

The Town of Laurel
Mayor & Council Meeting Minutes
September 21, 2026

A Mayor & Council Meeting was held at Laurel Town Hall in the Mayor & Council Chambers on Monday, September 21, 2026, beginning at 7:00 p.m. The following persons were in attendance Mayor Carlos Oliveras, President of Council Chris Calio, Doug Taylor, RogJenea Fisher, George Lodato, Jonathan Kellam, and Donald Holden. Also, in attendance were Chief Robert Kracyla, Judge Ruffin, Finance Manager Melissa Naselli, Recording Secretary Alexis Oliphant, and Town Manager Jamie Smith. It was noted that Public Works Director James Foskey and Director of Code Enforcement Dan Hogg was absent.

The Mayor & Council Minutes of August 17, 2026, were presented for review. Councilman Holden made a motion to accept the August 17, 2026, minutes as presented. Councilwoman Fisher seconded the motion. Vote was 7-0.

The August 2026 Department Head Reports were presented for review.

- Town Manager Smith stated Public Works Director Foskey is not in attendance tonight but she is proud to report that the town received over \$3 million in SRF funding that is 100% principal forgiveness. This will repair the sewer main that runs down Sixth Street from West Street headed east to town limits. It'll be some lining and some replacing areas of old terracotta sewer.
- Town Manager Smith stated Director of Code Enforcement Hogg is not in attendance tonight, but can answer questions that Mayor & Council may have.
- Judge Ruffin stated she has no changes on her report and can answer any questions that Mayor & Council may have.
- Finance Manager Naselli stated she submitted her July and August Reports for Mayor & Council's review.
- Chief Kracyla stated the department held their Youth Police Academy where 15 individuals attended. The academy consisted of several presentations where the youth were able to interact with the police. He stated he has been meeting with Mr. Patel from Bryan's Bowling Center regarding the Laurel Night Out Event that is scheduled for Thursday, October 1, 2026. Laurel Night Out is a community night sponsored by the police department in the town. There will be several police activities and exhibits to explore. He advised Patrolman Greogry Catts recently graduated the Delaware State Police Academy where he received two awards at the ceremony. He advised last month 10 DUI's were issued with a majority of them not being for alcohol. They had 21 felony investigations as this is due to the new unit that's been working who are focusing mostly on gangs and drug violence in town. Chief Kracyla provided Mayor & Council with a memo that pertains to the Laurel Police Department being awarded funding through the FY 2026 Delaware Local JAG allocations. Captain Bryan applied for this and successfully secured this funding on

behalf of the department. This is a shared award between Laurel, Seaford, Milford, and Georgetown Police Departments, totaling \$74,449 with Laurel receiving \$15,038. The funding will be utilized to assist with the outfitting of a new police vehicle. He is requesting Mayor & Council make a motion for the Town of Laurel to formally accept the \$15,038 awarded to the Laurel Police Department and authorize its use toward outfitting a new police vehicle. Town Manager Smith stated this motion can be completed under new business.

President of Council Calio inquired where the funding came from to purchase the flock cameras.

Chief Krcyla stated the funding came from an ARPA Grant approximately about two and half years from Senator Blunt-Rochester's Office.

- Town Manager Smith stated Wawa has settled on the property earlier this month, and hopefully we'll start seeing things move forward out there quickly. She advised she has been working with FEMA regarding reimbursement on expenses from the second snowstorm in February. She stated overtime is not eligible for reimbursement. The town experienced water leaks and a truck was damaged when an employee was coming into town which are eligible for reimbursement which have been submitted. She advised the town is eligible to submit \$13,000, which the town is awaiting approval. She advised the 410 units on the east side of Discount Land Road received their Preliminary Approval from Del-Dot. Public Works Director Foskey and the towns engineer did talk to the developers engineer regarding utility designs to get water and sewer on their property. She advised they will still need to come back to P&Z for final approval once they receive all their state approvals.

Councilman Lodato stated on Town Manager Smiths report you mentioned the Audit Follow-Up pertaining Mayor & Council and Mrs. Ardisana were provided with documentation in regards to concerns she raised in reference to the FY24 Audit. This document provides what steps will be taken based on the auditors recommendations and processes. He advised he did not see the document as part of tonight's packet and inquired if it would be provided.

Town Manager Smith stated what Mrs. Ardisana presented at last month's Mayor & Council Meeting she typed out the response and sent to Mrs. Ardisana and Mayor & Council.

Councilman Lodato inquired if copies would be made.

Town Manager Smith stated that is not something that would normally go in the minutes unless Mayor & Council requested it to be included in the minutes.

Mayor Oliveras presented the 2nd Reading of Ordinance 2026-4, Chapter 92, Licenses. Town Manager Smith stated Ordinance 20026-4, is amending Chapter 92 Licenses for properties within the town, this allows exemptions for persons who are allowing immediate family to reside in their properties. Immediate family is defined as a parent, child, sibling, and/or spouse. If there's no monetary rent the property owners may apply for an exemption from the rental license fee. An application is attached but it is separate from the ordinance for Mayor & Council's review. She advised the ordinance was amended at last month's meeting regardless of whether any staff member knows them formally they will still be required to submit an exemption application. President of Council Calio made a motion to accept the 2nd and Final Reading of Ordinance 2026-4. Councilwoman Fisher seconded the motion. Vote was 7-0.

Town Manager Smith stated the Town of Laurel and Bryan's Bowling Center will be collaborating this year to hold a Community Trunk or Treat on Saturday, October 24, 2026, at Bryan's Bowling Center from 6:00 p.m. to 8:00 p.m. She thanked Operations Manager Oliphant and Mr. Patel for their effort and lead on this event.

Town Manager Smith stated in recent years Mayor & Council have approved Halloween to take place on October 31st. She requested approval for Halloween to take place on Saturday, October 31, 2026, from 6:00 p.m. to 8:00 p.m. President of Council Calio made a motion to accept Halloween for October 31, 2026, from 6:00 p.m. to 8:00 p.m. Councilman Kellam seconded the motion. Vote was 7-0.

Town Manager Smith stated the Laurel High School Homecoming Parade will take place on Friday, October 9, 2026, with line-up at 6:00 p.m. and the parade beginning at 7:00 p.m. She is requesting the Mayor & Council's permission to allow the school to hold the parade as the route takes place on a state maintained road. She advised an application has already been submitted. She stated Mayor & Council are invited to participate in the parade. Councilman Holden made a motion approve the Laurel High School Homecoming Parade to take place on Friday, October 9, 2026. Councilwoman Fisher seconded the motion. Vote was 7-0.

Councilman Lodato made a motion for the Town of Laurel to formally accept the \$15,038.00 awarded to the Laurel Police Department and authorize its use toward outfitting a new police vehicle. Councilman Kellam seconded the motion. Vote was 7-0.

Councilman Kellam thanked the town staff for their hard work.

Councilman Lodato made a motion that we make the answers to Mrs. Ardisana's questions on the audit part of the minutes of tonight's meeting, so that the public can review on how the town plans to move forward on the issues that were raised. President of Council Calio seconded the motion. Vote was 7-0.

Councilman Lodato stated on January 27th a Hollybrook meeting was scheduled to be held and he sent a text message on Sunday January 26th, asking the Mayor about the community meeting at Hollybrook. The reply was that we should reach out and cancel it under the circumstances of snow. He was thanked for staying on top of it. He later, found that meeting was held, and he was never notified. He advised on February 23rd, there was a community meeting with the Haitian community, an email saying that he was not to come. On May 7, 2026, the Laurel Star newspaper pertained to town violence, town officials acknowledged the seriousness of the situation and confirmed that decisions are already underway with law enforcement. The Mayor noted that a meeting had been held earlier that day with police leadership to develop strategies moving forward. We are very concerned, he said, stating public safety budget impacts and a strain on police resources. The key fact is that the Haitian community requested a meeting with the town about actions allegedly taken by the chief of police in his official capacity, that makes subject matter plainly connected to town government and the operation of the Laurel Police Department. The Laurel Charter gives town council, not simply the mayor or town manager, important authority concerning the police department. The charter states that council makes the rules and regulates necessary for the organization, government, and control of the police force. Operational control of the police department's daily routine belongs to the chief, where the town manager communicates policies adopted by council to the chief. That makes the exclusion more a council member asking to attend a meeting concerning allegations about police department conduct and asking to observe, discuss something feeling within the area of which council itself has charter responsibilities. He still does not find anything in the charter establishing a general power of mayor or town manager to tell an elected council member that he or she may not attend such a meeting. He was told that the mayor was following protocol. He asked for a protocol in writing. He advised Section 12 gives council authority to establish its own rules and order of business. If there really is a council protocol prohibiting attendance, there should therefore be something identifiable: a council, ordinance, resolution, policy, or other authority, not merely an administrative assertion. Delaware FOIA doesn't automatically make this a public meeting merely because town officials and community members meet. Several council members, along with our town manager, have been present at numerous meetings related to our town. One example is the One Laurel meeting, which three or more council members and a town manager attend. Other meetings including SCAT, Western Chamber in meetings with representatives, but there is another example that cuts against the claimed protocol. Delaware law expressly provides that a public body is not held solely because of a quorum of members attending a meeting of another public body. An example he provided is that five members from the Laurel Council meet at a Seaford Town Hall meeting is not constituted to a quorum, and we can do that. Thus, a council member cannot attend because he, his or her presence would automatically create a FOIA violation. The actual facts: how many council members were present, who organized the meeting, other, whether the group itself was a public body, and whether council business was deliberated is the matter. The charter repeatedly assigns authority to town council as a body. The larger pattern, taken individually, each instance might have an innocent or legally permissible explanation. Taken together, however, they raise a legitimate governance question that is more precise. Does anybody have to invite every council member to everything? The question becomes: Are the mayor and the town manager controlling

the flow of information concerning town business in a way that selectively prevents certain elected members of council from observing, participating in, or exercising their charter responsibilities, the charter does not expressly say all council members must receive identical information, but neither does it establish the mayor as the gatekeeper of council information. There is also a potentially important Delaware FOIA issue of the information sharing arrangement results in some council members privately deliberating about town business, while others are excluded. He advised Delaware DOJ has specifically found that *communications among council members can't* create a constructive forum, even when everyone isn't physically together. In a 2023, case involving Ellendale, the DOJ found FOIA violations where council members use email exchanges to discuss and reach consensus on public business outside of property notice public meetings, the DOJ reached a similar conclusion in 2024 on the Town of Greenwood matter. He is raising this issue because on many occasions he has told the mayor that he is available to attend meetings that affect our town. He has not been invited and has been denied access to participate in these meetings. He has been told by the Mayor himself that he attends many meetings concerning our town. After many months of waiting, the town council still has not been briefed on what was discussed or the outcome of these meetings. He stated he is willing to offer his time and serve the Town of Laurel as member of council and he wishes to participate in all aspects of the town but he continues to be locked out of meetings with no protocol provided.

Councilwoman Fisher stated a Laurel Family Day Peace Festival will be held on Saturday, September 26, at Janosik Park from 1:00 p.m. to 4:30 p.m.

Councilman Taylor stated he has a new appreciation for everybody else sitting at the table as it's a lot of work and a lot of reading. He advised there is a lot that goes on behind the scenes to keep everything running smoothly and he's looking forward to contributing. He encouraged residents to volunteer and to get involved.

Mayor Oliveras highlighted the following events:

- September 26, 2026, Laurel Family Day Peace Festival, Janosik Park, 1:00 p.m. to 4:30 p.m.
- September 25th, 2026, 54 Miles Evening with Author Leonard Pitts, Jr, Dunbar Gymnasium, 3:00 p.m. to 5:00 p.m.
- October 3, 2026, Purple Night Out Event, sponsored by Laurel Public Library.
- October 1, 2026, Laurel Night Out, Bryan's Bowling Center
- October 17, 2026, OWL Community Awards, held at Dunbar at 5:00 p.m.
- November 23, 2026, ARK Bake Sale.
- December 4, 2026, Town of Laurel's Christmas Parade, 7:00 p.m.
- December 19, 2026 Coat Drive, Laurel Public Library.

Councilman Lodato on September 22, 2026, the Laurel Middle School will be holding their WAVES Meeting, at the Laurel Middle School Library. He advised WAVES stands for willingness, attendance, voice, engagement, and success.

Mrs. Cheryl Barber, resident of Gibson Avenue, stated OWL will be holding their Community Clean-Up on September 26, 2026, from 10:30 a.m. to 12:00 p.m.

Mr. Richard Otwell stated when his parents passed his siblings and himself inherited their home. He advised three years ago his taxes were \$540.00 and they increased to \$750.00 for hiring new police officers. He stated this year they increased almost \$600.00, and questioned why they increased so much in one year.

Town Manager Smith stated the tax assessment is based on the Sussex County Tax Assessments and she would need to look at his assessment to see what it was last year and what it went to this year and stated she will follow-up with him.

Mr. Jay Hoffman, resident of 412 East Sixth Street, questioned what his tax dollars were doing for him at this point. When he purchased his home in 2019, he paid \$740.00 in town tax and this year he has been charged \$1,085. He stated he does not understand where this money goes and he has seen the breakdowns of what the towns intake and the towns outflow is. He stated the town has 250 new affordable houses getting ready to come to town and three or four years ago the town hired two new police officers. He inquired with the new homes getting ready to come how many more cops are the town going to need to employ. He inquired what is the tax base that's going to be generated from? What is the town doing to help lower our tax burden? He stated bringing affordable housing is not going to help lower the tax burden and how is it going to affect the utilities in town. He inquired what the town is doing to be more business friendly. He stated there was an opportunity to bring a business to the corner of Rt.9 and Rt. 13 and he was told by state representatives that it was denied by the town for a concession of a closed system port-a-pot that was going to be under the utility building that was going to be placed on the property. They needed a concession of six months and it was denied. He stated he goes down Central Avenue, right across from Davelli's, and he see's a business in a utility trailer, with a port-a-pot in the back corner of the lot that is visible to the public. He inquired if that as permitted by Mayor & Council and if it's not permitted where is our code enforcement. He stated 250 affordable houses is not what this town needs. This town needs more concessions to businesses to bring a bigger tax base business-wise and not to the people of this town.

Mr. Alan Little, resident of Seventh Street, inquired about the business license increasing by \$75.00. He stated the Town of Delmar charges \$50.00, the City of Seaford charges nothing, the Town of Dagsboro charges \$150.00, the Town of Greenwood charges \$75.00 and the Town of Blades charges \$100.00.

Mr. Blair McFarland, resident of East 4th Street, stated his taxes went from \$700.00 to \$1,400.00 and he inquired the justification of his taxes doubling.

Town Manager Smith stated it was based off the assessment and she will need to look at his assessment from last year and she will follow-up with him.

Mrs. Stacy Lane, Laurel Public Library, stated they will be hosting their 54-Miles, Lenoard Pitts, Jr Author Event on Friday, September 25, 2026, at Dunbar Gym from 3:00 p.m. to 5:00 p.m. She stated Delaware Goes Purple Event is a statewide event that runs from September through November and it focuses on prevention. Her Kickbutt Generation is a group that is against nicotine, tobacco, and vaping usage and they have planned a health fair with different resources. She provided a brief overview of the Story Walk in Market Street Square Park that was helped funded by the American Lung Association Grant.

Mr. Seyan Deer, stated he rents a place on Poplar Street and he was notified the week before last that his business is shut down. He advised that his food trailer has water and electricity for that particular unit and he was advised food trailers were not permitted in the town. He stated there's a business in a trailer with a toilet outside in the open right down from his and they're permitted to operate. He stated he is trying to bring business into the town but he was told he is not permitted.

Regular Session Recessed at 7:51 p.m.

Regular Session Reconvened at 8:06 p.m.

With there being no further business, Councilwoman Fisher made a motion to adjourn the meeting. Councilman Kellam seconded the motion. Vote was 7-0.

Meeting Adjourned at 8:07 p.m.

Mayor

President of Council

Town Manager

Recording Secretary



Town of LAUREL DELAWARE

August 27, 2026

Mayor and Council

REFERENCE: August 17, 2026 Concerns from Ms. Ardisana as it relates to financial management, internal controls, budget oversight and the FY2023 and FY2024 Audit

In response to the concerns shared by Ms. Ardisana at the Mayor and Council meeting on August 17, 2026, I have prepared the following information addressing the nine items raised regarding the Town's financial management, internal controls, budget oversight, and FY23 & 24 audit. The information provided below is intended to clarify the Town's current practices, explain the processes and controls that are in place, and provide factual information regarding the concerns presented.

Item 1: FY2023 Financial Information and Prior Period Restatements

The FY2024 audit identified four prior period corrections to the Town's beginning net position. The nature and circumstances of each are as follows:

Community Reinvestment Fund (CRF): When the grant was awarded and funds were received by the Town, they were recorded as revenue. The funds were received prior to any expenditures being incurred. Governmental accounting standards require that expenditure-driven grant revenue not be recognized until there are eligible expenditures. The FY2024 audit corrected this by deferring the funds as unearned revenue until expended.

Drinking Water State Revolving Fund (SRF): When the auditors confirmed the outstanding debt with DNREC, the SRF obligations were not identified by DNREC at that time. In FY2024, DNREC subsequently classified the funds as debt. It is also important to understand the nature of SRF funding: funds are disbursed only after eligible work is completed, the contractor's invoice is submitted, and DNREC authorizes the draw. The Town did not receive these funds as unrestricted cash. The FY2024 audit corrected this by reclassifying the draws from revenue to long-term debt. Although this is a principal forgiveness loan, it is reported as debt until the project is completed and forgiveness criteria are met.

ARPA/SLFRF: Similar to the CRF, when the ARPA funds were received they were recorded as revenue before eligible expenditures had been incurred. The FY2024 audit corrected this by deferring the unexpended balance as unearned revenue.

Pension: The correction related to the application of GASB Statement No. 68, which governs accounting for the Town's participation in the state's multiemployer pension plans. This is a highly technical area of GAAP for local governments involving actuarial calculations of the Town's proportionate share of net pension liability and deferred inflows and outflows of resources. A computational error in applying the standard resulted in an overstatement, which the FY2024 audit identified and corrected. This type of adjustment is not uncommon given the complexity of applying the standard.

Item 2: Segregation of Duties

The Town has taken steps to address the auditor's recommendations regarding segregation of duties. The employee who prepares the deposit documentation no longer takes deposits to the bank. Deposits are taken by a separate employee, and that employee does not go alone. The Finance Manager does not authorize purchases; ordering of supplies and services is handled by other designated personnel depending on the department. Department Heads prepare purchase orders for invoices, which are then provided to the Finance Manager. The Finance Manager prepares checks based on the invoice and purchase order, but does not sign checks. Checks are signed by other designated staff, and all checks require two signatures. Invoices accompany the checks for review prior to signing.

The Town recognizes that with its current staffing resources, complete segregation of all duties is not always achievable, which is common among municipalities of similar size, as mentioned by the auditor in his July presentation. The Town will continue working to improve its controls based on the auditor's recommendations and available resources.

Item 3: Journal Entries and Adjustments

The Town's accounting system contains a large chart of accounts, and the manner in which the system was configured contributes to the number of journal entries required.

It is important to clarify that the need for adjusting journal entries does not mean revenues and expenditures were unrecorded or that financial activity was unknown or questioned. The adjustments often relate to ensuring transactions are properly classified and assigned to the correct accounts and funds within the chart of accounts, to help ensure consistency between reporting periods. In periods in which there are significant changes, like when changing Finance Directors, more adjusting journal entries are typically required to help ensure consistency in the reported financial statements.

The Town is working with its auditors to streamline the chart of accounts and reduce the number of adjustments required going forward. This process will be completed in coordination with bringing the Town's audits fully current, as restructuring the chart of accounts will reset the existing account structure.

Item 4: Material Weakness

A material weakness is an internal control finding. It should not be interpreted as noncompliance, and it does not affect the auditor's opinion on the accuracy or reliability of the financial statements as a whole. The finding does not mean that revenues and expenditures were unrecorded or that funds were missing. It does not mean that the Mayor and Council were making decisions based on known inaccurate financial information. The underlying financial transactions are recorded in the Town's accounting system. The

finding relates to the processes, controls, classifications, reconciliations, and adjustments necessary to ensure that the financial statements accurately present the Town's financial position in accordance with generally accepted accounting principles (GAAP).

Under Government Auditing Standards, a control deficiency and noncompliance are separate reporting categories, and one can exist without the other. The auditor reported a material weakness because the Town's internal controls were not adequate to prevent or detect misstatements on a timely basis. That is a control finding. Noncompliance would require a violation of a law, regulation, or contractual provision that is material to the financial statements. The auditor did not detect any such violations, and thus no noncompliance was reported. In addition, the Town received an unmodified opinion on its financial statements, which independently assures they are fairly stated as presented.

The Town's limited staff size is relevant context. Smaller municipalities have fewer personnel available to maintain the level of segregation of duties and financial review that larger organizations can support. This does not eliminate the need for appropriate controls, and the Town is committed to strengthening them. The Town will continue working with its auditors to bring reporting current, improve reconciliation procedures, and reduce the volume of adjustments required.

Item 5: Budget Variances, General Fund and Police Department

The approximately \$2.9 million variance noted is primarily attributable to capital improvement expenditures funded through dedicated grants and other nonroutine funding sources. These were not unrestricted operating expenditures.

The Police Department renovation (Paul Laurence Dunbar Public Safety Building) was not included in the Town's annual operating budget because it was not an anticipated operating expense. The project proceeded after the Town secured funding specifically designated for the capital improvements. The Mayor and Council were aware of the funding sources and the projects for which those funds were received.

Capital improvement projects funded through dedicated grants, loans, or other restricted sources are accounted for separately from normal operating expenditures. The receipt and expenditure of project specific funds should not be characterized as the Police Department or General Government exceeding their operating budgets by \$2.9 million. These were capital improvement expenditures supported by funding received for those specific purposes, and they are subject to review as part of both the annual audit and by the applicable funding agencies.

Further, the budget to actual schedules presented in the audited financial statements are required supplementary information. The auditor applied limited procedures to that information and did not audit it or express an opinion on it. Professional standards do not require the auditor to test budgetary compliance at the individual line item or account level. On the Enterprise Fund side, nearly \$978,000 of the variance is depreciation, which is a non cash GAAP entry that municipalities do not typically appropriate in their operating budgets, as it is not a use of cash. These variances were discussed by the auditor in the presentation to Council and are also explained in the MD&A section of the report. They are normal for a local government that budgets on the cash basis but reports on the full accrual basis of accounting.

Item 6: Grant and Loan Accounting

The circumstances for each grant and loan program are described in Item 1 above. In each instance, the Town maintained records of the funds received and the expenditures made for the applicable projects. The FY2024 restatement reflects corrections to the accounting treatment and classification of these transactions based on the auditor's review procedures. The restatement should not be characterized as millions of dollars being unaccounted for. The funds were received for identified projects, expended for those purposes, and documented. The corrections primarily address when and how those transactions were recognized and classified in the financial statements under the Town's required reporting framework. In other words, they were timing and classification issues. The Town is working with its auditors to ensure proper accounting procedures and classifications are applied going forward.

Item 7: Problems Spanning Multiple Fiscal Years

The FY2023 audit was not completed and issued until September 2025, approximately fifteen months after the end of the fiscal year. By that time, FY2024 was already closed. The Town could not act on the FY2023 auditor's recommendations until those recommendations were received.

The delay in completing the FY2023 audit was driven by the condition of the Town's records, staff turnover, and the time required to complete the engagement. These same factors contributed to the conditions identified in the FY2024 audit.

The Town is now working with its auditors to bring its financial reporting fully current and to implement corrective actions on a forward focused basis. The Town is addressing the recommendations that have been made and establishing procedures to prevent these conditions from recurring.

Item 8: Custodial Risk and Protection of Deposits

At the recommendation of the Town's auditor, the Town has taken steps to address custodial risk exposure on its bank deposits. The Town has discussed arrangements with its banking partners and the Mayor and Council were previously made aware of these efforts. The Town will continue to evaluate its banking arrangements to ensure deposits are appropriately protected, including options such as collateralization agreements, sweep arrangements, or distribution of funds across multiple institutions.

Item 9: FY2024 Expenditures With Zero Adopted and Amended Budget Amounts

The Town adopts an annual budget by department. However, the structure of the Town's chart of accounts does not always correspond directly with individual line items as they appear in the adopted budget. As a result, an expenditure may appear in the accounting system under an account with a zero budget amount even though the department as a whole has an adopted budget and sufficient funds within its overall departmental allocation.

When unforeseen expenses arise, such as emergency sewer repairs or unplanned overtime, Town staff identifies available funding sources or reallocates within the department's existing budget. The Mayor and Council are notified when major issues arise. The department's practice is to remain within its overall

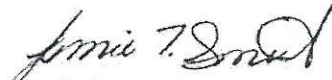
approved departmental budget, with flexibility to address legitimate expenses that cannot be anticipated when the annual budget is adopted.

It is also important to distinguish between the Town's annual budget and its annual audit, as they serve different purposes. The budget is the Town's financial plan for the upcoming year. The audit is an independent examination of actual financial activity after those transactions have occurred. A difference between a budgeted amount and an actual expenditure does not, by itself, establish that funds were improperly spent. The Town is working with its auditors to improve its chart of accounts and reporting structure so that departmental budgets and actual expenditures can be more clearly presented and understood.

The auditor also tested expenditures as part of their audit procedures, including whether they were properly recorded, classified, supported, and reported in the correct period. An audit is designed to provide reasonable, not absolute, assurance. The auditor applies materiality thresholds and directs testing toward areas of highest risk, which is what professional standards require. Whether each individual expenditure had corresponding budget authority is a question of appropriation compliance, not financial statement accuracy, and is outside the scope of a financial statement audit.

Sincerely,

THE TOWN OF LAUREL


Jamie T. Smith
Town Manager