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RESOLUTION NO.

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A RESOLUTION TO RENEW THE AUDITING CONTRACT BETWEEN THE TOWN OF DEWEY BEACH AND MITCHELL TITUS

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WHEREAS, the Town of Dewey Beach has engaged the services of the auditing firm Mitchell Titus for the past three fiscal years; and

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WHEREAS, Mitchell Titus has consistently provided professional and thorough auditing services during this period, resulting in timely and comprehensive audit reports that have met the Town's expectations and financial oversight requirements; and

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WHEREAS, the Town has been pleased with the quality, accuracy, and responsiveness of Mitchell Titus in the performance of their duties as the Town's independent auditor; and

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WHEREAS, the Audit Committee has reviewed the performance of Mitchell Titus and recommends that the Town continue its contract with the firm for an additional year; and

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WHEREAS, it is in the best interest of the Town of Dewey Beach to maintain continuity and consistency in financial auditing services by renewing the agreement with Mitchell Titus.

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NOW THEREFORE, BE IT RESOLVED by the Mayor and Town Council that the Town of Dewey Beach hereby accepts the contract attached hereto and incorporated herein by this reference as though restated in full.

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Approved by majority vote of the Dewey Beach Town Council on October 17, 2025.

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Mayor, William Stevens

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Town Manager, Bill Zolper



October 10, 2025

Ms. Julie Johnson
Audit Committee Chair
Town of Dewey Beach, Delaware
105 Rodney Ave.
Dewey Beach, Delaware 19971

Dear Ms. Johnson:

1. We are pleased to confirm the engagement of Mitchell & Titus, LLP (we or Mitchell Titus) by the Town of Dewey Beach, Delaware (Town or Organization) to audit and report on the financial statements of the Organization for the year ending March 31, 2026. Hereafter, the services described in this paragraph are referred to as "Audit Services," "Services," or the "audit." Additionally, all of the terms of the engagement embodied herein this letter represent our "Agreement."
2. You have requested that we audit the governmental activities and each major fund of the Organization as of March 31, 2026, and for the year then ending and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents of the report.
3. Accounting principles generally accepted in the United States of America (U.S. GAAP), as promulgated by the Governmental Accounting Standards Board (GASB), require that Management's Discussion and Analysis, budgetary comparison schedule – general fund, schedule of the proportionate share of the net pension liability, schedule of contributions – pension plan, and actuarial assumptions – pension plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by U.S. GAAP. This RSI will be subjected to certain limited procedures but will not be audited:
 1. Management's Discussion and Analysis
 2. Budgetary Comparison Schedule – General Fund
 3. Schedule of the Proportionate Share of the Net Pension Liability

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Baltimore, MD 21202
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mitchelltitus.com



4. Schedule of Contributions – Pension Plan
 5. Actuarial Assumptions – Pension Plan
4. Supplementary information other than the RSI will accompany the Organization’s basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and perform certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and additional procedures in accordance with GAAS. We intend to provide an opinion on the following supplementary information in relation to the basic financial statements as a whole:
1. Balance Sheets – General Fund – Four-Year Comparative Amounts
 2. Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund – Four-Year Comparative Amounts
 3. Balance Sheets – Beach Replenishment Fund – Four-Year Comparative Amounts
 4. Statement of Revenues, Expenditures and Changes in Fund Balances – Beach Replenishment Fund – Four-Year Comparative Amounts

Audit Services

5. Our audit will be conducted with the objective of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in conformity with U.S. GAAP. If we are precluded from completing the audit and issuing a report due to conditions not anticipated, we will advise you and the Audit Committee or an equivalent body charged with governance (hereafter defined as the Audit Committee) promptly and take such action as we deem appropriate.
6. We also will provide a report on internal control over financial reporting related to the financial statements and compliance with laws, regulations and the provisions of contracts or grant agreements and other matters, noncompliance with which could have a material effect on the financial statements, as required by *Government Auditing Standards*. We will not perform sufficient procedures to render an opinion on internal control over financial reporting nor on compliance with provisions of laws, regulations, contracts or grant agreements and other matters and, therefore, we will not express such an opinion. This report is intended solely for the information and use of the management, Board of Directors, others within the entity, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.
7. Should conditions not now anticipated preclude us from completing our audits and issuing our reports as contemplated by the preceding paragraphs, we will advise you and the Audit Committee, promptly and take such action as we deem appropriate.



MITCHELL TITUS

8. Our audit of the basic financial statements will be conducted in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute assurance about whether the financial statements are free from material misstatement whether caused by error or fraud and are fairly presented, in all material respects, in conformity with U.S. GAAP. 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. As such, our audit will involve performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and will include tests of the accounting records and other procedures we consider necessary. As management is aware, there are inherent limitations in the audit process, including, for example, selective testing and the possibility that collusion or forgery may preclude the detection of material error, fraud, or illegal acts. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements (whether caused by errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations) may not be detected by our firm, even though our audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors that come to our attention, and we will inform you, or the appropriate level of management, of any fraudulent financial reporting or misappropriation of assets that comes to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will also conclude, based on the audit evidence obtained, whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as going concerns for a reasonable period of time.
9. As part of the audit, we will consider, solely for the purpose of planning the audit and determining the nature, timing, and extent of our audit procedures, the Organization's internal control. Our consideration of internal control for the audit of the financial statements will not be sufficient to enable us to express an opinion on the effectiveness of internal control or to identify all significant deficiencies and material weaknesses.
10. In accordance with American Institute of Certified Public Accountants' (AICPA) auditing standards, we will communicate certain matters related to the conduct and results of the audit to the Audit Committee. Changes to the scope of the Audit Services may occur as a result of the issuance of new standards and interpretations or inspections findings. We will communicate any significant changes in the scope of the Audit Services and related procedures to management and the Audit Committee on a timely basis.



11. If we determine that there is evidence that fraud or possible illegal acts may have occurred, we will bring such matters to the attention of the appropriate level of management. If we become aware of fraud involving senior management or fraud (whether committed by senior management or other employees) that causes a material misstatement of the financial statements, we will report this matter directly to the Audit Committee. We will determine that the Audit Committee and appropriate members of management are adequately informed of illegal acts that come to our attention unless they are clearly inconsequential. We also will inform the Audit Committee and appropriate members of management of significant corrected misstatements and uncorrected misstatements noted during our audit procedures other than those that are clearly trivial. In accordance with *Government Auditing Standards*, we will determine that appropriate members of management and the Audit Committee are adequately informed of:
 - Fraud and noncompliance with provisions of laws or regulations that have a material effect on the financial statements or financial data significant to the audit objectives and any other instances that warrant the attention of the Audit Committee,
 - Noncompliance with provisions of contracts or grant agreements that have a material effect on the financial statements or financial data significant to the audit objectives, or
 - Abuse that is material, either quantitatively or qualitatively, to the financial statements or financial data significant to the audit objectives.
12. We will communicate in writing to management and to the Audit Committee all significant deficiencies and material weaknesses identified during the audit, including those that were remediated during the audit. We also will communicate any significant deficiencies and material weaknesses communicated to management and to the Audit Committee in previous audits that have not yet been remediated.
13. We also may communicate other observations or opportunities for improved controls or efficiencies over the Organization's operations.
14. To the extent required by law, we will make our audit documentation available to a federal agency or the Comptroller General of the United States Government Accountability Office and provide copies upon their request. Audit documentation, as well as the appropriate individuals, will also be made available upon request to appropriate auditors and reviewers. We shall promptly notify the Organization of any such request to review our audit documentation.
15. An audit performed in accordance with *Government Auditing Standards* is not designed to detect noncompliance with provisions of laws, regulations, and contracts or grant agreements that do not have a direct and material effect on the financial statements or other financial data significant to the audit objectives.
16. Because the determination of abuse is subjective, an audit conducted in accordance with *Government Auditing Standards* does not require us to detect abuse.



17. In some circumstances, in accordance with *Government Auditing Standards*, we may be required to report known or likely fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements or abuse directly to parties external to the Organization.
18. In accordance with *Government Auditing Standards*, we will report in a management letter instances of noncompliance with provisions of laws, regulations, contracts or grant agreements or abuse that have an effect on the financial statements or other financial data significant to the audit objectives that are less than material but warrant the attention of the Board of Directors.
19. Under *Government Auditing Standards*, we are required to provide to the Organization our most recent peer review report, as well as subsequent peer review reports received during the term of this Agreement. Our most recent peer review report accompanies this Agreement.

Responsibilities of Management and Representations

20. As part of our engagement, we may advise you about appropriate accounting principles and their application; however, management acknowledges and understands that the final responsibility for the preparation and fair presentation of the financial statements (including disclosures) in accordance with U.S. GAAP remains with you. Management also is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error, for properly recording transactions in the accounting records, for safeguarding assets, and for the overall fair presentation of the financial statements, in accordance with U.S. GAAP. Management also is responsible for the identification of, and for the Organization's compliance with, laws and regulations applicable to its activities. In addition, management is responsible for evaluating whether or not there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as going concerns for a reasonable period of time.
21. Management is responsible for adjusting the financial statements to correct material misstatements. Management's responsibilities also include designating qualified individuals with the skill, knowledge, and experience to be responsible and accountable for overseeing financial statement preparation and accepting responsibility for them. At the conclusion of our audit, we will also request certain written representations from you about the financial statements and related matters. Management will affirm to us in its letter of representations certain representations made to us during the performance of the Audit Services, including that the effects of any uncorrected misstatements aggregated by us during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.



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22. Management is responsible for informing us of your knowledge of any allegations of fraud, suspected fraud or allegation of financial improprieties affecting the Organization received by management or the Audit Committee (regardless of the source or form and including, without limitation, allegations by "whistle-blowers"), in communications from employees, former employees, regulators, or others and providing us full access to these allegations and any internal investigations of them, on a timely basis. Allegations of financial improprieties include allegations of manipulation of financial results by management or employees, misappropriation of assets by management or employees, intentional circumvention of internal controls, inappropriate influence on related-party transactions by related parties, intentionally misleading Mitchell Titus, or other allegations of illegal acts or fraud that could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Organization. If the Organization limits the information otherwise available to us under this paragraph (based on the Organization's claims of attorney/client privilege, work product doctrine or otherwise), the Organization will immediately inform us of the fact that certain information is being withheld from us. Any such withholding of information could be considered a restriction on the scope of the audit and may prevent us from opining on the Organization's financial statements; alter the form of report we may issue on such financial statements; or otherwise affect our ability to continue as the Organization's independent auditors. We will disclose any such withholding of information to the Audit Committee.
23. Management further acknowledges and understands your responsibility for providing us access to: all information management is aware that is relevant to the Audit Services, such as records, documentation and other matters to complete the Audit Services on a timely basis; additional information that we may request from management for purposes of the audit; and unrestricted access to persons within the Organization from whom we determine it necessary to obtain audit evidence. Management's failure to do so may cause us to delay our reports, modify our procedures, or even terminate the Audit Services.
24. Management is responsible for the following, as provided in *Government Auditing Standards*:
- Distributing the report on internal control over financial reporting and on compliance and other matters, as well as making copies thereof available for the public.
 - Identifying for Mitchell Titus previous audits, attestation engagements, and other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented.
 - Applying a process to track the status of audit findings and recommendations.
 - Providing views on any of Mitchell Titus' current findings, conclusions and recommendations, as well as management's planned corrective actions, for the report, and the timing and format for providing that information.
 - Taking timely and appropriate steps to remedy fraud, noncompliance with the provisions of laws, regulations, and contracts or grant agreements, or abuse that Mitchell Titus reports.



MITCHELL TITUS

25. We will make specific inquiries of management about the representations contained in the financial statements as required by AICPA auditing standards. AICPA auditing standards also require that, at the conclusion of the applicable Audit Services, we obtain a letter of representations from certain members of management about these matters and to represent that management has fulfilled its responsibilities as set forth in this Agreement, including that all material transactions have been recorded in the accounting records and are reflected in the financial statements. The responses to those inquiries, the written representations, and the results of our procedures comprise evidence on which we will rely in completing the applicable Audit Services.
26. Management shall make appropriate inquiries to determine whether the Organization has a capital lease, material cooperative arrangement, or other business relationship with Mitchell Titus. Management shall discuss any independence matters with Mitchell Titus that, in management's judgment, could bear upon Mitchell Titus' independence.
27. If you intend to reproduce or publish the financial statements covered by the Audit Services and make reference to Mitchell Titus or our auditor's report, you agree to notify us in advance and allow us to review the document (including the financial statements and the references to Mitchell Titus) prior to its distribution.
28. The Organization shall be responsible for its personnel's compliance with the Organization's obligations under this Agreement.

Fees and Billings

29. Our fees for the Audit Services are \$55,862 for 2026. However, our actual fees may exceed the approximation based on changes to the business (e.g., nature of the business or change in business entities) or additional unplanned effort. We will keep you informed of our level of effort as our audit progresses. It should be noted that our estimate is also based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. In the event that we encounter unusual circumstances that would require us to expand the scope of the engagement, and/or if we anticipate our fees exceeding the aforementioned estimate, we will adjust our estimate and obtain your prior approval before continuing with the engagement. See **Appendix III** for further discussion on factors that may impact (increase) our fee estimate. We will submit our invoices as outlined in **Appendix II**, and you agree to pay our invoices upon receipt. If billings are past due in excess of 60 days, at our election, we may stop all work until your account is brought current, or withdraw from this engagement. The Organization acknowledges and agrees that we are not required to continue work in the event of failure to pay on a timely basis for services rendered as required by this engagement letter. The Organization agrees that in the event we stop work or withdraw from this engagement as a result of failure to pay on a timely basis for services rendered as required by this engagement letter, we shall not be liable for any damages that occur as a result of our ceasing to render services.



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30. Our estimated pricing and schedule of performance are based upon, among other things, our preliminary review of the Organization's records and the representations Organization personnel have made to us and are dependent upon the Organization's personnel providing a reasonable level of assistance, the number of major programs required to be audited, as well as whether the Organization qualifies as a low- or high-risk auditee under the Uniform Guidance. Should our assumptions with respect to these matters be incorrect or should the condition of records, degree of cooperation, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimates are based, we may adjust our fees and planned completion dates. Fees for any special audit-related projects, such as proposed business combinations or research and/or consultation on special business or financial issues, will be billed separately from the fees referred to above and will be the subject of other written agreements.
31. If we are requested or authorized by the Organization or are required by government regulation, subpoena or other legal process to produce our documents or our personnel as witnesses with respect to the Audit Services for the Organization, the Organization will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.
32. To the fullest extent permitted by applicable law or regulation, the total aggregate liability of Mitchell Titus and its subcontractors to Organization (and their respective successors and permitted assignees), regardless of whether such liability is based on breach of contract, tort, strict liability, breach of warranty, failure of essential purpose or otherwise, in connection with the performance of the Services or otherwise under this Agreement, shall be limited to the fees actually paid to Mitchell Titus in respect of such the Services.
33. As Mitchell Titus is performing the Services solely for your benefit, you will indemnify Mitchell Titus, its subsidiaries and their present or former partners, principals, employees, officers and agents against all costs, fees, expenses, damages and liabilities (including attorney's fees and all defense costs) associated with any third-party claim, relating to or arising as a result of the services, or this Agreement.
34. Because of the importance of the information that you provide to Mitchell Titus with respect to Mitchell Titus' ability to perform the services, you hereby release Mitchell Titus and its present and former partners, principals, agents and employees from any liability, damages, fees, expenses and costs, including attorney's fees, relating to the services that arise from or relate to any information, including representations by management, provided by you, Organization's personnel or agents, that is not complete, accurate or current, whether or not management knew or should have known that such information was not complete, accurate or current.
35. Each party recognizes and agrees that the warranty disclaimers and liability and remedy limitations in this Agreement are material bargained for bases of this Agreement and that they have been taken into account and reflected in determining the consideration to be



given by each party under this Agreement and in the decision by each party to enter into this Agreement.

36. The terms of this section shall apply regardless of the nature of any claim asserted (including, but not limited to, contract, tort or any form of negligence, whether of you, Mitchell Titus or others), but these terms shall not apply to the extent finally determined to be contrary to the applicable law or regulation. These terms shall also continue to apply after any termination of this Agreement.
37. You accept and acknowledge that any legal proceedings arising from or in conjunction with the services provided under this Agreement must be commenced within twenty-four (24) months after the performance of the services for which the action is brought, without consideration as to the time of discovery of any claim or any other statutes of limitations or repose.

Other Matters

38. From time to time, and depending on the circumstances, we may subcontract portions of the Audit Services to personnel (including non-certified public accountants) from independent third- party service providers (including independent contractors), to participate in providing the Audit Services and deal with the Organization or its affiliates directly, although Mitchell Titus alone will remain responsible to you for the Audit Services. Unless prohibited by applicable law, we may provide the Organization's information to third- party service providers acting on our or their behalf who may collect, use, transfer, store or otherwise process (collectively, "Process") it in various jurisdictions in which they operate to facilitate performance of the Audit Services, to comply with regulatory requirements, to check conflicts, or for quality and risk management purposes. We shall be responsible to you for maintaining the confidentiality of Organization information, regardless of where or by whom such information is Processed on our behalf. Either Mitchell Titus or the Organization may use electronic media to correspond or transmit information relating to the Audit Services, and such use will not, in itself, constitute a breach of any confidentiality obligations.
39. The Organization shall not, during the term of this Agreement and for 12 months following its termination for any reason, without the prior written consent of Mitchell Titus, solicit for employment or a position on its Board of Directors, or hire or appoint to its Board of Directors, any current or former partner, principal, or professional employee of Mitchell Titus if any such professional either: (i) performed any audit, review, attest, or related service for or relating to the Organization at any time (a) during the then-current fiscal year of the Organization up to and including the date of the audit report for that year, or (b) in the 12 months ended on the audit report date for the immediately preceding fiscal year; or (ii) influences Mitchell Titus' operations or financial policies or has any capital balances or any other continuing financial arrangement with Mitchell Titus.



MITCHELL TITUS

40. If we Process Organization information that can be linked to specific individuals ("Personal Data"), we will Process it in accordance with paragraph 38 of this Agreement, as well as applicable law and professional regulations. If any Organization information is protected health information under the Health Insurance Portability and Accountability Act, as amended, this Agreement is deemed to incorporate all of the terms otherwise required to be included in a business associate contract relating to such information. The Organization warrants that it has the authority to provide the Personal Data to Mitchell Titus in connection with the performance of the Audit Services and that the Personal Data provided to us has been Processed in accordance with applicable law.
41. In order to provide the Audit Services, we may need to access Personal Data consisting of protected health information, financial account numbers, Social Security or other government- issued identification numbers, or other data that, if disclosed without authorization, would trigger notification requirements under applicable law ("Restricted Personal Data"). In the event that we need access to such information, you will consult with us on appropriate measures (consistent with professional standards applicable to us) to protect the Restricted Personal Data, such as deleting or masking unnecessary information before it is made available to us, encrypting any data transferred to us, or making the data available for on-site review at an Organization site. You will provide us with copies of any Restricted Personal Data only in accordance with mutually agreed protective measures.
42. By your signature below, you confirm that the Organization, through its Board of Directors or an equivalent governance body, has expressly authorized you to enter into this Agreement on behalf of, and to bind, the Organization. In addition, you confirm that management agrees to, acknowledges, and understands its responsibilities as outlined in "Responsibilities of Management and Representations." Either Mitchell Titus or the Organization may execute this Agreement (and any supplements or modifications hereto) by electronic means, and each of Mitchell Titus and the Organization may sign a different copy of the same document.
43. Mitchell Titus retains ownership in the workpapers compiled in connection with the performance of the Audit Services.
44. This Agreement, and any non-contractual matters or obligations arising out of this Agreement or the Audit Services, including (without limitation) claims arising in tort, fraud, under statute or otherwise relating to the Audit Services, or questions relating to the scope or enforceability of this paragraph, shall be governed by, and construed in accordance with, the laws of New York applicable to agreements made, and fully to be performed, therein by residents thereof. Except for a claim limited solely to seeking non-monetary or equitable relief, any dispute or claim arising out of or relating to the Audit Services, this Agreement, or any other services provided by or on behalf of Mitchell Titus or any of its subcontractors or agents to the Organization or at the Organization's request, shall be resolved by mediation or arbitration as set forth in **Appendix I** to this Agreement, which is incorporated herein by reference.



MITCHELL TITUS

45. With respect to any nonattest services that we perform at the end of the year, we agree to perform the following:
- Prepare the financial statements of the Town in conformity with U.S. GAAP based upon information provided by you.

We will not assume management responsibilities on behalf of the Town. However, we will provide advice and recommendations to assist the management of the Town in performing its responsibilities.

The Town's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

Our responsibilities and limitations of the nonattest services are as follows:

- The nonattest services are limited to the services previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account coding and approving journal entries.
46. If any portion of this Agreement is held to be void, invalid, or otherwise unenforceable, in whole or part, the remaining portions of this Agreement shall remain in effect. This Agreement applies to all Audit Services (as defined in paragraph 1), including any such services performed or begun before the date of this Agreement.

To the extent that Mitchell Titus agrees to perform Audit Services for a subsequent fiscal year, the terms and conditions set forth in this Agreement shall apply to the performance of such Audit Services, except as specifically modified, amended or supplemented in writing by the parties. Changes in the scope of the Audit Services and estimated fees for such services in subsequent fiscal years will be communicated in an updated Agreement. We may terminate performance of the Audit Services and this Agreement upon written notice if we reasonably determine that we can no longer provide the Audit Services in accordance with applicable law or professional obligations. Upon any termination of the Audit Services or this Agreement, the Organization shall pay Mitchell Titus for all work-in-progress, Audit Services already performed and expenses incurred by us up to and including the effective date of such termination.

Mitchell Titus appreciates the opportunity to be of assistance to the Organization. If this Agreement accurately reflects the terms on which the Organization has agreed to engage Mitchell Titus, please sign below on behalf of the Organization and return it to **Daniel J. Kenney, Partner, Mitchell & Titus, LLP, 200 East Pratt Street, Baltimore, MD 21202.**



MITCHELL TITUS

Very truly yours,

Mitchell Titus, LLP

Agreed and accepted by:
Town of Dewey Beach, Delaware

By: _____
Ms. Julie Johnson
Audit Committee Chair
Town of Dewey Beach, Delaware

Dispute resolution procedures

Mediation

A party shall submit a dispute to mediation by written notice to the other party or parties. The mediator shall be selected by the parties. If the parties cannot agree on a mediator, the International Institute for Conflict Prevention and Resolution (CPR) shall designate a mediator at the request of a party. Any mediator must be acceptable to all parties and must confirm in writing that he or she is not, and will not become during the term of the mediation, an employee, partner, executive officer, director, or substantial equity owner of any Mitchell Titus audit client.

The mediator shall conduct the mediation as he/she determines, with the agreement of the parties. The parties shall discuss their differences in good faith and attempt, with the mediator's assistance, to reach an amicable resolution of the dispute. The mediation shall be treated as a settlement discussion and shall therefore be confidential. The mediator may not testify for either party in any later proceeding relating to the dispute. The mediation proceedings shall not be recorded or transcribed.

Each party shall bear its own costs in the mediation. The parties shall share equally the fees and expenses of the mediator.

If the parties have not resolved a dispute within 90 days after written notice beginning mediation (or a longer period, if the parties agree to extend the mediation), the mediation shall terminate and the dispute shall be settled by arbitration. In addition, if a party initiates litigation, arbitration, or other binding dispute resolution process without initiating mediation, or before the mediation process has terminated, an opposing party may deem the mediation requirement to have been waived and may proceed with arbitration.

Arbitration

The arbitration will be conducted in accordance with the procedures in this document and the CPR Rules for Non-Administered Arbitration (Rules) as in effect on the date of the Agreement, or such other rules and procedures as the parties may agree. In the event of a conflict, the provisions of this document will control.

The arbitration will be conducted before a panel of three arbitrators, to be selected in accordance with the screened selection process provided in the Rules. Any issue concerning the extent to which any dispute is subject to arbitration, or concerning the applicability, interpretation, or enforceability of any of these procedures, shall be governed by the Federal Arbitration Act and resolved by the arbitrators. No potential arbitrator may be appointed unless he or she has agreed in writing to these procedures and has confirmed in writing that he or she is not, and will not become during the term of the arbitration, an employee, partner, executive officer, director, or substantial equity owner of any Mitchell Titus audit client.

The arbitration panel shall have no power to award non-monetary or equitable relief of any sort or to make an award or impose a remedy that (i) is inconsistent with the agreement to which these procedures are attached or any other agreement relevant to the dispute, or (ii) could not be made or imposed by a court deciding the matter in the same jurisdiction. In deciding the dispute, the arbitration panel shall apply the limitations period that would be applied by a court deciding the matter in the same jurisdiction, and shall have no power to decide the dispute in any manner not consistent with such limitations period.

Discovery shall be permitted in connection with the arbitration only to the extent, if any, expressly authorized by the arbitration panel upon a showing of substantial need by the party seeking discovery.

All aspects of the arbitration shall be treated as confidential. The parties and the arbitration panel may disclose the existence, content or results of the arbitration only in accordance with the Rules or applicable professional standards. Before making any such disclosure, a party shall give written notice to all other parties and shall afford them a reasonable opportunity to protect their interests, except to the extent such disclosure is necessary to comply with applicable law, regulatory requirements or professional standards.

The result of the arbitration shall be binding on the parties, and judgment on the arbitration award shall be governed by, and construed in accordance with, the laws of New York.

Town of Dewey Beach, Delaware

Payment and Performance Schedule
For the Year Ending March 31, 2026

Schedule of Payment

Invoice Date	Expected Payment Date	Amount
May 22, 2026	June 5, 2026	\$30,000
June 19, 2026	July 8, 2026	25,862
Total fees*		\$55,862

* Please note that all fees are expected to be paid in accordance with this payment schedule. We also expect to receive final payment prior to the issuance of our reports.

Schedule of Performance

Activity	Date
Initial planning meeting with the Town's management to discuss the FY2026 audit	April 2026
Perform general planning procedures	April 28–May 4, 2026
Entrance conference with all key Finance Department personnel	May 2026
Understand entity-level controls and perform account risk assessments	May 6–11, 2026
Initial progress conference will be held with the Town Manager and Director of Finance one week in advance of fieldwork commencing	May 2026
Initial week of audit fieldwork will be conducted during which we will document processes and perform walk-throughs and complete the account risk assessments, and complete tests of controls and reconsider account risk assessments	May 13–20, 2026
Finalize our detailed audit plan and list of all schedules to be prepared by the Town	May 21–27, 2026
Provide the Town our detailed audit plan and a list of all schedules to be prepared by the Town	May 26, 2026

Activity <i>(continued)</i>	Date
Perform audit fieldwork/substantive tests of account balances	June 1–July 10, 2026
Review draft financial statements and provide comments, if any, to the Town	July 14–20, 2026
Drafts of the audit reports and recommendations to management will be available for review	August 3, 2026
Final audit reports on the financial statements and single audit, if required, as well as any other required reports on internal control and/or compliance, as well as the management letter recommendations, if any	August 15, 2026
Presentation of audit results to the Town Council, at which time we will present our required communications to those charged with governance in accordance with AU-C Section 260	Will be scheduled upon completion of audit at a mutually convenient date and time to be determined

Factors that may impact our fee estimate

Mitchell Titus strives to maximize the value of professional services provided to clients and upholds a commitment to fair and reasonable fees. However, several factors will increase our scope of services to be performed, which may cause the amount of work to exceed our fee estimate. The following factors are the most common:

- Changing accounting, auditing or regulatory requirements
- Incorrect accounting applications or errors in your records
- Lack of audit facilitation or timely preparation, including lack of preparing complete and accurate financial statements, footnotes and supplementary information on a timely basis
- Staff withdrawal
- Unforeseen events
- New Federal or state award programs or program noncompliance

Changing accounting, auditing or regulatory requirements—New accounting, auditing or regulatory requirements emerge frequently. In planning our work, we attempt to anticipate the requirement changes that will impact the engagement. However, it is very difficult to anticipate the effects of new requirements if: (1) They are not communicated to us during our preliminary planning stage; (2) You require assistance in understanding the implications of the new requirements; and (3) The additional work needed to be in compliance with the new requirements was underestimated.

Incorrect accounting applications or errors in your records—Our fee estimates are based on your records being in good order. However, if your accounting records are disorganized, incomplete or if we find numerous errors and exceptions in our testing, we will be required to perform additional work to determine whether the necessary corrections have been made and are reflected accurately in the financial statements and the implications of testing exceptions.

Lack of audit facilitation or timely preparation, including lack of preparing complete and accurate financial statements, footnotes and supplementary information on a timely basis—To facilitate a cost-efficient audit, we discuss with you matters (e.g., availability of your key personnel, deadlines and working conditions) that would affect our fee estimate. If your personnel do not provide previously agreed-upon materials, such as prepared schedules and supporting documents, in a timely manner, the scope of work to complete the engagement within the established timeline may increase substantially.

Staff withdrawal—If we need to deviate from our established engagement plan and remove one engagement team member or all staff personnel it is considered to be a staff withdrawal. Staff may be withdrawn due to the state of your records or the inability of your personnel to deliver agreed-upon materials within the established timeline, which prevents us from performing the work in a timely, efficient manner. A staff withdrawal should not be perceived as a negative reflection on your personnel. However, it will lead to additional costs because we incur additional start-up costs and we must reschedule our personnel to prevent a substantial increase of total engagement costs. We expect that you will give us one week's notice if we are required to reschedule our agreed-upon start date due to your inability to meet that date. Failure to do so or delays in furnishing us schedules and information in the agreed-upon time frame may result in inefficiencies.

Unforeseen events—Although we maintain direct and open lines of communication with clients and co-develop an engagement plan with management and its staff, unforeseen events may occur. When unforeseen events occur (*i.e.*, litigation, problems with accounting records, changes to your operations or in your business, and contractual difficulties with third-party service providers, customers, or suppliers, etc.) we need more time to provide the assistance you require and to complete our engagement in compliance with professional standards.

New Federal or state award programs or program noncompliance—When we propose a fee estimate, we assume that Federal or state award programs previously audited as major will remain relatively unchanged from prior years. There may be additional audit fees from what was originally planned and agreed to if new awards are received and if we need to expand our audit scope because the results of our procedures identified material program noncompliance or internal control deficiencies. The new awards may require us to audit additional programs to reach the desirable testing coverage and the noncompliance or deficiencies identified may require us to conduct research or lead discussions with the cognizant, oversight agency or funding agency.

Again, Mitchell Titus' goal is to provide the highest quality client services in the most cost-conscious manner. Our fee estimates are derived from the facts and circumstances that you have described to us.

However, as previously stated, there are many variables that may necessitate a revision to our fee estimate.



CliftonLarsonAllen LLP
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REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

To the Partners of Mitchell & Titus, LLP and the
National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Mitchell & Titus, LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended February 28, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards* including compliance audits under the Single Audit Act, audits of employee benefit plans and an examination of a service organization (SOC 1 engagement).

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

To the Partners of Mitchell & Titus, LLP and the
National Peer Review Committee

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Mitchell & Titus, LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended February 28, 2022 has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Mitchell & Titus, LLP has received a peer review rating of *pass*.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Albuquerque, New Mexico
March 15, 2023