equal payments to the Fire Department in July and January each totaling one half of the annual amount. Payments shall be due on or before the fifteenth day of both months.

(d) Annually, following the submission of the Fire Department budget request, the Town Council shall determine if the then current effective tax rate is sufficient to fund the needs of the Fire Department. The Fire Department may request adjustments in the effective tax rate annually during the budget process. The burden of proof in establishing the need for any increases shall be upon the Fire Department. The Town Council may accept, modify or decline any request for adjustment of the effective tax rate, no later than April 1st of each year, provided that the Fire Department may request and Town agrees to grant a public hearing regarding any such request.

(e) If during the term of this contract and any extensions thereto, a reassessment is conducted which causes an adjustment up or down in the taxable property within the Town, the effective tax rate shall be adjusted to compensate for the change in values so that the resulting effective tax rate is revenue neutral to the Fire Department.

(f) Once the Town Council has established a new effective tax rate, such rate shall become the basis for continuing annual funding of the Fire Department until modified through the budget process contained in this Contract.

(g) The Fire Department reasonably relies on the predictable continuation of funding under this Contract to service long-term commitments that serve the mutual interests of the Town, other customers and the Fire Department. At no time during the term of this Contract will the effective tax rate be decreased from the amount specified in the previous year, without specific written agreement of the Board of Directors of the Fire Department.

(h) From time to time the Fire Department may encounter unusual financial needs beyond its reasonable control. These may include, but are not limited to, new regulatory requirements, industry-wide cost increases for items such as fuel and insurance. When the Fire Department becomes aware of such needs beyond its reasonable control, it may report those needs to the Town, together with options and a plan to meet those needs. The Town, at its sole discretion may choose, but shall not be required to adjust the effective tax rate for the remainder of the fiscal year or make a grant to the Fire Department for any portion of such needs that are associated with providing services under this Contract.

(i) The Fire Department may seek other sources of revenue including, but not limited to, gifts, donations, grants, additional customers and fees for service.

(i) Fees may be assessed of any person, corporation or entity for extraordinary expenses incurred when mitigating an emergency situation. Examples include the rental or purchase of specialized equipment (i.e.: cranes, heavy equipment, boats for rescues, lumber and tools for shoring of structures, etc.), and for the use of items and supplies that are likely reimbursable by insurers, (i.e.: foam concentrate, FIT-5, etc.).

(ii) The Fire Department may also charge fees of Town taxpayers, provided that a fee schedule is first presented to the Town and approved by the Council during the budget process or some other mutually agreeable time. Fees of this type may be established for multiple nuisance fire alarms, property inspections and similar occurrences and will be reviewed at least annually during the budget process.

(iii) The Fire Department may also establish a fee schedule for certain types of responses and services, (i.e.: traffic accident, extrication, etc.) provided that persons and corporations who pay property taxes to the Town shall be exempted from such service charges.

(9) EXPANDED SCOPE/ADDITIONAL WORK- The Town and Fire Department agree that at any time during the term of this Contract either party may initiate discussions regarding the expansion of the scope of the Contract to include expanded or additional services to be provided to the Town by the Fire Department. If such expansion of scope is agreed to and implemented, the financial terms and other terms of this Contract shall be changed to reflect the cost of providing new services.

(10) ESTABLISHMENT OF FIRE DISTRICT- During the first twelve months of this Contract Town and Fire Department will diligently analyze and use best efforts to determine if inclusion of the Town in the Fire District, which currently serves Martin's Point is a substantial benefit to the Town. If such a determination is made at any time during this Contract the parties may undertake such inclusion by mutual agreement to petition the County to expand the Fire Protection District to include the Town.

(11) AVAILABILITY OF RECORDS- The Town or any resident thereof may inspect the financial records of the Fire Department by appointment with the Treasurer or leadership of the Fire Department with reasonable notice and during business hours.

(12) INSURANCE OBLIGATIONS Fire Department agrees to maintain insurance coverage, the premiums for which shall be included in the budget of the Fire Department, said coverage to be as follows:

(a) The insurance coverage to be maintained by the Fire Department shall be as follows:

(i) Workers' Compensation: Coverage to apply to all volunteers for statutory limits in compliance with the applicable State and Federal laws. The policy must include employer's liability with a limit of \$100,000.00 each accident; \$100,000 bodily injury or disease for each employee and \$500,000.00 bodily injury or disease policy limit.

(ii) Comprehensive General Liability: Shall have minimum limits of \$1,000,000 per occurrence combined single limit for bodily injury liability and property damage liability. This shall include premises and/or operations, products and/or completed operations, broad form property damage, and a contractual liability endorsement.

(iii) Business Auto Policy: Shall have minimum limits of \$1,000,000.00 per occurrence combined single limit for bodily injury liability and property damage liability. This shall include: owned vehicles, hired and non-owned vehicles, and employee non-ownership.

(iv) Professional Errors and Omissions Liability: Coverage shall have minimum limits of \$1,000,000.00 per claim and \$2,000,000.00 aggregate.

(v) Umbrella Liability: Coverage shall have a minimum limit of \$1,000,000.00 with underlying coverages of compensation/employers liability.

(b) Additional special requirements shall be as follows:

(i) The Fire Department shall include the Town as an additional insured on each of the liability policies required to be maintained by this Contract.

(ii) The Fire Department shall maintain current, valid insurance policies meeting the requirements stated above during the entire duration of this Contract. The Fire Department shall insure that for any policy of insurance held by the Fire

Department pursuant to this Contract that the Town receives any certificates for new insurance policies within thirty (30) days of the effective date of the policy and that the Town receives renewal certificates more than thirty (30) days prior to any expiration date on every policy. The Fire Department shall insure that the Town is provided thirty (30) days notice of any event of a cancellation or modification of any policy of insurance held by the Fire Department pursuant to this Contract. The Fire Department shall insure that certificates of insurance meeting the required insurance provisions shall be forwarded to the Town. The Fire Department shall insure that the insurance certificates contain no language stating or implying that no liability shall be imposed upon the insurance company for failure to provide the Fire Department and the Town with the notice required by this Contract.

(13) EVENTS OF TERMINATION-- This Contract shall terminate upon any of the following events:

- (a) The dissolution, insolvency or bankruptcy of the Fire Department;
- (b) The dissolution, insolvency or bankruptcy of the Town;
- (c) Inclusion of the Town in a Fire Protection District in which fire protection services for the Town and its citizens will be provided by Dare County through any means allowed by law for Dare County to provide such services;
- (d) The expiration of one hundred eighty (180) days after the Fire Department's receipt of written notice that the Town has adopted a resolution establishing a municipal fire department;
- (e) The expiration of one hundred eighty (180) days after the Fire Department's receipt of written notice that Town intends to use another entity to provide its fire services;
- (f) The parties entry into a new written agreement which expressly supersedes this Contract; or
- (g) The expiration of this Contract without the parties' written agreement to renew the terms of this Contract.

(14) EFFECTS OF TERMINATION-- Upon the termination of this Contract all obligations of the parties to this Contract shall cease except for those obligations created by this Section:

(a) DISTRIBUTION OF ASSETS/LIABILITIES - Upon termination of this Contract for any event of termination the assets and liabilities of the Fire Department shall be disposed of as follows:

Distribution based on Section (13) - The Fire Department shall convene and facilitate a meeting of its contracted customers including the Town, Dare County,

acting on behalf of the citizens of Martin's Point and any other municipalities or entities with which the Fire Department contracts to provide Fire and Rescue services. At that meeting, and any subsequent meetings, the parties will develop a fair division of assets of the Fire Department and a plan to assure continued Fire and Rescue services within each jurisdiction. If requested by the customers the Fire Department will provide, at the Fire Department's expense, a neutral third party administrator, acceptable to all customers, with expertise in implementation and provision of Fire and Rescue services, to assist in the development of the plan, evaluation and distribution of assets and establishment of any contracts or agreements required. The Fire Department shall cooperate fully with the distribution of assets and implementation of the plan developed during this process.

Town and Fire Department expressly agree that one goal of the process for dissolution of the Fire Department outlined herein is to assure that all assets and liabilities are fairly distributed and discharged so as to satisfy any and all encumbrances and financial responsibilities of the Fire Department at the time of dissolution.

Town specifically agrees that the funds invested on behalf of the Fire Department's members in the Length of Service Annuity Plan (LOSAP) will not be subject to distribution among the customers of the Fire Department, but will be distributed to the Fire Department members or in a manner that the members direct.

Fire Department agrees that should it contract with additional new customers, it will not agree to terms in new contracts that contain provisions regarding the distribution of assets that are used to serve the Town that give the new customers rights that are more than equal to those of the Town. New customers may participate in the process described herein with the same rights as the Town.

Assets directly contributed or funded by new customers and assets not used in or related to service to the Town may be exempted from this provision by terms of new customer contracts. For example, if a new customer in a new geographic area contributes a station and fire apparatus to the Fire Department for use in its own jurisdiction, that customer may be given preferential rights regarding that specific station and equipment, including reversion rights.

(b) ASSET OBLIGATIONS- The Town warrants that it will fulfill all obligations and requirements and meet all terms and conditions required by the Federal Emergency Management Agency, the Federal or State government in regard to any vehicles, equipment or property that has been acquired using grant funding, if such assets are actually conveyed to the Town.

(b) INDEMNIFICATION- The Town agrees that it will, to the extent authorized by law, assume all responsibility for all assets and obligations actually conveyed to the Town. Town further warrants that to the maximum extent authorized by law, it will protect, hold harmless, indemnify and defend the Fire Department, its Board of Directors, Officers and members from all liabilities, without limit, related to the condition of or use by the Town of any assets, or responsibility for obligations conveyed to the Town.

(c) REMAINING ASSETS- If the Fire Department is dissolved, any assets not conveyed to its customers under the terms of this Contract will be disposed of as required by State Law. If the Town establishes a Town Fire Department it shall not have any rights to assets of the Fire Department except as provided in this Contract.

(d) PROTECTION OF ASSETS - During any period following notice of impending termination of this Contract for which obligations of the Fire Department continue, the Fire Department shall not take any action to dispose of or

otherwise reduce the value or encumber any assets that may be conveyed to the Town pursuant to this agreement with the intent or purpose of avoiding or reducing the Town's interest in such asset.

(15) RIGHTS TO ASSETS AND FINANCIAL RESPONSIBILITY-Other than as specifically set forth in this Contract, the Town has no claim or other rights related to the property and assets of the Southern Shores Volunteer Fire Department, Inc. Except as specifically set forth in this Contract, the Town will have no financial responsibility for or control over the debts, encumbrances or liabilities of the Fire Department. If in the future the Town specifically agrees to co-sign or guarantee some future loan, lease, bond or financial instrument, the Town shall have the right to make conditions and exercise control over such obligations, which it guarantees.

(16) RELATION TO PRIOR CONTRACTS — This Contract replaces and supersedes all previous contracts entered into between the parties for the provision of fire services to the Town by the Fire Department.

(17) NEGOTIATION OF FUTURE CONTRACTS – If the parties have not negotiated a new agreement or renewal of this Contract then the parties shall enter into good faith negotiations for the same at least one hundred eighty (180) days prior to the end of the contract term. The Fire Department shall initiate said negotiations.

IN TESTIMONY WHEREOF: The Southern Shores Volunteer Fire Department, Inc., has caused this instrument to be executed in its name and behalf by its Chairman of the Board, attested by its Secretary and its corporate seal affixed hereto all as the act and deed of said Corporation, and the Town of Southern Shores, a municipal corporation of the State of North Carolina has caused this instrument to be executed in its name and behalf by its Town Manager, attested by its Town Clerk, and its corporate seal affixed hereto as the act and deed of the said Municipality.

SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC.

BY: *Kengo Sakaki*
Chairman of the Board

ATTEST:

Harold Sanderson
Secretary
(corporate seal)



TOWN OF SOUTHERN SHORES

BY: *Andrew Bell*
Town Manager

ATTEST:

Carrie Gordon
Town Clerk
(corporate seal)



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

Bonnie M. Swan
Town Finance Officer

BLANK



Town of Southern Shores

5375 N. Virginia Dare Trail, Southern Shores, NC 27949

Phone 252-261-2394 / Fax 252-255-0876

info@southernshores-nc.gov

www.southernshores-nc.gov

Recessed Budget Meeting

May 12, 2010

9:50 a.m.-Pitts Center

The following Council Members were present: Mayor Hal Denny, Mayor pro tem Jodi Hess, Council Members Kevin Stroud and Jim Pfizenmayer. Council Member George Kowalski absent.

Also present were: Interim Town Manager Chief David Kole, Consultant Webb Fuller, Town Clerk Carrie Gordin, Capital Improvement Plan Chairman Bill Gleason and Finance Officer Bonnie Swain.

Mayor Denny called the recessed budget meeting from May 10, 2010 to order at 9:50 a.m. He proposed the Capital Improvement Plan (CIP) be addressed first with input from Council and then review the operating budget and discuss what level of services are needed for FY2010-2011.

Mayor Denny proposes a two-tier tax rate for operating expenses and the CIP.

Bill Gleason stated the CIP will require a steady stream of revenue for the on-going projects including the canal dredging project, road improvements to Chicahawk Trail, Poteskeet Trail, Poteskeet Loop, Gray Squirrel Lane and Old Passage Lane, stormwater projects, funding for the mandated 800MHz radios, repairs to the bridges, and other special projects.

Discussion was held on the Fire Department's request for the number and costs for the radios. Webb Fuller has been in discussion with the Fire Department and he recommends the 2500 series radio at a cost of \$2,700 each with a cap of 38 radios for the Fire Department. The Police Department will need radios also.

Council Member Pfizenmayer supports funding the CIP. He feels Chicahawk Trail should be the number one priority road improvement even knowing the high cost of a million dollars is due to stormwater issues. This road is used the most by residents. Money should be set aside for Phase 2 of the canal dredging. The costs of the emergency radios for the Fire Department should not be included in the CIP.

Discussion was held on whether the Town or the Fire Department is to own and be responsible for the radios.

Webb Fuller stated that in looking at the Town's contract with the Fire Department, he doesn't know how the department was operating. Mr. Fuller feels the department was being underfunded. Mr. Fuller recommended that the tax revenues from 2.75 cents of rate be appropriated for Fire Department operating costs.

Council Member Stroud stated the Fire Department keeps asking for more funding, and now they are asking for \$500,000. He does not support this. He does not support an over-all tax increase of 4-5 cents.

Council Members Stroud and Pfizenmayer agree that the Fire Department should get no more than \$350,000 per the contract and, \$200,000 for the radios. They each stated the Fire Department should get what the contract reads and a specific amount for the radios.

Council Member Pfizenmayer stated he would like to talk at the July meeting about the Fire Department becoming a department of the town. He stated he is not voting for the budget if the Fire Department proposed appropriation stays in.

Council Member Pfizenmayer prefers the Public Works Supervisor position and the year-round recycle pickup be delayed. He isn't sure the expanded life guard service for shoulder season is needed either.

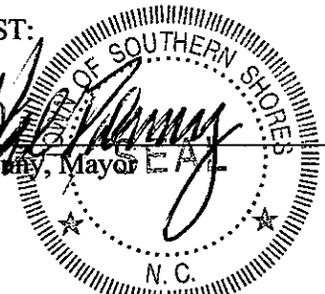
Council Member Hess supports the year-round recycling pickup. But she is in favor of delaying the Public Works Supervisor position to allow the new Manager to review, cut back on legal fees, and cut Public Works uniforms.

Mayor Denny supports keeping the additional Police Officer position but not the Public Works Supervisor. He prefers that the new Manager decide. He prefers keeping the COLA, and Public Works should possibly be considered called the Buildings and Grounds Department.

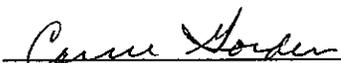
The Finance Officer stated in order to prepare the budget it appears from the discussion the budget should include an employee COLA, a Police Officer, ocean rescue expansion, some CIP amount, and some amount for the Fire Department. But it appears to not include the Public Works Supervisor position, cut legal fees, cut merit raises, and cut Public Works uniforms.

Hearing no other business Mayor Denny moved to adjourn the meeting at 11:00 a.m. Council Member Hess seconded. The motion passed with Mayor Denny and Council Members Hess, Stroud, Pfizenmayer voting aye. Council Member Kowalski absent.

ATTEST:


Hal Denny, Mayor

Respectfully submitted:


Carrie Gordin, Town Clerk



Town of Southern Shores

5375 N. Virginia Dare Trail, Southern Shores, NC 27949

Phone 252-261-2394 / Fax 252-255-0876

info@southernshores-nc.gov

www.southernshores-nc.gov

Council Meeting

June 1, 2010

7:00 p.m.-Pitts Center

The Southern Shores Town Council met on June 1, 2010 at the Pitts Center.

The following Council Members were present: Mayor Hal Denny, Mayor pro tem Jodi Hess, Council Members Kevin Stroud, Jim Pfizenmayer and George Kowalski.

Also present were: Interim Town Manager Chief David Kole, Town Attorney Ben Gallop and Town Clerk Carrie Gordin.

Mayor Denny called the meeting to order at 7:00 p.m. and led the Pledge of Allegiance. He asked that a moment of silence be held for the family of Herb Hawkins, long time resident, and for our troops serving around the world.

APPROVAL OF AGENDA

Council Member Hess moved to approve agenda as presented. Council Member Pfizenmayer seconded. Council Member Hess seconded. The motion passed with Mayor Denny and Council Members Hess, Stroud, Pfizenmayer and Kowalski voting aye.

GENERAL PUBLIC COMMENT

Don Bierwerth, 249 Sea Oats Trail, announced it is his 83rd birthday. He stated he was a previous Council Member. He stated he has come before Council many times trying to get resolve to his problems. He stated that he has certain issues with the Town and he once again provided Council with a letter. He stated the Pitts Center occupancy use has been changed without the proper health department permit. He has asked for many years to get a copy of an original health permit for the Pitts Center and he has not received it. He is asking that he gets a copy of the CAMA report and if his thoughts are confirmed he will file a lawsuit with CAMA that the Town be required to pay the portion of the money that was used to build the Pitts Center and with conjunction with that he is going to file that the interest due on that sum for the last ten years be paid. He doesn't take pleasure in doing this but if the law is broken he wants something done.

Mayor Denny explained Council normally doesn't respond to public comments but he feels the public should be aware that Mr. Bierwerth has brought this to Council since 2002 as well as sending letters to the District Attorney, three town attorneys and to staff for review and all have found no cause. He stated Mr. Bierwerth is entitled to be heard as long as he keeps coming to meetings.

[Clerk's Note: A copy of Mr. Bierwerth's letter is hereby attached as Exhibit A].

APPROVAL OF MINUTES - April 20, 2010

Council Member Hess requested to table approval of the minutes to the next meeting until she reviews them for comment with the Town Clerk. Council agreed.

CONSENT AGENDA-None

REPORTS

Planning Board –Planning Advisory Group (PAG) Recap-May 17, 2010

Sam Williams stated the Planning Board did not meet this month. Council has copy of PAG report.

[Clerk’s Note: A copy of the PAG May 17, 2010 recap is hereby attached as Exhibit B].

Southern Shores Volunteer Fire Department-None

Police Department

Chief Kole presented the monthly report.

Southern Shores Civic Association

Karen Kranda, President, stated Paul Kapinos has completed the crossover improvements. Also they are evaluating the SSCA properties and would welcome comments from Council on ways to improve the wading beach and the park areas. Brush is being cut at the Sea Oats Park to have better visibility since the vandalism. Clean-up of seaweed at the wading beach has been done but it will cost \$6,000 to have it removed. The wading beach has been closed since April 26 due to water quality. Since the Town removed the trash/recycle cans at Public Works trash has been a problem at the Hillcrest Beach parking lot. The SSCA and AT&T are in negotiations on the construction of a telecommunication tower at the triangle site.

Council Member Pfizenmayer asked what happened to the flag at the triangle park. K. Kranda stated the rope broke but was repaired in time for Memorial Day but needs additional repair.

Chicahawk Property Owners Association

Marianne Landrum thanked Chief Kole for the Police Department’s response to the speeders on Pudding Pan Lane by placing the radar trailer there. It did cut down on the speeders. She complimented the landscaping at the Town’s parking lot at Chicahawk Trail saying it looks great.

Canal Dredging Project

Tom Bennett, Project Manager, reported the contractor has reached an agreement with two property owners for spoil disposal sites. There still may be a need for additional sites in that area. He stated he, George Wood and Joe Anlauf met with the regulatory agencies in Washington, NC today and it was a very positive meeting. The contractor and Joe Anlauf did a good job in presenting our plans and the agencies will make their recommendations. The Town is only asking for a minor modification to our current permit and it should take no more than 6-8 weeks for a decision. He is hopeful to have the modified permit by mid- August and start dredging the first part of October. He stated the new contractor

is recommending the inside (difficult part) of the canals be done first and work toward the channel. Following some technical explanations and questions on if the process is going to be ready to meet the dredge cycle Council Member Hess recommended it appears it is time the contractor meets with Council to address their proposals.

Council agreed to place this item on the June 15 agenda.

PUBLIC HEARING –Proposed FY 2010-2011 Budget

Mayor Denny stated in opening the public hearing those wishing to speak each have three minutes.

Mayor Denny addressed the public by reading his personally prepared statement on the Town Manager's proposed TOSS Budget FY 2011, June 1, 2010. "The proposed budget, which I hope many of you have taken the opportunity to examine on our web site, largely results from guidance and suggestions given the Interim Town Manager and his staff by Council at its January retreat and at budget workshops as the budget was being developed. The Operating Budget calls for a 1.25 (one and one fourth) cent increase in the ad valorem tax rate to a new rate of 11 cents. That increase, if enacted, will result in \$225,000 of new revenue for the day to day operation of our Town. The budget provides for an additional police officer, increased lifeguard services, increased recycle service, and increased support for the Volunteer Fire Department. It also covers mandated increases for items such as State retirement funding, medical insurance premiums, and landfill tipping fees. One might ask "How can all these increases be covered with the 1 and ¼ cents? Answer: The Town Manager and his staff did so by scrubbing all but the bare essentials from the original budget requests of the various departments. The increase for the Volunteer Fire Department has been made necessary because of the underfunding of the Department by the Town during the last four years. As a result of that underfunding, the Fire Department, in order to sustain the level of fire protection necessary to maintain the Town's fire rating, depleted its reserves and, indeed, used proceeds from the sale of some of its assets. The increase proposed in this budget should go far toward restoring a partnership relationship between the Town and the VFD in this vital area of public safety. Now, with respect to the Capital Improvement Program. As has been stated previously, a Capital Improvement Program is meaningless unless it is funded. Saying we will fund it as "money becomes available" means nothing unless specific action is taken to make the money available. Saying we will make capital improvements on a "pay as you go" basis means nothing unless specific action is taken to raise the money with which to pay. Unfortunately, those two meaningless approaches seem to have been the hallmark of Council for the past several years. In the meantime, more and more of our streets have fallen into disrepair, well identified storm water issues remain to be dealt with, planning for replacement of one town bridge, maybe two, needs to be incorporated in the Capital Improvement Program, and our canals simply must be dredged. Continued neglect of our infrastructure will degrade the quality of life that brought people to our town in the first place and property values will fall. I believe this Council is in broad agreement with respect to the need to fund the Capital Improvement Program. We want to start funding it on a regular, sustained basis. To do otherwise is to ignore our responsibility for stewardship of the Town's assets. Thus, the proposed levy of 3 cents, exclusively for capital improvements, is not an unwelcome recommendation from the Town Manager. But...this is the Town Manager's proposed budget. True, Council has had substantial input but it is not the Council's budget until we enact a budget ordinance, which must be done before mid-night, June 30th We have scheduled a budget workshop for next Wednesday, June 9th, 7:00 p.m., at which time we will be considering your views, as expressed to Council at this public hearing".

Frank Sciacchitano, 203 Wax Myrtle Trail, stated he has knowledge on budget process and he has been responsible for a 17 million dollar budget as a national director of finance and planning and as a vice-president of marketing. He understands both sides of a budget, but speaking on behalf of his family and

his neighbors the proposed tax rate increase is unacceptable. Instead of a 40% tax increase why not develop new leadership ideas and strategies that would result in spending decreases and budget control. He doesn't know anything about Fire Departments but he feels the Town's people are obsessed with the Fire Department. He questions why the Fire Department's 10-year contract is being rescinded. He asked why, in this depressed economy, is there a need for a employee salary increase across the board. He asked if there was a cost analysis done to decide if an additional police officer is needed. He asked has this Town ever had a 40% tax increase.

Norm St. Laurent, 63 Hickory Trail, he echoes Mr. Sciacchitano comments. Passing a budget is one of the basic fundamental responsibilities of government and he hopes Council takes this seriously. He asked if there have been any closed session regarding the budget, are there minutes and are those minutes available to the public.

Mayor Denny responded to Mr. St. Laurent that absolutely there have not been any closed sessions regarding the budget process; everything has been done in open session. Gray Berryman, 37 Skyline Road, stated he is opposed to the size of the proposed tax increase. He spoke previously on the occupancy tax increase and he was disappointed that Council reversed their decision and agreed to support that tax increase. He stated the Police Department has done a great job but he doesn't feel know is the time to expand the Department. He agrees the Capital Improvement Fund needs funding but he would think 1% is enough.

Joel Newton, 127 Otter Slide Lane, addressed his concerns from the May 18 Budget Presentation. He questioned the need for an additional Police Officer and the season expansion for Ocean Rescue. He would like to know what is the basis for the additional funds for the fire department. Is it the right time to expand recycling services. He would ask when the last merit raised and COLA were given to the employees. Bonuses may be something to consider. He supports the infrastructure as proposed but he has concerns about other operating perspective and our services. He thinks the budget sends the wrong message in theses economical times and we should look at how to sustain what we are doing now and in the future. In doing business as usual we need to come down to realty.

James Kranda, 80 Poteskeet Trail, stated this is the first reasonable and realistic budget to be presented in the years he has lived here. He is proud to see Council take the high road and taken the approach by looking at the tough and demanding issues. Past Council have not been good stewards of the Town. He thanked Council for honoring the offices that you hold to safe guard the assets and infrastructure of the Town for the foreseeable future while recognizing the pain that we will all feel with the increase of the taxes.

Mac McDanel, 245 Woodland Drive, provided an analogy in which where would the Country Club be if they raised the dues every year from 1972 to 2010 for cost of living. They lost sixteen million over a thirty year period. The Town is now in a place of catch-up and the taxes need to be raised. He blessed the Council.

Moe Utley, 132 E. Holly Trail, stated that he supported Mayor Denny during his campaign. He commented that 75% of the Market Place is empty and many houses are for sale in Town. We know how to spend but we need to tighten our belts. His insurance went up 300% and utilities keeping going up. We have the best Police Department and Fire Department but how many cars do we need. County taxes are going up and we don't know what the Federal government is going to do. We need someone to look through different eyes, look at what we need not want we want. Get feedback from the general public.

David Sanders, 158 Beech Tree Trail, stated he has looked over the Town's last six years of budgets and minutes he has seen the struggles over that time. Council attempted several times to put together a CIP but failed. Now it is catch-up time but it is the worst time in the past six years, economically, to be doing this. This budget proposal with a 3-cent for the CIP is a common sense approach based on reason and reality. With a continued "no growth" of revenues how can the Town be expected to maintain the infrastructure. There can be no savings plan. Building a CIP is the way to go if you don't have the money you can't pay as you go. He supports the 3 cent tax increase for the CIP. In commenting on the 10-year Fire Department contract, the contract allows for the Fire Department to request additional funds over a ten-year period. He stated during his research a previous Council Member stated seven or eight people speaking at a public hearing doesn't necessarily represent the majority of the Town, which was Mayor Smith.

Bob Harvey, Fire Chief and Town resident, stated he would like to address some comments. He stated there is no great conspiracy. He has met with Mayor Denny and other members of Council, Town Manager and Consultant in open meetings, yes the meetings have been heated and frustrating but options were explored but we have arrived at a point where both parties have won. He stated we have a ten-year contract with a second year rate of 2 cents with the option to request additional funds if needed. Both parties knew when the contract was signed knew 2 cents would not be enough. The Fire Department has told the Town for the last five years that funding is needed for the radios but Town did not provide the funds. The Fire Department has a plan to finance the radios over a five-year period and the Town will reimburse its share of the debt service over five years. He stated it has been said the increase of the Town's taxes is due to the Fire Department not true. He stated this year's Fire Department budget \$553,850 is less than last year's \$555,322 last year's budget. The Fire Department put up \$187,000 to balance the budget by selling off assets and using reserves due to the Town's underpayment. The Fire Department has considered charging for services or selling off assets. The Fire Department is not hiding anything. The Fire Department is annually audited and anyone can come to look at their budget.

Ed Cowell, 134 Beech Tree Trail, stated if you don't like paying taxes then you shouldn't live in North Carolina. He supports the Police Department and if you lower the level of service of the Fire Department then your insurance rates will increase. Look to see if something can be cut and do your best.

Ray Midgett, 154 Duck Woods Drive, stated he didn't know this was going to turn into a fire department hearing. He commended Council on their vision but the timing is off with a tax increase. He stated he doesn't have extra money for additional taxes. He does support the employees and the police officers. He is concerned about where the money is going to come from for the canal dredging and road repairs. He is not happy with the Fire Department's request. He asked Council not to raise our taxes 43%.

Sam Williams, 109 Pudding Pan Lane, stated Council has done the right thing in considering the CIP and we have waited too long and the longer we wait the worse the roads will become. He would recommend a 2-cent tax for the CIP. He asked Council to look at some of the services to see if they can be cut, look at the Police Department request for an additional officer and if it is needed. Look at salary and overtime for officers. He suggested Council consider what has been said tonight and look at ways to cut back some areas but not eliminate all the increases. Consider a penny increase instead of a penny and a quarter and two cents for the CIP instead of three cents. He appreciates Council's efforts but now is not the right time to raise taxes.

Carl Seto, 112 Turtle Pond Lane, stated the Town roads are falling apart he doesn't like to see taxes go up but something needs to be done with the roads. Property won't sell if the roads are bad. He would like to see the Town having a business license. Outsiders are coming in and taking over the local jobs and not paying taxes. He supports the increase to get the roads fixed.

Hearing no other comments Mayor Denny closed the public hearing.

OLD BUSINESS - None

NEW BUSINESS

Audit Contract

Mayor Denny stated the Local Government Commission requires the contract be approved annually even though Council approved a three-year audit contract. The contract is the same amount (\$16,500) and this is the second year.

Mayor Denny moved to approve the 2009 audit contract as presented. Council Member Hess seconded. The motion passed with Mayor Denny and Council Members Hess, Stroud, Pfizenmayer and Kowalski voting aye.

Retiree Health and Dental Insurance Benefits Policy (amended)

The Finance Officer presented this to Council previously. The Personnel Attorney has reviewed the policy.

Council Member Kowalski moved to adopt the policy. Mayor Denny seconded.

Council Stroud had questions regarding the policy as well as other Council Members.

The Town Attorney recommended tabling this issue and he will review and make changes to bring back to Council.

Council Member Kowalski withdrew his motion. Mayor Denny withdrew his second.

The policy will be presented at a later date. Council agreed.

OTHER ITEMS

Town Manager

Police Chief Kole reported the area at E. Dogwood where Mr. St. Laurent reported he fell has been repaired.

Town Attorney-None

Mayor

Mayor Denny thanked Chief Kole for taking on the additional duties as Town Manager. He stated the new Town Manager will attend the next Council meeting.

Mayor Denny reported he participated in a joint NC/VA hurricane evacuation exercise. He stated at some time Dare County may lose the evacuation route through Virginia. He also will be participating in the County Control Group exercise next Wednesday.

Council

Council Member Pfizenmayer stated he does not support Mayor Denny's comments made before the budget public hearing and he hopes to see everyone at the budget workshop.

Council Member Stroud stated he agrees with Council Member Pfizenmayer.

Council Member Kowalski stated, regarding Mr. Bierwerth's comments, he remembers this has been going on for several years and Mr. Bierwerth has been answered. He remembers Council agreeing that this would not be discussed anymore and that the attorney was not to respond.

The Town Attorney stated he was instructed by Council not to respond to Mr. Bierwerth and would not do so unless directed otherwise. He stated there is no merit to Mr. Bierwerth's claims.

Alvin Rountree, Code Enforcement Administrator, stated he has reviewed Mr. Bierwerth's claims and found no validation. He stated there is no occupancy issue. He stated proper protocol is when a person states they are going to sue the Town there should be no further discussion with that person.

GENERAL PUBLIC COMMENT

Chief Harvey announced the Fire Department is holding a workshop at the Pitts Center, Friday, June 11 and he is inviting elected officials and attorneys and other police and fire personnel regarding fire safety for firemen. The Battalion Chief from Salisbury, NC is providing a seminar on lessons learned from a tragic fire and the need for radios. Additional seminar will be led in Buxton.

Chief Kole announced that on June 14 the Tall Pine Bridge will be shut down for two days (day time only) for repairs. Notices and signs will be posted.

Comments on the Mid-Currituck Bridge need to be in by June 5, 2010.

Hearing no other business Mayor Denny moved to adjourn the meeting at 9:15 p.m. Council Member Hess seconded. The motion passed with Mayor Denny and Council Members Hess, Stroud, Pfizenmayer and Kowalski voting aye.

ATTEST
TOWN OF SOUTHERN SHORES
Hal Denny, Mayor
N. C.

The seal is circular with a double-line border. The outer ring contains the text 'TOWN OF SOUTHERN SHORES' at the top and 'N. C.' at the bottom. In the center, there is a five-pointed star. A signature, presumably of Hal Denny, is written across the seal.

Respectfully submitted:

Carrie Gordin, Town Clerk

The signature is written in cursive and is placed above a horizontal line. Below the line, the name 'Carrie Gordin, Town Clerk' is printed.

Exhibit A

249 Sea Oats Trail,
Southern Shores, NC 27949

June 1, 2010

Town of Southern Shores
5375 N. Virginia Dare Trail
Southern Shores, NC 27949

Re: Land Contract, Blue Sky Building

Gentlemen:

In a legal opinion, "Blue Sky Legal Authority" prepared by Town Attorney Thomas White Jr, dated November 19, 1997, the building funding constraints of the FEMA grant was sent to the Town. The title to the land is vested in fee simple to the Town of Southern Shores and when the Blue Sky Building was built it became part and parcel of the land itself. Attorney White then describes procedures for selling the property, tearing down the building or no longer using the building for purposes required by the grant. First of all, the Town had to notify FEMA that the building was no longer needed for authorized Blue Sky purposes and the request disposition instructions. The Town never revealed the change to Assembly/Office Occupation or the permitting problems outlined in my letters to the Town of Southern Shores.

In a letter, "Blue Sky Legal Authority", presented at the Town Council meeting on March 15, 2002, I outlined the FEMA Grant problem. In a letter, "Blue Sky and the Kern P. Pitts Center" sent by certified mail to the Town of Southern Shores on January 18, 2007, the problem concerning to FEMA Grant was again presented. The Town has never given me a reply to FEMA Grants complaints presented in each letter.

In the Spring of 2008, I found out a bogus 100 Person Occupancy Permit had been posted in the Pfta Building. I went to the Town's office and requested a Copy of the FEMA/Southern Shores contract on February 6, 2008. In order to prevent confusion, I had a town clerk print out the document I was looking for and then I signed the record request form. I went back several times to look at what information was on the FEMA Agreement and entered into several discussions with Mrs Smith, a town employee, about the whole Blue Sky problem. With her, I tried to secure a meeting with someone on Council, the Town Attorney and myself to clear up any confusion on the entire problem. That effort failed. Since that time, in three letters to Town Manager, Mr. Charles Read, I have again requested the FEMA data. No FEMA contract has been sent to me. By the law, the FEMA Contract should be been sent to me long ago.

In the only letter sent to me by Town Attorney Donald E. McRee, Jr., dated December 4, 2007, Attorney McRee states: "I have not reviewed the Blue Sky project grant agreement between the state and federal governments and the town".

Attorney White wrote his legal opinion on November 19, 1997 and the change to 200 person Assembly/Office Occupancy occurred in 1991. Attorney White never wrote a legal opinion on the occupancy change. Attorney McRee should have modified his opinions to what happened in 2001 and later.

249 Sea Oats Trail,
Southern Shores, NC 27949

June 1, 2010

Town of Southern Shores
5375 N. Virginia Dare Trail,
Southern Shores, NC 27949

Re: Land Contract, Blue Sky Building

Gentlemen:

In a legal opinion, "Blue Sky Legal Authority" prepared by Town Attorney Thomas White Jr, dated November 19, 1997, the building funding constraints of the FEMA grant was sent to the Town. The title to the land is vested in fee simple to the Town of Southern Shores and when the Blue Sky Building was built it became part and parcel of the land itself. Attorney White then describes procedures for selling the property, tearing down the building or no longer using the building for purposes required by the grant. First of all, the Town had to notify FEMA that the building was no longer needed for authorized Blue Sky purposes and the request disposition instructions. The Town never revealed the change to Assembly/Office Occupancy or the permitting problems outlined in my letters to the Town of Southern Shores.

In a letter, "Blue Sky Legal Authority", presented at the Town Council meeting on March 15, 2002, I outlined the FEMA Grant problem. In a letter, "Blue Sky and the Kern P. Pitts Center" sent by certified mail to the Town of Southern Shores on January 18, 2007, the problem concerning to FEMA Grant was again presented. The Town has never given me a reply to FEMA Grants complaints presented in each letter.

In the Spring of 2008, I found out a bogus 100 Person Occupancy Permit had been posted in the Pitts Building. I went to the Town's office and requested a Copy of the FEMA/Southern Shores contract on February 6, 2008. In order to prevent confusion, I had a town clerk print out the document I was looking for and then I signed the record request form. I went back several times to look at what information was on the FEMA Agreement and entered into several discussions with Mrs Smith, a town employee, about the whole Blue Sky problem. With her, I tried to secure a meeting with someone on Council, the Town Attorney and myself to clear up any confusion on the entire problem. That effort failed. Since that time, in three letters to Town Manager, Mr. Charles Reed, I have again requested the FEMA data. No FEMA contract has been sent to me. By the law, the FEMA Contract should be been sent to me long ago.

In the only letter sent to me by Town Attorney Donald I McRae, Jr., dated December 4, 2007, Attorney McRae states: "I have not reviewed the Blue Sky project grant agreement between the state and federal governments and the town".

Attorney White wrote his legal opinion on November 19, 1997 and the changer to 200 person Assembly/Office Occupancy occurred in 1991. Attorney White never wrote a legal opinion on the occupancy change. Attorney McRae should have modified his opinions to what happened in 2001 and later.

The taxpayers in Southern Shores should understand that FEMA may have lien rights on the Town Center...I want a copy of the FEMA agreement to completely verify the facts in this letter are correct.

Yours truly,

D. B. Brewster

Encl: Request for Public Records, 3/6/2005, FEMA Grant document,

CC: The Coastland Times
The Virginia-Pilot

TO: Southern Shores Town Clerk

DATE: 3/6/08

REQUEST FOR PUBLIC RECORDS
Town of Southern Shores

Pursuant to North Carolina Public Records laws you may request Town public records. To ensure that you receive the records you request, please complete the following.

Name: Dev. Diener + B
Mailing Address: 249 SEA BAYS TR.
City SS State NC ZIP 27949
Phone: (252) 261-2670
Email Address: _____@_____

Please be specific as to the record(s) you are requesting. A fee will be charged for each copy based upon the cost of making the copy and the cost of shipping/mailling (if applicable) from the Town fee schedule or actual cost. If you want something other than a paper copy, please specify the media desired (e.g., diskette, CD, DVD, audio cassette, etc.) The Town will strive to provide you the public record(s) requested in a timely manner.

Record(s) Requested: BUILDING PERMIT FOR NEW PO
AGREEMENT FEMA TO TOWN ON DRAGAGE GRANT
BLUE SKY GRANT!

Please contact me beforehand with an estimate of the cost to reproduce the record(s) requested:

Yes No O.P. Bine

MONDAY
----- For Town Use Only -----

Date Received: _____
Date Record(s) Sent/Given to Requester: _____
Received by: _____

Exhibit B

To: Southern Shores Town Council (Hal Denny, Jodi Hess, George Kowalski, Jim Pfizenmayer, Kevin Stroud)

Copies: Interim Town Manager (Chief David Kole)

Town Attorney (Ben Gallop)

Town Staff (Pat Forrester, Carrie Gordin, Alvin Rountree, Merrie Smith, Bonnie Swain)

Planning Board (Mike Florez, Bill Gleason, Larry Lawhon, Bob Palombo, Jay Russell, Nancy Wendt, Sam Williams and ETJ Rep, Ed Overton)

From: Wes Haskett, Town Planner

Date: May 28, 2010

Re: Recap, PAG Working Session May 17, 2010

PB / PAG RECOMMENDED ACTIONS FOR THE TOWN COUNCIL - None

PAG MEETING RECAP May 17, 2010

The Planning Advisory Group working session convened at 7:00 pm. Planning Board Members Sam Williams, Nancy Wendt, Mike Florez, Jay Russell, alternate member Larry Lawhon, alternate member Bill Gleason, Code Enforcement Administrator Alvin Rountree, Town Planner Wes Haskett, and Ross Mitchell were present.

Planned agenda items for the meeting included:

1. Height Calculation ZTA
2. General Project Status

Nancy Wendt asked for any additions or changes to the agenda. There were none.

HEIGHT CALCULATION ZTA (Nancy Wendt)

As background for the non-PAG meeting attendees, most who represented the building community, Nancy Wendt presented the history of the proposed height calculation Zoning Text Amendment (ZTA).

In 2008, the Code Enforcement Department noticed that more and more permits for proposed homes to be built on hilly or low lots were being denied as a result of the height calculation method currently being used by TOSS. This method uses the lowest corner of the proposed structure to calculate the building height. Often this calculation resulted in denied permit application appeals, produced negative drainage impacts, and filling and substantial grading of

lots that were difficult to develop. A proposal to amend the current height calculation method from the lowest corner of the adjacent grade to the average of the four corners was addressed by the Planning Board in March, 2010. The Planning Board unanimously recommended approval of the proposed ZTA to the Town Council.

On April 6, 2010 the Town Council considered the proposed ZTA. While a few meeting attendees spoke in support of the proposed ZTA, several citizens spoke in opposition to the proposed ZTA due to concerns with increased building height (compared to structures which were constructed using the current calculation method). The number of lots impacted and the need to more fully address drainage issues were also raised. The Town Council rejected the proposed ZTA and asked that the Planning Board revisit the proposed ZTA.

In reconsidering the proposed ZTA, the PAG intends to meet with various groups (e.g., building and real estate representatives, and civic associations/property owner associations) to more fully understand their concerns and possible ways to address these concerns in a revised ZTA proposal. This meeting with the building representatives is the first of these discussions.

The goals of the Planning Board are to establish a height calculation method that:

1. Considers the concerns raised by the Council and TOSS citizens.
2. Enables all platted lots (both undeveloped and those to be redeveloped) to be reasonably developed.
3. Permits, as often as possible, property owners to build a house they would like to build.
4. Increases/maintains property values of surrounding properties.
5. Ensures that the development of lots with holes or slopes do not create safety hazards or drainage problems.
6. Does not, or minimally increases the roof line height and/or the size of the structure.

Andy Ward, Jeff Sawyer, Brian McDonald, Mark Martin, and Willo Kelly provided feedback to the PAG on those issues of most concern to the building industry and possible solutions to those issues. They also indicated that they would be willing to continue to participate in the proposed ZTA amendment process as needed.

The PAG and Town Staff will continue to gather information from other interested groups, develop a revised version of the proposed ZTA and hold a public workshop before presenting a revised ZTA proposal to the Planning Board and Town Council for review.

LAND USE PLAN (Sam Williams)

Sam Williams reported that the Town Council will provide feedback on the Land Use Plan Update at their May 18th meeting and that he and Wes Haskett will offer to meet with the Council members to address comments if needed.

CITIZEN COMMUNICATION PLAN (Larry Lawhon)

Larry Lawhon reported that the Citizen Communication Plan committee would be holding their first meeting within the next week and that they are currently looking in to the number of citizens that need to be reached.

PARKS, RECREATION, AND OPEN SPACE PLAN (Ross Mitchell)

Ross Mitchell reported that his first step in the development of a Parks, Recreation and Open Space Plan was to visit the properties owned by the SSCA. Several of the properties (open space) were created when streets were constructed and the access rights to the open spaces were given only to the citizens that lived on the adjacent street/block. Other vacant properties include part of Sea Oats Park and one large tract near the SSCA tennis courts which was next to the platted undeveloped road to be used by the Fire Department or for evacuation. Ross will research the vacant property and adjacent road to see if there are any legal restrictions associated with the road that could restrict development of the adjacent SSCA property.

WIND GENERATION PLAN (Mike Florez)

Mike Florez reported that the Wind Committee was currently working on drafting the final report for the Wind Generation Plan. The Wind Committee will conduct further research into recommended facility heights and discuss their findings at their next meeting.

STORMWATER MANAGEMENT PLAN (Wes Haskett)

Wes Haskett reported that he and Joe Anlauf had met and discussed the Emerald Isle Stormwater Ordinance, State stormwater requirements, and a map that divides the Town into four stormwater districts. They will present their findings at the June 7th PAG meeting.

UPCOMING MEETINGS & PROPOSED AGENDA ITEMS

1. PAG Working Session June 7, 2010
 - Height Calculation ZTA
 - Stormwater Management Plan
 - General Project Status
2. Planning Board Application Review meeting June 21, 2010.
3. PAG Working Session June 21, 2010 following Planning Board meeting.

ADJOURNMENT

The PAG meeting adjourned at 9:25 pm.



Town of Southern Shores

5375 N. Virginia Dare Trail, Southern Shores, NC 27949

Phone 252-261-2394 / Fax 252-255-0876

info@southernshores-nc.gov

www.southernshores-nc.gov

Corrected

Council Meeting
June 15, 2010
8:00 a.m. - Pitts Center

The Southern Shores Town Council met on June 15, 2010 at the Pitts Center.

The following Council Members were present: Mayor Hal Denny, Mayor pro tem Jodi Hess, Council Members Kevin Stroud, Jim Pfizenmayer and George Kowalski.

Also present were: Town Manager Peter Rascoe, Town Attorney Ben Gallop and Town Clerk Carrie Gordin.

Mayor Denny called the meeting to order at 8:00 a.m. and led the Pledge of Allegiance. He stated several long-time residents recently passed away and he asked that a moment of silence be held for Lin Ward, Joe Mondelo, Randall Wrenn, one of the founders of the Southern Shores Volunteer Fire Department and our armed forces.

Mayor Denny then wished Webb Fuller a Happy Birthday.

APPROVAL OF AGENDA

Mayor Denny moved to amend the agenda to include a closed session following Item XIII. Announcements. Council Member Hess seconded. The motion passed with Mayor Denny, Hess, Stroud, Pfizenmayer and Kowalski voting aye.

GENERAL PUBLIC COMMENT-None

APPROVAL OF MINUTES—April 20, 2010

Council Member Hess moved to approve the corrected April 20, 2010 minutes as presented. Council Member Pfizenmayer seconded. The motion passed with Mayor Denny, Hess, Stroud, Pfizenmayer and voting aye.

CONSENT AGENDA

FY 2009-2010 Budget Amendments #18 and #19 and Dare County Tax Pickups and Releases

Council Member Hess moved to approve the Consent agenda as presented. Mayor Denny seconded. The motion passed with Mayor Denny, Hess, Stroud, Pfizenmayer and Kowalski voting aye.

[Clerk's Note: Copies of Budget Amendment #18 and #19 and Tax Pickups and Releases are hereby attached as Exhibit A, B and C respectively].

PRESENTATION- Canal Dredging Project-Tom Bennett, Project Manager

The Project Manager stated due to the change in methodology and site location, a permit modification is needed and review by the proper agencies has begun. He introduced Eric Wainwright of Byrd Brothers, and Bob Wilson of Row Boat Dock and Dredge. He stated he has had a positive experience working with them in planning for the completion of Phase I of the dredging.

Mr. Wainwright provided some background experience on his company's capabilities and stated a team agreement had been signed with Sampson in order to find a consultant to design a solution to the current canal dredging project. Bob Wilson of Row Boat Dock and Dredge has become involved in this process. Mr. Wilson provided an educational Power Point presentation for the upcoming dredging process.

Following his presentation, Mr. Wilson stated if all goes right and permits are granted, dredging can begin in October with some preparation beginning earlier. The process proposed is different from using geobags and will have less impact than the previously used hydrocyclonic process. He stated having available property provided by local property owners makes this process possible. He stated this is a tried and proven technology. As soon as permits are received, equipment can start being prepared. He stated 17,000 cubic yards of spoil can be dredged and disposed of in a few months.

Mr. Wilson stated CAMA is working cooperatively with the Town. Water and material sampling has been done and there appears to be no problems.

Following the presentation, Mayor Denny asked if the spoil containment area would be manned 24 hours a day. Mr. Wilson said there would be one safety person and another person on duty at all times.

Mayor Denny thanked the Ecks, who were present, for allowing the Town to use their property for the spoil disposal site.

[Clerk's Note: A copy of the Power Point presentation can be found on the Town's website].

REPORTS -None

PROPOSED FY2010-2011 BUDGET

Mayor Denny stated that at the last meeting Council had directed the Town Manager to prepare the FY 2010-2011 budget ordinance. Today the ordinance is being presented. Mayor Denny moved to adopt the Town's FY 2010-2011 Budget Ordinance 2010-06-01 as presented showing a \$6,404,650 budget with 14 cents on each one hundred dollars (\$100) valuation of taxable property. Of this tax rate 3 cents or approximately \$516,000 shall be designated for transfer to the capital reserve fund for Capital Projects identified in the 2010-2011 Capital Improvement Plan. Council Member Hess seconded. The motion passed with Mayor Denny, Hess and Kowalski voting aye and Council Members Stroud and Pfizenmayer voting no.

Mayor Denny asked for a clarification in Section VI. of the ordinance relating to the Town Manager's authority to increase salaries. The Town Manager stated that language was previously used, that he understood it, but that it could be amended at Council's request. No change was made.

[Clerk's Note: A copy of the 2010-06-01 Budget Ordinance is hereby attached as Exhibit D].

OLD BUSINESS

Appointment of Planning Board Members-Nancy Wendt and Robert Palombo

Member terms to expire June 30, 2010 and are up for re-appointment for a three-year term to the Planning Board.

Mayor Denny moved to re-appoint Robert Palombo for a three-year term. Council Member Hess seconded. The motion passed with Mayor Denny and Council Members Hess, Kowalski, Stroud and Pfizenmayer voting aye.

Mayor Denny moved to re-appoint Nancy Wendt for a three-year term. Council Member Pfizenmayer seconded. The motion passed with Mayor Denny and Council Members Kowalski, Stroud and Pfizenmayer voting aye, and Council Member Hess voting no.

NEW BUSINESS - None

OTHER ITEMS

Town Manager

The Town Manager stated it is his fifth day on the job. He thanked Webb Fuller and Chief Kole on helping him through the transition. He has been reading existing policies, interlocal agreements and contracts for the service providers. He has been evaluating administration and looking at the status on what challenges lie ahead. He has met with the Department Heads, the Fire Chief and Ocean Rescue Director. He will be meeting with the firemen and met with the lifeguards. He has met with the County Manager and the other Town Managers, the Town Attorney and the Auditor. He has met with Tom Bennett to be brought up to date on the canal dredging project.

Town Attorney-None

Mayor-None

Council

Council Member Kowalski asked that the Town's FY 2010-2011 Budget Ordinance and the entire line item budget be put on the Town's website. The Town Manager stated it will be placed on the website.

Council Member Pfizenmayer welcomed the new Town Manager.

PUBLIC COMMENT

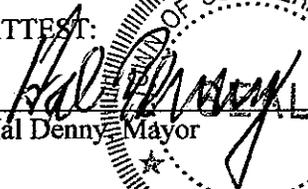
Sam Williams, 109 Pudding Pan Lane, stated he previously addressed Council on the approval process for the Town's Land Use Plan. He reminded the Council Members to submit their comments so the Land Use Plan could be submitted for Council approval at either the July 6 or the October 5 Council meetings. This will allow time to submit the plan to CAMA by February 2011.

Mayor Denny moved to go into closed session pursuant to NCGS 143-318.11(a)(3) to consult with the Town Attorney on the attorney/client privilege. Council Member Hess seconded. The motion passed with Mayor Denny, Council Members Hess, Kowalski, Stroud and Pfizenmayer voting aye.

Upon returning to open session and hearing no other business Mayor Denny moved to adjourn at 10:10 a.m. Council Member Hess seconded. The motion passed with Mayor Denny, Hess, Stroud, Pfizenmayer and Kowalski voting aye.

Mayor Denny moved to ratify and repeated his motion to adjourn at 10:10 a.m. (due to the door not being opened following the closed session) Council Member Hess seconded. The motion passed with Mayor Denny, Hess, Stroud, Pfizenmayer and Kowalski voting aye.

ATTEST:


Hal Denny, Mayor

Respectfully submitted:


Carrie Gordin, Town Clerk

Exhibit A

**Town of Southern Shores
Budget Amendment Number # 18**

Administration Increases			Administration Decreases		
<u>Account Number</u>	<u>Description</u>	<u>Amount</u>	<u>Account Number</u>	<u>Description</u>	<u>Amount</u>
40-39909	<u>Revenues</u> Undesignated FB	\$5,000.00			
42-50124	<u>Expenditures</u> Computer Services	\$5,000.00			

Explanation: To cover costs of an additional workstation, wireless access and Sonicwall

Recommended By:

J. Peter Rascoe, III

Approved By:

Hal Denny, Mayor

Date

Exhibit B

**Town of Southern Shores
Budget Amendment Number # 19**

**Administration
Increases**

<u>Account Number</u>	<u>Description</u>	<u>Amount</u>
40-39909	<u>Revenues</u> Undesignated FB	\$25,000.00
42-50104	<u>Expenditures</u> Legal Services	\$25,000.00

**Administration
Decreases**

<u>Account Number</u>	<u>Description</u>	<u>Amount</u>

Explanation: To cover attorney fees

Recommended By:

J. Peter Rascoe, III

Approved By:

Hal Denny, Mayor

Date

Town of Southern Shores, NC
Council Meeting
June 15, 2010
Page 6 of 9

Exhibit C

**TOWN OF
SOUTHERN
SHORES
TAX
DEPARTMENT**

6/15/2010

PICKUPS

RELEASES

March Vehicle	\$8.59
April Vehicle	\$30.24
April Real	\$80.43
May Vehicle	\$7.62

TOTAL

\$0.00

\$126.88

Exhibit D

Ordinance No. 2010-06-01

**An Ordinance of the Southern Shores
Town Council
Adopting a Budget and Tax Rate for FY 2010-2011**

BE IT ORDAINED by the Town Council of the Town of Southern Shores, North Carolina that the following be the budget for FY 2010-11:

SECTION I, GENERAL FUND

- A. Appropriations: The following amounts are appropriated for the operation of the Town government and its activities for the fiscal year beginning July 1, 2010 and ending June 30, 2011:

Administration Department	\$ 798,950
Code Enforcement & Inspections Department	\$ 281,755
Fire Department	\$ 523,000
Ocean Rescue	\$ 148,000
Police Department	\$ 1,315,745
Public Works Department	\$ 2,289,200
Sanitation Department	\$ 532,000
Contribution to Capital Reserve Fund	\$ 516,000
Total General Fund Appropriations	\$ 6,404,650

*Town of Southern Shores, NC
Council Meeting
June 15, 2010
Page 7 of 9*

B. Estimated Revenues: It is estimated that the following revenues will be available during the fiscal year beginning July 1, 2010 and ending June 30, 2011 to meet foregoing appropriations:

Property Taxes- Current Year	\$ 2,410,000
Vehicle Taxes- Current Year	\$ 40,000
Property & Vehicle Taxes- Prior Years, Penalties and Interest	\$ 9,800
Subtotal: Property and Vehicle Taxes	\$ 2,459,800
Land Transfer	\$ 125,000
Local Option Sales Tax	\$ 525,000
Occupancy Tax	\$ 665,000
Other Intergovernmental Revenues	\$ 423,500
Building Permits & Fees	\$ 61,100
Lease purchase proceeds	\$ 110,250
Canal dredging grant	\$ 750,000
Other Revenues	\$ 44,000
Powell Bill Fund Balance Appropriated	\$ 201,737
Transfer from Capital Reserve fund	\$ 1,001,000
Undesignated Fund Balance Appropriated	\$ 38,263
Total General Fund Revenues	\$ 6,404,650

SECTION II, CAPITAL RESERVE FUND

Appropriations Authorized:

Transfer to General Fund	\$ 1,001,000
TOTAL CAPITAL RESERVE FUND APPROPRIATIONS	\$ 1,001,000

Revenues Anticipated:

Transfer from General Fund	\$ 516,000
Capital Reserve Fund Balance Appropriated	\$ 485,000
TOTAL CAPITAL RESERVE FUND REVENUES	\$ 1,001,000

SECTION III, TAX RATE ESTABLISHED

There is hereby levied a property tax of fourteen cents (\$0.14) on each one hundred dollars (\$100) valuation of taxable property in the Town of Southern Shores, as listed for taxes for the current year by the Dare County Tax Department. Three cents (\$0.03), or approximately \$ 516,000 of this total is designated for transfer to the capital reserve fund for Capital Projects identified in the 2010-2011 Capital Improvement Plan attached hereto.

SECTION IV, AMENDMENT TO CAPITAL RESERVE FUND RESOLUTION

The resolution adopted March 6, 2007 creating the Capital Reserve Fund is hereby amended to include as its purpose the funding of the projects identified in the 2010-2011 Capital Improvement Plan attached hereto.

SECTION V. TOWN MANAGER TRANSFER AUTHORIZATION

The Town Manager shall be authorized to reallocate departmental appropriations among the various objects of expenditures as he believes necessary and is also authorized to make interdepartmental transfers, within the same fund, not to exceed 10% of the appropriated monies for the department whose allocation is reduced.

SECTION VI, TOWN MANAGER RESTRICTIONS

Council must preauthorize the use of any contingency appropriations.

Other than salary increases in the budget document, no salary increases may be made without the Council's approval.

Appropriations from the Capital Reserve Fund can only be used for the purpose of Capital projects and not for the use of meeting other departmental expenditures.

Interfund transfers that are not established in the budget document may be accomplished only with the prior authorization of the Council.

SECTION VII, UTILIZATION OF BUDGET AND BUDGET ORDINANCE

This Ordinance and the Budget Document shall be the basis of the financial plan for the Town of Southern Shores, North Carolina Municipal Government during the fiscal year 2010-11.

ADOPTED this 15th day of June, 2010

ATTEST:

Mayor Hal Denny

SEAL

Carrie Gordin, Town Clerk

BLANK



**SOUTHERN SHORES
VOLUNTEER FIRE DEPARTMENT**

Chief Ed Limbacher

March 4, 2015

Mr. Rascoe,

I have enclosed a completed copy of the Southern Shores Fire Department budget for fiscal year 2015-2016. Please feel free to contact me with any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ed Limbacher', with a long horizontal line extending to the right.

Edward J. Limbacher

INCOME

3/4/2015

Southern Shores Volunteer Fire Department

2015-2016 budget-Final

Accounts	Budget 2014-2015	Estimated 2014-2015	Budget 2015-2016	Actual 6 Months 2014-2015
301 - Dare County	98,026	90,000	101,055	88,432
302 - Southern Shores	474,650	474,650	475,505	237,753
304 - Dare Radio payment	0	0	0	0
306 - TOSS Radio Payment	50,000	50,000	0	50,000
Revenue	622,676	614,650	576,560	376,185
305 - Interest & Misc Income				
305.01 - Interest Earned		109		109
305.02 - Donations		1,900		1,900
305.03 - Special Donations	40,000	40,000	40,000	40,000
305.09 - Sign Program		135		135
305.10 - FEMA Grant				
305.11 - Pension Refunds				
305.13 - NC Relief Fund				
305.XX - Rehab				
305.14 - Truck 121				
305.17 - Loan Proceeds				
305.18 - Sale of Assets		2,299		2,299
305.19 - Other Income				
305.16 - Capital Reserves				
399 - Special Income				
399.01 - Rent East Station	1	1	1	1
Interest & Misc Income	40,001	44,335	40,001	44,444
TOTAL	662,677	658,985	616,561	420,629

Special District Name:

Southern Shores Volunteer Fire Department

Expenses

Accounts -	Budget 2014-2015	Estimated 2014-2015	Budget 2015-2016	Actual 6 Months 2014-2015
501 - Operating Supplies	27,868	29,000	32,250	17,906
502 - Utilities	21,500	18,900	17,300	9,479
503 - People Costs	197,746	201,000	209,000	117,210
504 - Community	1,000	1,400	9,500	691
505 - Professional Services	40,000	38,000	39,500	37,630
506 - Bank Fees & Service Charges	0	31	0	31
507 - Rental	44,435	44,435	44,435	44,435
515 - Repair and Maintenance	41,000	41,500	46,600	27,679
550 - Capital Equipment	83,610	54,202	79,522	7,519
570 - Debt Service	205,018	34,950	138,454	173,068
TOTAL Expenses	662,177	463,418	616,561	435,648

Budget FY

2016-2017

**SSVFD
board**

approved 17-Mar-16

Submitted Dare Co

18-Mar-16

Submitted TOSS

18-Mar-16

Special District Name:

Southern Shores Volunteer Fire Department

Expenses

Accounts -	Budget 2015-2016	Estimated 2015-2016	Budget 2016-2017	Actual 6 Months 2015-2016
501 - Operating Supplies	27,868	29,000	38,850	17,906
502 - Utilities	21,500	18,900	14,200	9,479
503 - People Costs	197,746	201,000	218,000	117,210
504 - Community	1,000	1,400	9,500	691
505 - Professional Services	40,000	38,000	36,750	37,630
506 - Bank Fees & Service Charges	0	31	1,400	31
507 - Rental	44,435	44,435	44,435	44,435
515 - Repair and Maintenance	41,000	41,500	45,600	27,679
550 - Capital Equipment	83,610	54,202	70,269	7,519
570 - Debt Service	205,018	34,950	141,192	173,068
TOTAL Expenses	662,177	463,418	620,196	435,648

Accounts	Budget 2015-2016	Estimated 2015-2016	Budget 2016-2017	Actual 6 Months 2015-2016
301 - Dare County	101,055	90,000	103,315	66,543
302 - Southern Shores	475,505	475,050	476,880	237,753
304 - Dare Radio payment	0	0	0	0
306 - TOSS Radio Payment	0	0	0	50,000
Revenue	576,560	565,050	580,195	354,296
305 - Interest & Misc Income				
305.01 - Interest Earned		109		109
305.02 - Donations		1,900		1,900
305.03 - Special Donations	40,000	40,000	40,000	40,000
305.09 - Sign Program		135		135
305.10 - FEMA Grant				
305.11 - Pension Refunds				
305.13 - NC Relief Fund				
305.XX - Rehab				
305.14 - Truck 121				
305.17 - Loan Proceeds				
305.18 - Sale of Assets		2,299		2,299
305.19 - Other Income				
305.16 - Capital Reserves				
399 - Special Income				
399.01 - Rent East Station	1	1	1	1
Interest & Misc Income	40,001	44,335	40,001	44,444
TOTAL	616,561	609,385	620,196	398,740



**SOUTHERN SHORES
VOLUNTEER FIRE DEPARTMENT**

Chief Ed Limbacher

March 23, 2017

Mr. Rascoe,

I have enclosed a completed copy of the Southern Shores Fire Department budget for fiscal year 2017-2018 as well as the IRS form 990. Please feel free to contact me with any questions or concerns.

Sincerely,

Edward J. Limbacher

Budget FY

2017-2018

**SSVFD
board**

approved 16-Mar-17

Submitted Dare Co

23-Mar-17

Submitted TOSS

23-Mar-17

INCOME

3/22/2017

Southern Shores Volunteer Fire Department

Copy of 2017-2018 budget

Accounts	Budget 2016-2017	Estimated 2016-2017	Budget 2017-2018	Actual 6 Months 2016-2017
301 - Dare County	103,315	103,315	105,856	65,509
302 - Southern Shores	476,880	476,880	481,925	238,440
304 - Dare Radio payment	0	0	0	0
306 - TOSS Radio Payment	0	0	0	0
Revenue	580,195	580,195	587,781	303,949
305 - Interest & Misc Income				
305.01 - Interest Earned		338		169
305.02 - Donations		3,000		2,622
305.03 - Special Donations	40,000	40,000	40,000	40,000
305.04 - T-Shirt Sales				909
305.09 - Sign Program		300		230
305.10 - FEMA Grant				
305.11 - Pension Refunds				
305.13 - NC Relief Fund				
305.XX - Rehab				
305.14 - Truck 121				
305.17 - Loan Proceeds				
305.18 - Sale of Assets		3,565		3,565
305.19 - Other Income				5
305.60 - Beach Wheel Chair Donations		200		200
305.61 - Storm/Hurricane Reimbursement		1,383		1,383
305.16 - Capital Reserves				

3/22/2017

Southern Shores Volunteer Fire Department

Copy of 2017-2018 budget

310.01 - Grants					2,396
399 - Special Income					
399.01 - Rent East Station	1	1	1	1	1
Interest & Misc Income	40,001	48,449	40,001	40,001	51,480
TOTAL	620,196	628,644	627,782	627,782	355,430

Special District Name:

Expenses

Accounts -	Budget 2016-2017	Estimated 2016-2017	Budget 2017-2018	Actual 6 Months 2016-2017
501 - Operating Supplies	38,850	25,271	34,100	15,883
502 - Utilities	14,200	11,688	14,200	5,840
503 - People Costs	218,000	201,262	225,500	123,412
504 - Community	9,500	4,780	9,600	4,719
505 - Professional Services	36,750	36,949	37,000	46,483
506 - Bank Fees & Service Charges	1,400	45	1,500	1,239
507 - Rental	44,435	44,325	44,435	44,435
515 - Repair and Maintenance	45,600	26,591	44,350	11,911
550 - Capital Equipment	70,269	33,364	75,547	23,934
570 - Debt Service	141,192	140,371	141,550	133,814
TOTAL Expenses	620,196	524,646	627,782	411,670

Forms 990 / 990-EZ Return Summary

For calendar year 2015, or tax year beginning 07/01/15 and ending 06/30/16

Southern Shores Volunteer Fire
Department, Inc.

58-1502855

Net Asset / Fund Balance at Beginning of Year		<u>898,532</u>
Revenue		
Contributions	<u>622,834</u>	
Program service revenue	<u>5,648</u>	
Investment income	<u>380</u>	
Capital gain / loss	<u>1,215</u>	
Fundraising / Gaming:		
Gross revenue	_____	
Direct expenses	_____	
Net income	_____	
Other income	<u>0</u>	
Total revenue		<u>630,077</u>
Expenses		
Program services	<u>591,092</u>	
Management and general	<u>53,007</u>	
Fundraising	_____	
Total expenses		<u>644,099</u>
Excess / (deficit)		<u>-14,022</u>
Changes		_____
Net Asset / Fund Balance at End of Year		<u><u>884,510</u></u>

Reconciliation of Revenue	
Total revenue per financial statements	<u>590,077</u>
Less:	
Unrealized gains	_____
Donated services	_____
Recoveries	_____
Other	_____
Plus:	
Investment expenses	_____
Other	<u>40,000</u>
Total revenue per return	<u><u>630,077</u></u>

Reconciliation of Expenses	
Total expenses per financial statements	<u>604,099</u>
Less:	
Donated services	_____
Prior year adjustments	_____
Losses	_____
Other	_____
Plus:	
Investment expenses	_____
Other	<u>40,000</u>
Total expenses per return	<u><u>644,099</u></u>

	Balance Sheet		
	Beginning	Ending	Differences
Assets	<u>1,406,033</u>	<u>1,289,320</u>	
Liabilities	<u>507,501</u>	<u>404,810</u>	
Net assets	<u><u>898,532</u></u>	<u><u>884,510</u></u>	<u>-14,022</u>

Miscellaneous Information
Amended return _____
Return / extended due date 11/15/16
Failure to file penalty _____

SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC.
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JUNE 30, 2015 AND JUNE 30, 2014
(WITH INDEPENDENT AUDITOR'S REPORTS THEREON)

Dernar & Associates, LLC

4158 Old William Penn Highway

Murrysville, Pennsylvania 15668

Telephone: (724) 327-7300

FAX: (724) 733-7887

dernarassociates@windstream.net
INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Southern Shores Volunteer Fire Department, Inc.
Southern Shores, North Carolina

We have audited the accompanying financial statements of Southern Shores Volunteer Fire Department, Inc., which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southern Shores Volunteer Fire Department, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flow for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statements of Functional Expenses on Pages 10 and 11 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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. In our opinion the information is fairly stated in all material respects in relation to the financial statements as a whole.

Dernar & Associates, LLC

Dernar & Associates, LLC
Murrysville, PA
December 21, 2015

SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND JUNE 30, 2014

ASSETS

	<u>2015</u>	<u>2014</u>
Current Assets:		
Cash and cash equivalents	\$ 395,110	\$ 344,405
Accounts receivable	440	389
Sales tax receivable	2,666	2,793
Prepaid expenses	<u>7,994</u>	<u>7,719</u>
Total Current Assets	<u>406,210</u>	<u>355,306</u>
Property and Equipment:		
Building improvements	692,450	692,450
Communications	406,424	426,901
Computers and software	37,175	36,694
Emergency equipment	38,049	38,049
Fire equipment	200,566	177,279
Office equipment	57,251	57,251
SCBA equipment	110,478	110,478
Emergency gear	88,599	84,758
Vehicles	<u>2,033,747</u>	<u>2,033,747</u>
	3,664,739	3,657,607
Less: accumulated depreciation/amortization	<u>2,664,916</u>	<u>2,411,576</u>
Net Property and Equipment	<u>999,823</u>	<u>1,246,031</u>
Total Assets	<u>\$ 1,406,033</u>	<u>\$ 1,601,337</u>
	=====	=====

SEE INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

LIABILITIES AND NET ASSETS

	<u>2015</u>	<u>2014</u>
Current Liabilities:		
Accounts payable and accrued expenses	\$ 8,280	\$ 23,918
Accrued pension contributions	36,000	45,000
Notes payable – current portion	<u>114,934</u>	<u>172,044</u>
Total Current Liabilities	<u>159,214</u>	<u>240,962</u>
Long-Term Debt:		
Note payable – Pierce fire trucks	453,120	552,780
Note payable – Radios	-	111,904
Note payable – Command vehicle	10,101	19,258
Less: current portion	<u>(114,934)</u>	<u>(172,044)</u>
Total Long-Term Debt	<u>348,287</u>	<u>511,898</u>
Total Liabilities	<u>507,501</u>	<u>752,860</u>
Net Assets:		
Net Assets	<u>898,532</u>	<u>848,477</u>
Total Net Assets	<u>898,532</u>	<u>848,477</u>
Total Liabilities and Net Assets	<u>\$1,406,033</u> =====	<u>\$1,601,337</u> =====

SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Public Support and Revenue:		
Tax levy	\$627,142	\$625,255
Donations	4,470	2,465
Miscellaneous	4,836	1
Sign program	<u>460</u>	<u>495</u>
Total Revenue and Support	<u>636,908</u>	<u>628,216</u>
Expenses:		
Program services	516,604	568,658
General and administrative	<u>39,198</u>	<u>38,057</u>
Total Expenses	<u>555,802</u>	<u>606,715</u>
Other Income (Expenses):		
Gain (loss) on disposal of assets	2,300	-
Interest income	330	427
Interest expense	<u>(33,681)</u>	<u>(41,100)</u>
Total Other Income (Expenses)	<u>(31,051)</u>	<u>(40,673)</u>
Change in Net Assets	50,055	(19,172)
Net Assets, beginning of year	<u>848,477</u>	<u>867,649</u>
Net Assets, End of Year	\$898,532 =====	\$848,477 =====

SEE INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 50,055	(\$ 19,172)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	273,817	266,169
(Gain)/Loss on disposal of assets	-	-
(Increase) decrease in:		
Accounts receivable	(51)	4
Sales tax receivable	127	(2,793)
Prepaid expenses	(275)	803
Increase (decrease) in:		
Accounts payable and accrued expenses	(15,638)	9,553
Accrued pension contributions	(9,000)	(3)
Net Cash Provided by Operating Activities	<u>299,035</u>	<u>254,561</u>
Cash Flows From Investing Activities:		
Purchase of fixed assets	(27,609)	(102,644)
Net Cash Used in Investing Activities	<u>(27,609)</u>	<u>(102,644)</u>
Cash Flows From Financing Activities:		
Payments on long term debt	(220,721)	(163,912)
Net Cash Used in Financing Activities	<u>(220,721)</u>	<u>(163,912)</u>
Net Increase (Decrease) in Cash	50,705	(11,995)
Cash and Cash Equivalents, beginning of year	<u>344,405</u>	<u>356,400</u>
Cash and Cash Equivalents, end of year	\$ 395,110 =====	\$ 344,405 =====
Cash Paid During the Year for:		
Interest	\$ 33,681 =====	\$ 41,100 =====

SEE INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. **NATURE OF ACTIVITIES** – Southern Shores Volunteer Fire Department, Inc. (the “Department”) is a non-profit volunteer fire department providing firefighting services to the Town of Southern Shores, North Carolina and surrounding areas.
- B. **BASIS OF ACCOUNTING** – The Department prepares its financial statements on the accrual basis of accounting. This method requires that revenues and the related assets be recognized as earned and that expenses and the related liabilities be recognized when incurred.
- C. **FINANCIAL STATEMENT PRESENTATION** – The Department has adopted FASB ASC 958.205, Not-For-Profit Entities-Presentation of Financial Statements. Under ASC 958.205, net assets and revenues, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Unrestricted net assets are net assets not subject to donor-imposed restrictions. The net assets of the Department and the changes therein are classified and reported as unrestricted net assets because of the absence of donor-imposed restrictions.
- D. **CASH AND CASH EQUIVALENTS** – For the purpose of the statement of cash flows, the Department considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.
- E. **FIXED ASSETS** – Fixed assets are recorded at original cost at the time of acquisition. Depreciation is computed on the straight-line method over the estimated life of the related assets. Donations of fixed assets are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless donor has restricted the donated asset to a specific purpose. The Department generally capitalizes equipment with a cost of \$500 or more. Depreciation expense for the year ended June 30, 2015 and 2014 was \$273,817 and \$266,169, respectively.
- F. **USE OF ESTIMATES** – The preparation of financial statements in conformity with generally accepted accounting principles required the use of management’s estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- G. **SUPPORT & REVENUE** – The Department receives tax levy income from Dare County and the Town of Southern Shores. Revenue received from the agreement is recognized when earned. The Department receives donations from the public and sign program income. The department recognizes this income when earned.

SEE INDEPENDENT AUDITOR’S REPORT

SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015 AND 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- H. **CONTRIBUTIONS** – The Department accounts for contributions in accordance with FASB ASC 958.605.25, Not-For-Profit Entities – Revenue Recognition. In accordance with ASC 958.605.25, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence or notice of any restrictions. Contributions are recorded at fair value. All donor restricted support is reported as an increase in temporarily restricted net assets. When a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Temporarily restricted contributions that are received and expended within the same fiscal year are reported as unrestricted resources.
- I. **INCOME TAXES** – The Department, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provisions for federal income taxes in the accompanying financial statements. However, income from certain activities not directly related to the Department's tax-exempt purposes is subject to taxation as unrelated business income. In addition, the Department qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509 (a)(2). Management of the Department evaluates all significant tax positions to ensure compliance with the exempt purpose of the Department as required by U.S. Generally Accepted Accounting Principles, including consideration of any unrelated business income tax. As of June 30, 2015, Management does not believe the Department has taken any tax positions that are not in compliance with the exempt purpose of the Department. As of June 30, 2015, the Form 990, Return of Organization exempt from the Income Tax, for the years ending June 30, 2015, 2014 and 2013 are subject to examination by the IRS, generally for three years after they were filed.
- J. **FUNCTIONAL EXPENSES** – The Department allocates its functional expenses between Program Services and General and Administrative Expenses based on estimates of time spent by individuals, square footage of space used, or other appropriate means.
- K. **SUBSEQUENT EVENTS** – Management has evaluated subsequent events through December 21, 2015, which is the date the financial statements were available to be issued.

NOTE 2 – CONCENTRATION OF CREDIT RISK – The Department maintains several cash accounts at local banking institutions. At certain times throughout the year, the amount on deposit exceeded the \$250,000 federally insured limit. At June 30, 2015, the Department's uninsured cash balance with these institutions was \$0.00 as cash balances; in any one checking account, did not exceed \$250,000 at year end.

SEE INDEPENDENT AUDITOR'S REPORT

SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015 AND 2014

NOTE 3 – LONG TERM DEBT

Following is a summary of long-term debt at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Note payable to bank in annual installments of \$128,350 including interest at 5.19%, final payment October 2018, secured by fire trucks	\$ 453,120	\$ 552,780
Note payable to bank in monthly installments of \$5,547 including interest at 4.35%, final payment April 2016, secured by equipment.	-	111,904
Note payable to bank in monthly installments of \$842 including interest at 4.925%, final payment June 2016, secured by vehicle.	<u>10,101</u>	<u>19,258</u>
	463,221	683,942
Less: current portion	<u>(114,934)</u>	<u>(172,044)</u>
	\$ 348,287	\$ 511,898
	=====	=====

Following are the maturities of long-term debt for each of the next five years:

Year	Amount
2016	\$114,934
2017	110,273
2018	115,997
2019	122,017
2020	<u>-</u>
	\$463,221
	=====

SEE INDEPENDENT AUDITOR'S REPORT

SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015 AND 2014

NOTE 4 – RELATED PARTY

The Department is the primary beneficiary of Fire Service Real Estate, Inc., which qualifies as a variable interest entity. The determination was based on the fact that members of the Department control the related organization. Accordingly, the assets and liabilities and revenues and expenses of Fire Service Real Estate, Inc. have been included in the accompanying financial statements. The entity was formed in January 2009 for the purpose of securing the land and fire stations in use by the Department. Included in assets as of June 30, 2015 and 2014, are the fire station buildings of \$692,450 and \$691,270, net of accumulated depreciation of \$377,208 and \$359,314, respectively. Intercompany transactions and balances have been eliminated.

NOTE 5 – PENSION FUNDS

Each member of the Southern Shores Volunteer Fire Department is covered by the North Carolina Fireman's and Rescue Squad Worker's Pension Fund. This is a cost-sharing multiple-employee defined benefit pension plan. The Department contributes \$120 per year per member. Contributions for eligible firefighters were made bringing the pension fund expense to \$6,834 and \$4,990 at June 30, 2015 and 2014, respectively. The pension fund is administered by the State Auditor and State Treasurer's office.

The Department is also a member of the North Carolina State Fireman's Association. This organization has established a Fireman's local relief fund that is administered by a separate Board of Directors. This local relief fund is funded in part by the North Carolina Department of Insurance and investment income on the accumulated account balance. These funds can only be used to assist volunteers and their families who are injured in the line of duty or for educational purposes for the volunteers.

The Department also administers, through a trustee, the Southern Shores Volunteer Fire Department Volunteer Retention Plan. All members are eligible and no contributions from members are required. Contributions to the plan by the department are \$36,000 and \$45,000 for 2015 and 2014, respectively.

SEE INDEPENDENT AUDITOR'S REPORT

SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>		
	<u>Program</u> <u>Services</u>	<u>General and</u> <u>Administrative</u>	<u>Total</u>
Depreciation	\$273,817	\$ -	\$273,817
Wage and payroll taxes	77,421	10,557	87,978
Repairs and maintenance	38,640	-	38,640
Pension expense	37,440	-	37,440
Insurance	35,834	-	35,834
Department supplies	17,521	4,380	21,901
Utilities and telephone	15,024	-	15,024
Volunteer incentive	-	7,451	7,451
Office expense	-	7,108	7,108
Refreshments	6,834	-	6,834
Traveling and training	6,424	-	6,424
Legal and accounting	-	6,050	6,050
Uniforms and patches	4,235	-	4,235
Dues and subscriptions	-	3,652	3,652
Promotion	2,479	-	2,479
Medical	700	-	700
Bank charges	<u>235</u>	<u>-</u>	<u>235</u>
Total Functional Expenses	\$516,604 =====	\$ 39,198 =====	\$555,802 =====

SEE INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2014</u>		
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Depreciation	\$ 266,169	\$ -	\$266,169
Wage and payroll taxes	109,435	14,923	124,358
Pension expense	49,990	-	49,990
Repairs and maintenance	37,446	-	37,446
Insurance	36,774	-	36,774
Department supplies	21,145	5,286	26,431
Utilities and telephone	22,133	-	22,133
Medical	11,999	-	11,999
Volunteer incentive	-	8,542	8,542
Legal and accounting	-	7,707	7,707
Traveling and training	5,703	-	5,703
Refreshments	4,999	-	4,999
Uniforms and patches	2,790	-	2,790
Dues and subscriptions	-	1,599	1,599
Bank charges	<u>75</u>	<u>-</u>	<u>75</u>
Total Functional Expenses	<u>\$568,658</u> =====	<u>\$38,057</u> =====	<u>\$606,715</u> =====

SEE INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

BLANK

SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC.
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015
(WITH INDEPENDENT AUDITOR'S REPORTS THEREON)

Dernar & Associates, LLC

4158 Old William Penn Highway

Murrysville, Pennsylvania 15668

Telephone: (724) 327-7300

FAX: (724) 733-7887

dernarassociates@windstream.net
INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Southern Shores Volunteer Fire Department, Inc.
Southern Shores, North Carolina

We have audited the accompanying financial statements of Southern Shores Volunteer Fire Department, Inc., which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southern Shores Volunteer Fire Department, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flow for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statements of Functional Expenses on Pages 10 and 11 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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. In our opinion the information is fairly stated in all material respects in relation to the financial statements as a whole.

Dernar & Associates, LLC

Dernar & Associates, LLC
Murrysville, PA
November 7, 2016

SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND JUNE 30, 2015

ASSETS

	<u>2016</u>	<u>2015</u>
Current Assets:		
Cash and cash equivalents	\$ 464,852	\$ 395,110
Accounts receivable	747	440
Sales tax receivable	2,105	2,666
Prepaid expenses	<u>25,863</u>	<u>7,994</u>
Total Current Assets	<u>493,567</u>	<u>406,210</u>
Property and Equipment:		
Building improvements	692,450	692,450
Communications	415,699	406,424
Computers and software	37,495	37,175
Emergency equipment	41,734	38,049
Fire equipment	211,739	200,566
Office equipment	62,099	57,251
SCBA equipment	110,478	110,478
Emergency gear	100,468	88,599
Vehicles	<u>2,033,747</u>	<u>2,033,747</u>
	3,705,909	3,664,739
Less: accumulated depreciation/amortization	<u>2,910,156</u>	<u>2,664,916</u>
Net Property and Equipment	<u>795,753</u>	<u>999,823</u>
Total Assets	<u>\$1,289,320</u>	<u>\$ 1,406,033</u>

SEE INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

LIABILITIES AND NET ASSETS

	<u>2016</u>	<u>2015</u>
Current Liabilities:		
Accounts payable and accrued expenses	\$ 11,523	\$ 8,280
Accrued pension contributions	45,000	36,000
Notes payable – current portion	<u>110,273</u>	<u>114,934</u>
Total Current Liabilities	<u>166,796</u>	<u>159,214</u>
Long-Term Debt:		
Note payable – Pierce fire trucks	348,287	453,120
Note payable – Radios	-	-
Note payable – Command vehicle	-	10,101
Less: current portion	<u>(110,273)</u>	<u>(114,934)</u>
Total Long-Term Debt	<u>238,014</u>	<u>348,287</u>
Total Liabilities	<u>404,810</u>	<u>507,501</u>
Net Assets:		
Net Assets	<u>884,510</u>	<u>898,532</u>
Total Net Assets	<u>884,510</u>	<u>898,532</u>
Total Liabilities and Net Assets	<u>\$1,289,320</u> =====	<u>\$1,406,033</u> =====

SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Public Support and Revenue:		
Tax levy	\$578,399	\$627,142
Donations	4,435	4,470
Miscellaneous	5,186	4,836
Sign program	<u>462</u>	<u>460</u>
Total Revenue and Support	<u>588,482</u>	<u>636,908</u>
Expenses:		
Program services	517,296	516,604
General and administrative	<u>63,286</u>	<u>39,198</u>
Total Expenses	<u>580,582</u>	<u>555,802</u>
Other Income (Expenses):		
Gain (loss) on disposal of assets	1,215	2,300
Interest income	380	330
Interest expense	<u>(23,517)</u>	<u>(33,681)</u>
Total Other Income (Expenses)	<u>(21,922)</u>	<u>(31,051)</u>
Change in Net Assets	<u>(14,022)</u>	50,055
Net Assets, beginning of year	<u>898,532</u>	<u>848,477</u>
Net Assets, End of Year	<u>\$884,510</u> =====	<u>\$898,532</u> =====

SEE INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities:		
Change in net assets	(\$ 14,022)	\$ 50,055
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	245,240	273,817
(Gain)/Loss on disposal of assets	-	-
(Increase) decrease in:		
Accounts receivable	(307)	(51)
Sales tax receivable	561	127
Prepaid expenses	(17,869)	(275)
Increase (decrease) in:		
Accounts payable and accrued expenses	3,243	(15,638)
Accrued pension contributions	<u>9,000</u>	<u>(9,000)</u>
Net Cash Provided by Operating Activities	<u>225,846</u>	<u>299,035</u>
Cash Flows From Investing Activities:		
Purchase of fixed assets	<u>(41,170)</u>	<u>(27,609)</u>
Net Cash Used in Investing Activities	<u>(41,170)</u>	<u>(27,609)</u>
Cash Flows From Financing Activities:		
Payments on long term debt	<u>(114,934)</u>	<u>(220,721)</u>
Net Cash Used in Financing Activities	<u>(114,934)</u>	<u>(220,721)</u>
Net Increase (Decrease) in Cash	69,742	50,705
Cash and Cash Equivalents, beginning of year	<u>395,110</u>	<u>344,405</u>
Cash and Cash Equivalents, end of year	\$ 464,852 =====	\$ 395,110 =====
Cash Paid During the Year for:		
Interest	\$ 23,517 =====	\$ 33,681 =====

SEE INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. **NATURE OF ACTIVITIES** – Southern Shores Volunteer Fire Department, Inc. (the “Department”) is a non-profit volunteer fire department providing firefighting services to the Town of Southern Shores, North Carolina and surrounding areas.
- B. **BASIS OF ACCOUNTING** – The Department prepares its financial statements on the accrual basis of accounting. This method requires that revenues and the related assets be recognized as earned and that expenses and the related liabilities be recognized when incurred.
- C. **FINANCIAL STATEMENT PRESENTATION** – The Department has adopted FASB ASC 958.205, Not-For-Profit Entities-Presentation of Financial Statements. Under ASC 958.205, net assets and revenues, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Unrestricted net assets are net assets not subject to donor-imposed restrictions. The net assets of the Department and the changes therein are classified and reported as unrestricted net assets because of the absence of donor-imposed restrictions.
- D. **CASH AND CASH EQUIVALENTS** – For the purpose of the statement of cash flows, the Department considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.
- E. **FIXED ASSETS** – Fixed assets are recorded at original cost at the time of acquisition. Depreciation is computed on the straight-line method over the estimated life of the related assets. Donations of fixed assets are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless donor has restricted the donated asset to a specific purpose. The Department generally capitalizes equipment with a cost of \$500 or more. Depreciation expense for the year ended June 30, 2016 and 2015 was \$245,240 and \$273,817, respectively.
- F. **USE OF ESTIMATES** – The preparation of financial statements in conformity with generally accepted accounting principles required the use of management’s estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- G. **SUPPORT & REVENUE** – The Department receives tax levy income from Dare County and the Town of Southern Shores. Revenue received from the agreement is recognized when earned. The Department receives donations from the public and sign program income. The department recognizes this income when earned.

SEE INDEPENDENT AUDITOR’S REPORT

SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016 AND 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- H. **CONTRIBUTIONS** – The Department accounts for contributions in accordance with FASB ASC 958.605.25, Not-For-Profit Entities – Revenue Recognition. In accordance with ASC 958.605.25, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence or notice of any restrictions. Contributions are recorded at fair value. All donor restricted support is reported as an increase in temporarily restricted net assets. When a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Temporarily restricted contributions that are received and expended within the same fiscal year are reported as unrestricted resources.
- I. **INCOME TAXES** – The Department, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provisions for federal income taxes in the accompanying financial statements. However, income from certain activities not directly related to the Department’s tax-exempt purposes is subject to taxation as unrelated business income. In addition, the Department qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509 (a)(2). Management of the Department evaluates all significant tax positions to ensure compliance with the exempt purpose of the Department as required by U.S. Generally Accepted Accounting Principles, including consideration of any unrelated business income tax. As of June 30, 2016, Management does not believe the Department has taken any tax positions that are not in compliance with the exempt purpose of the Department. As of June 30, 2016, the Form 990, Return of Organization exempt from the Income Tax, for the years ending June 30, 2016, 2015 and 2014 are subject to examination by the IRS, generally for three years after they were filed.
- J. **FUNCTIONAL EXPENSES** – The Department allocates its functional expenses between Program Services and General and Administrative Expenses based on estimates of time spent by individuals, square footage of space used, or other appropriate means.
- K. **SUBSEQUENT EVENTS** – Management has evaluated subsequent events through November 7, 2016, which is the date the financial statements were available to be issued.

NOTE 2 – CONCENTRATION OF CREDIT RISK – The Department maintains several cash accounts at local banking institutions. At certain times throughout the year, the amount on deposit exceeded the \$250,000 federally insured limit. At June 30, 2016, the Department’s uninsured cash balance with these institutions was \$124,049.

SEE INDEPENDENT AUDITOR’S REPORT

SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015 AND 2014

NOTE 3 – LONG TERM DEBT

Following is a summary of long-term debt at June 30, 2015 and 2014:

	<u>2016</u>	<u>2015</u>
Note payable to bank in annual installments of \$128,350 including interest at 5.19%, final payment October 2018, secured by fire trucks	\$ 348,287	\$ 453,120
Note payable to bank in monthly installments of \$842 including interest at 4.925%, final payment June 2016, secured by vehicle.	<u> -</u>	<u> 10,101</u>
	348,287	463,221
Less: current portion	<u>110,273</u>	<u>(114,934)</u>
	<u>\$ 238,014</u>	<u>\$ 348,287</u>
	=====	=====

Following are the maturities of long-term debt for each of the next five years:

Year	Amount
2017	\$110,273
2018	115,997
2019	122,017
2020	-
2021	<u> -</u>
	<u>\$348,287</u>
	=====

SEE INDEPENDENT AUDITOR'S REPORT

SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016 AND 2015

NOTE 4 – RELATED PARTY

The Department is the primary beneficiary of Fire Service Real Estate, Inc., which qualifies as a variable interest entity. The determination was based on the fact that members of the Department control the related organization. Accordingly, the assets and liabilities and revenues and expenses of Fire Service Real Estate, Inc. have been included in the accompanying financial statements. The entity was formed in January 2009 for the purpose of securing the land and fire stations in use by the Department. Included in assets as of June 30, 2016 and 2015, are the fire station buildings of \$692,450 and \$692,450, net of accumulated depreciation of \$394,419 and \$377,208, respectively. Intercompany transactions and balances have been eliminated.

NOTE 5 – PENSION FUNDS

Each member of the Southern Shores Volunteer Fire Department is covered by the North Carolina Fireman's and Rescue Squad Worker's Pension Fund. This is a cost-sharing multiple-employee defined benefit pension plan. The Department contributes \$120 per year per member. Contributions for eligible firefighters were made bringing the pension fund expense to \$2,000 and \$4,960 at June 30, 2016 and 2015, respectively. The pension fund is administered by the State Auditor and State Treasurer's office.

The Department is also a member of the North Carolina State Fireman's Association. This organization has established a Fireman's local relief fund that is administered by a separate Board of Directors. This local relief fund is funded in part by the North Carolina Department of Insurance and investment income on the accumulated account balance. These funds can only be used to assist volunteers and their families who are injured in the line of duty or for educational purposes for the volunteers.

The Department also administers, through a trustee, the Southern Shores Volunteer Fire Department Volunteer Retention Plan. All members are eligible and no contributions from members are required. Contributions to the plan by the department are \$36,000 and \$37,440 for 2016 and 2015, respectively.

SEE INDEPENDENT AUDITOR'S REPORT

SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>		
	<u>Program</u> <u>Services</u>	<u>General and</u> <u>Administrative</u>	<u>Total</u>
Depreciation	\$ 245,240	\$ -	\$245,240
Wage and payroll taxes	84,413	26,513	110,926
Repairs and maintenance	55,677	-	55,677
Pension expense	39,000	-	39,000
Insurance	35,091	-	35,091
Department supplies	17,884	4,471	22,355
Utilities and telephone	11,971	-	11,971
Legal and accounting	-	10,510	10,510
Office	-	10,191	10,191
Volunteer incentive	-	8,333	8,333
Promotion	8,072	-	8,072
Refreshments	7,025	-	7,025
Traveling and training	5,458	-	5,458
Rent Expense	4,435	-	4,435
Uniforms and patches	3,030	-	3,030
Dues and subscriptions	-	1,838	1,838
ADP Fees	-	1,343	1,343
Bank charges	<u>-</u>	<u>87</u>	<u>87</u>
 Total Functional Expenses	 <u>\$517,296</u>	 <u>\$63,286</u>	 <u>\$580,582</u>

SEE INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2015</u>		
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Depreciation	\$273,817	\$ -	\$273,817
Wage and payroll taxes	77,421	10,557	87,978
Repairs and maintenance	38,640	-	38,640
Pension expense	37,440	-	37,440
Insurance	35,834	-	35,834
Department supplies	17,521	4,380	21,901
Utilities and telephone	15,024	-	15,024
Volunteer incentive	-	7,451	7,451
Office expense	-	7,108	7,108
Refreshments	6,834	-	6,834
Traveling and training	6,424	-	6,424
Legal and accounting	-	6,050	6,050
Uniforms and patches	4,235	-	4,235
Dues and subscriptions	-	3,652	3,652
Promotion	2,479	-	2,479
Medical	700	-	700
Bank charges	<u>235</u>	<u>-</u>	<u>235</u>
 Total Functional Expenses	 \$516,604 =====	 \$ 39,198 =====	 \$555,802 =====

SEE INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

BLANK

SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC.
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JUNE 30, 2017 AND JUNE 30, 2016
(WITH INDEPENDENT AUDITOR'S REPORTS THEREON)

Dernar & Associates, LLC

4158 Old William Penn Highway

Murrysville, Pennsylvania 15668

Telephone: (724) 327-7300

FAX: (724) 733-7887

dernarassociates@windstream.net

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Southern Shores Volunteer Fire Department, Inc.
Southern Shores, North Carolina

We have audited the accompanying financial statements of Southern Shores Volunteer Fire Department, Inc., which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southern Shores Volunteer Fire Department, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flow for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statements of Functional Expenses on Pages 10 and 11 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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. In our opinion the information is fairly stated in all material respects in relation to the financial statements as a whole.

Dernar & Associates, LLC

Dernar & Associates, LLC
Murrysville, PA
November 5, 2017

SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND JUNE 30, 2016

ASSETS

	<u>2017</u>	<u>2016</u>
Current Assets:		
Cash and cash equivalents	\$ 543,683	\$ 464,852
Accounts receivable	678	747
Sales tax receivable	2,081	2,105
Prepaid expenses	<u>12,513</u>	<u>25,863</u>
Total Current Assets	<u>558,955</u>	<u>493,567</u>
Property and Equipment:		
Building improvements	692,450	692,450
Communications	388,358	415,699
Computers and software	15,851	37,495
Emergency equipment	51,128	41,734
Fire equipment	219,299	211,739
Office equipment	54,506	62,099
SCBA equipment	110,478	110,478
Emergency gear	100,468	100,468
Vehicles	<u>2,088,120</u>	<u>2,033,747</u>
	3,720,658	3,705,909
Less: accumulated depreciation/amortization	<u>3,048,566</u>	<u>2,910,156</u>
Net Property and Equipment	<u>672,092</u>	<u>795,753</u>
Total Assets	<u>\$1,231,047</u>	<u>\$1,289,320</u>

SEE INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

LIABILITIES AND NET ASSETS

	<u>2017</u>	<u>2016</u>
Current Liabilities:		
Accounts payable and accrued expenses	\$ 6,058	\$ 11,523
Accrued pension contributions	42,000	45,000
Notes payable – current portion	<u>127,618</u>	<u>110,273</u>
Total Current Liabilities	<u>175,676</u>	<u>166,796</u>
Long-Term Debt:		
Note payable – Pierce fire trucks	238,014	348,287
Note payable – vehicle	49,783	-
Less: current portion	<u>(127,618)</u>	<u>(110,273)</u>
Total Long-Term Debt	<u>160,179</u>	<u>238,014</u>
Total Liabilities	<u>335,855</u>	<u>404,810</u>
Net Assets:		
Net Assets	<u>895,192</u>	<u>884,510</u>
Total Net Assets	<u>895,192</u>	<u>884,510</u>
Total Liabilities and Net Assets	<u>\$1,231,047</u> =====	<u>\$1,289,320</u> =====

SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Public Support and Revenue:		
Tax levy	\$ 581,388	\$ 578,399
Donations	8,354	4,435
Miscellaneous	5,095	5,186
Sign program	<u>515</u>	<u>462</u>
Total Revenue and Support	<u>595,352</u>	<u>588,482</u>
Expenses:		
Program services	514,300	517,296
General and administrative	<u>54,256</u>	<u>63,286</u>
Total Expenses	<u>568,556</u>	<u>580,582</u>
Other Income (Expenses):		
Gain (loss) on disposal of assets	3,319	1,215
Interest income	448	380
Interest expense	<u>(19,881)</u>	<u>(23,517)</u>
Total Other Income (Expenses)	<u>(16,114)</u>	<u>(21,922)</u>
Change in Net Assets	10,682	(14,022)
Net Assets, beginning of year	<u>884,510</u>	<u>898,532</u>
Net Assets, End of Year	\$ 895,192 =====	\$ 884,510 =====

SEE INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 10,682	(\$ 14,022)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	237,435	245,240
(Gain)/Loss on disposal of assets	(3,319)	-
(Increase) decrease in:		
Accounts receivable	69	(307)
Sales tax receivable	24	561
Prepaid expenses	13,350	(17,869)
Increase (decrease) in:		
Accounts payable and accrued expenses	(5,465)	3,243
Accrued pension contributions	(3,000)	<u>9,000</u>
 Net Cash Provided by Operating Activities	 <u>249,776</u>	 <u>225,846</u>
 Cash Flows From Investing Activities:		
Purchase of fixed assets	(114,019)	(41,170)
Proceeds from sale of equipment	<u>3,564</u>	<u>-</u>
 Net Cash Used in Investing Activities	 <u>(110,455)</u>	 <u>(41,170)</u>
 Cash Flows From Financing Activities:		
Payments on long term debt	(120,490)	(114,934)
Borrowing on notes payable	<u>60,000</u>	<u>-</u>
 Net Cash Used in Financing Activities	 <u>(60,490)</u>	 <u>(114,934)</u>
 Net Increase (Decrease) in Cash	 78,831	 69,742
 Cash and Cash Equivalents, beginning of year	 <u>464,852</u>	 <u>395,110</u>
 Cash and Cash Equivalents, end of year	 \$ 543,683 =====	 \$ 464,852 =====
 Cash Paid During the Year for:		
Interest	\$ 19,881 =====	\$ 23,517 =====

SEE INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. NATURE OF ACTIVITIES – Southern Shores Volunteer Fire Department, Inc. (the “Department”) is a non-profit volunteer fire department providing firefighting services to the Town of Southern Shores, North Carolina and surrounding areas.
- B. BASIS OF ACCOUNTING – The Department prepares its financial statements on the accrual basis of accounting. This method requires that revenues and the related assets be recognized as earned and that expenses and the related liabilities be recognized when incurred.
- C. FINANCIAL STATEMENT PRESENTATION – The Department has adopted FASB ASC 958.205, Not-For-Profit Entities-Presentation of Financial Statements. Under ASC 958.205, net assets and revenues, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Unrestricted net assets are net assets not subject to donor-imposed restrictions. The net assets of the Department and the changes therein are classified and reported as unrestricted net assets because of the absence of donor-imposed restrictions.
- D. CASH AND CASH EQUIVALENTS – For the purpose of the statement of cash flows, the Department considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.
- E. FIXED ASSETS – Fixed assets are recorded at original cost at the time of acquisition. Depreciation is computed on the straight-line method over the estimated life of the related assets. Donations of fixed assets are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless donor has restricted the donated asset to a specific purpose. The Department generally capitalizes equipment with a cost of \$500 or more. Depreciation expense for the year ended June 30, 2017 and 2016 was \$237,435 and \$245,240, respectively.
- F. USE OF ESTIMATES – The preparation of financial statements in conformity with generally accepted accounting principles required the use of management’s estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- G. SUPPORT & REVENUE – The Department receives tax levy income from Dare County and the Town of Southern Shores. Revenue received from the agreement is recognized when earned. The Department receives donations from the public and sign program income. The department recognizes this income when earned.

SEE INDEPENDENT AUDITOR’S REPORT

SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017 AND 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- H. CONTRIBUTIONS – The Department accounts for contributions in accordance with FASB ASC 958.605.25, Not-For-Profit Entities – Revenue Recognition. In accordance with ASC 958.605.25, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence or notice of any restrictions. Contributions are recorded at fair value. All donor restricted support is reported as an increase in temporarily restricted net assets. When a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Temporarily restricted contributions that are received and expended within the same fiscal year are reported as unrestricted resources.
- I. INCOME TAXES – The Department, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provisions for federal income taxes in the accompanying financial statements. However, income from certain activities not directly related to the Department’s tax-exempt purposes is subject to taxation as unrelated business income. In addition, the Department qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509 (a)(2). Management of the Department evaluates all significant tax positions to ensure compliance with the exempt purpose of the Department as required by U.S. Generally Accepted Accounting Principles, including consideration of any unrelated business income tax. As of June 30, 2016, Management does not believe the Department has taken any tax positions that are not in compliance with the exempt purpose of the Department. As of June 30, 2017, the Form 990, Return of Organization exempt from the Income Tax, for the years ending June 30, 2017, 2016 and 2015 are subject to examination by the IRS, generally for three years after they were filed.
- J. FUNCTIONAL EXPENSES – The Department allocates its functional expenses between Program Services and General and Administrative Expenses based on estimates of time spent by individuals, square footage of space used, or other appropriate means.
- K. SUBSEQUENT EVENTS – Management has evaluated subsequent events through November 5, 2017, which is the date the financial statements were available to be issued.

NOTE 2 – CONCENTRATION OF CREDIT RISK – The Department maintains several cash accounts at local banking institutions. At certain times throughout the year, the amount on deposit exceeded the \$250,000 federally insured limit. At June 30, 2017, the Department’s uninsured cash balance with these institutions was \$206,046.

SEE INDEPENDENT AUDITOR’S REPORT

SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017 AND 2016

NOTE 3 – LONG TERM DEBT

Following is a summary of long-term debt at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Note payable to bank in annual installments of \$128,350 including interest at 5.19%, final payment October, 2018, secured by fire trucks	\$ 238,014	\$ 348,287
Note payable to bank in monthly installments of \$1,093 including interest at 3.5%, final payment July, 2021, secured by vehicle.	<u>49,783</u>	<u> -</u>
	287,797	348,287
Less: current portion	<u>(127,618)</u>	<u>(110,273)</u>
	\$ 160,179	\$ 238,014
	=====	=====

Following are the maturities of long-term debt for each of the next five years:

Year	Amount
2018	\$127,618
2019	133,967
2020	12,376
2021	12,816
2022	<u>1,020</u>
	\$287,797
	=====

SEE INDEPENDENT AUDITOR'S REPORT

SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017 AND 2016

NOTE 4 – RELATED PARTY

The Department is the primary beneficiary of Fire Service Real Estate, Inc., which qualifies as a variable interest entity. The determination was based on the fact that members of the Department control the related organization. Accordingly, the assets and liabilities and revenues and expenses of Fire Service Real Estate, Inc. have been included in the accompanying financial statements. The entity was formed in January 2009 for the purpose of securing the land and fire stations in use by the Department. Included in assets as of June 30, 2017 and 2016, are the fire station buildings of \$692,450 and \$692,450, net of accumulated depreciation of \$411,523 and \$394,419, respectively. Intercompany transactions and balances have been eliminated.

NOTE 5 – PENSION FUNDS

Each member of the Southern Shores Volunteer Fire Department is covered by the North Carolina Fireman's and Rescue Squad Worker's Pension Fund. This is a cost-sharing multiple-employee defined benefit pension plan. The Department contributes \$120 per year per member. Contributions for eligible firefighters were made bringing the pension fund expense to \$1,360 and \$2,000 at June 30, 2017 and 2016, respectively. The pension fund is administered by the State Auditor and State Treasurer's office.

The Department is also a member of the North Carolina State Fireman's Association. This organization has established a Fireman's local relief fund that is administered by a separate Board of Directors. This local relief fund is funded in part by the North Carolina Department of Insurance and investment income on the accumulated account balance. These funds can only be used to assist volunteers and their families who are injured in the line of duty or for educational purposes for the volunteers.

The Department also administers, through a trustee, the Southern Shores Volunteer Fire Department Volunteer Retention Plan. All members are eligible and no contributions from members are required. Contributions to the plan by the department are \$42,000 and \$36,000 for 2017 and 2016, respectively.

NOTE 6 – SUBSEQUENT EVENTS

The department purchased new air packs for \$235,000. The department will put a down payment of \$60,000 and finance the balance through fire truck finance.

SEE INDEPENDENT AUDITOR'S REPORT

SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>		
	<u>Program</u> <u>Services</u>	<u>General and</u> <u>Administrative</u>	<u>Total</u>
Depreciation	\$237,435	\$ -	\$237,435
Wage and payroll taxes	89,748	28,342	118,090
Repairs and maintenance	32,844	-	32,844
Pension expense	43,360	-	43,360
Insurance	30,838	-	30,838
Department supplies	13,706	3,427	17,133
Utilities and telephone	10,891	-	10,891
Legal and accounting	-	7,220	7,220
Office	-	7,914	7,914
Volunteer incentive	-	3,480	3,480
Promotion	6,381	-	6,381
Refreshments	6,120	-	6,120
Traveling and training	4,902	-	4,902
Rent expense	4,435	-	4,435
Uniforms and patches	3,933	-	3,933
Dues and subscriptions	-	1,834	1,834
ADP Fees	-	1,508	1,508
Bank charges	-	531	531
Architect fees	19,672	-	19,672
Medical exams	<u>10,035</u>	<u>-</u>	<u>10,035</u>
 Total Functional Expenses	 \$514,300 =====	 \$54,256 =====	 \$ 568,556 =====

SEE INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

2016

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Depreciation	\$ 245,240	\$ -	\$245,240
Wage and payroll taxes	84,413	26,513	110,926
Repairs and maintenance	55,677	-	55,677
Pension expense	39,000	-	39,000
Insurance	35,091	-	35,091
Department supplies	17,884	4,471	22,355
Utilities and telephone	11,971	-	11,971
Legal and accounting	-	10,510	10,510
Office	-	10,191	10,191
Volunteer incentive	-	8,333	8,333
Promotion	8,072	-	8,072
Refreshments	7,025	-	7,025
Traveling and training	5,458	-	5,458
Rent Expense	4,435	-	4,435
Uniforms and patches	3,030	-	3,030
Dues and subscriptions	-	1,838	1,838
ADP Fees	-	1,343	1,343
Bank charges	-	87	87
	<u> </u>	<u> </u>	<u> </u>
Total Functional Expenses	\$517,296	\$63,286	\$580,582
	=====	=====	=====

SEE INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES