



JANUARY MEETING

Tuesday, January 21, 2025 at 6:00 PM
RUTH TOWN HALL

AGENDA

CALL TO ORDER

INVOCATION

ROLL CALL

AGENDA ADOPTION

GUEST SPEAKERS

COMMUNITY FORUM

APPROVAL OF LAST MEETING'S MINUTES

OLD BUSINESS

COMMITTEE REPORTS

1. Financial Reporting-See attached Budget vs Actual

NEW BUSINESS

2. Audit Engagement Letter-Accept and signature the audit engagement letter. Attached for review
3. Animal Control Complaints-Amie will share the conversations and actions taken to date with the board.
4. Snow Scraping-Amie will update board on activity

ADJOURNMENT

In accordance with the Americans with Disabilities Act, persons who need accommodation to attend or participate in this meeting should contact Town Hall at (828) 287-7943 within 48 hours prior to the meeting to request such assistance.

Type	Disp Acct	Budget	YTD	Variance	Prcnt	Item 1.
Type: Revenues						
Revenues	10-250-01 Unearned Revenue	\$0.00	\$0.00	\$0.00	0.00%	
Revenues	10-282-01 Late List Penalty Current	\$0.00	\$14.63	\$14.63	0.00%	
Revenues	10-282-02 Late List Penalty Prior	\$0.00	\$0.00	\$0.00	0.00%	
Revenues	10-300-00 Revenues	\$0.00	\$0.00	\$0.00	0.00%	
Revenues	10-301-00 Current Taxes	\$170,717.43	\$76,076.23	(\$94,641.20)	44.56%	
Revenues	10-301-01 Taxes - Prior Years	\$0.00	\$962.39	\$962.39	0.00%	
Revenues	10-329-00 Interest Earned on Invest	\$5,200.00	\$3,077.55	(\$2,122.45)	59.18%	
Revenues	10-329-01 Interest Earned Powell Bill	\$110.00	\$56.42	(\$53.58)	51.29%	
Revenues	10-335-00 Miscellaneous Revenues	\$0.00	\$0.00	\$0.00	0.00%	
Revenues	10-336-00 Current Personal Auto Taxes	\$10,140.18	\$3,109.98	(\$7,030.20)	30.67%	
Revenues	10-336-01 Personal Auto Prior Years	\$0.00	\$0.00	\$0.00	0.00%	
Revenues	10-337-00 NC Franchise Tax	\$0.00	\$0.00	\$0.00	0.00%	
Revenues	10-343-00 Powell Bill Allocation	\$14,800.00	\$15,976.58	\$1,176.58	107.95%	
Revenues	10-367-02 Sales & Use Tax Dist	\$48,600.00	\$32,422.00	(\$16,178.00)	66.71%	
Revenues	10-367-03 NC Franchise & Utility TD	\$11,600.00	\$9,029.94	(\$2,570.06)	77.84%	
Revenues	10-367-04 Solid Waste Disposal Tax Dist.	\$285.00	\$134.28	(\$150.72)	47.12%	
Revenues	10-380-01 Sign Permit Payment	\$0.00	\$485.05	\$485.05	0.00%	
Revenues	10-385-01 Hall Rental Fees	\$0.00	\$50.00	\$50.00	0.00%	
Revenues	10-399-00 Appro.Fund Balance	\$2,135.20	\$0.00	(\$2,135.20)	0.00%	
Revenues	10-399-01 Current Landfill Fees	\$24,150.00	\$14,175.00	(\$9,975.00)	58.70%	
Revenues	10-399-02 Landfill Fees Prior	\$0.00	\$363.03	\$363.03	0.00%	
Revenues	10-399-51 ARP Funding	\$0.00	\$0.00	\$0.00	0.00%	
		\$287,737.81	\$155,933.08	(\$131,804.73)	54%	
Type: Expenses						
Expenses	10-400-00 Expenses	\$0.00	\$0.00	\$0.00	0.00%	
Expenses	10-409-00 NC Sales Tax	\$2,730.53	\$1,714.48	\$1,016.05	62.79%	
Expenses	10-409-01 Sales Tax Other	\$122.00	\$31.43	\$90.57	25.76%	
Expenses	10-409-02 S/H Freight	\$470.00	\$363.17	\$106.83	77.27%	
Expenses	10-410-00 Mayor's Salary	\$387.54	\$226.10	\$161.44	58.34%	
Expenses	10-410-01 Commissioner's Salary	\$646.00	\$346.14	\$299.86	53.58%	
Expenses	10-410-02 Tax Collection & Clerk Ex	\$23,600.04	\$13,766.69	\$9,833.35	58.33%	
Expenses	10-410-03 Legal	\$5,000.00	\$160.00	\$4,840.00	3.20%	
Expenses	10-410-04 Professional Services	\$10,200.00	\$912.06	\$9,287.94	8.94%	
Expenses	10-410-06 FICA Expense	\$2,000.00	\$0.00	\$2,000.00	0.00%	
Expenses	10-410-10 Election Expense	\$3,000.00	\$0.00	\$3,000.00	0.00%	
Expenses	10-410-11 Town Employee Education	\$800.00	\$0.00	\$800.00	0.00%	
Expenses	10-410-13 Utilities/CityHall/Mall	\$4,000.00	\$1,419.76	\$2,580.24	35.4%	2
Expenses	10-410-15 Maint/Repairs-Bldg&Ground	\$16,400.00	\$0.00	\$16,400.00	0.00%	

Type	Disp Acct	Budget	YTD	Variance	Prcnt	Item 1.
Expenses	10-410-16 Maint/Repair-Equipment	\$500.00	\$0.00	\$500.00	0.00%	
Expenses	10-410-26 Advertising	\$271.40	\$0.00	\$271.40	0.00%	
Expenses	10-410-33 Dept.Materials & Supplies	\$1,109.81	\$1,109.81	\$0.00	100.00%	
Expenses	10-410-53 Dues & Subscriptions	\$21,000.00	\$18,125.44	\$2,874.56	86.31%	
Expenses	10-410-54 Insurance & Bonds	\$7,025.39	\$7,025.39	\$0.00	100.00%	
Expenses	10-410-58 Christmas Decorations	\$30,000.00	\$22,721.50	\$7,278.50	75.74%	
Expenses	10-410-59 Downtown Beautification	\$1,000.00	\$0.00	\$1,000.00	0.00%	
Expenses	10-410-60 Town Hall Furnishings	\$250.00	\$0.00	\$250.00	0.00%	
Expenses	10-410-70 Town Grounds	\$1,000.00	\$0.00	\$1,000.00	0.00%	
Expenses	10-410-76 Captial Outlay-Technology	\$0.00	\$0.00	\$0.00	0.00%	
Expenses	10-420-01 CARES Expenditure account	\$0.00	\$0.00	\$0.00	0.00%	
Expenses	10-510-71 Capital Outlay Land	\$0.00	\$0.00	\$0.00	0.00%	
Expenses	10-510-72 Capital Outlay Building	\$0.00	\$0.00	\$0.00	0.00%	
Expenses	10-510-73 Capital Outlay Other Imp	\$31,500.00	\$1,152.00	\$30,348.00	3.66%	
Expenses	10-510-74 Capital Outlay Equipment	\$0.00	\$660.38	(\$660.38)	0.00%	
Expenses	10-510-75 Capital Outlay Technology	\$9,000.00	\$0.00	\$9,000.00	0.00%	
Expenses	10-530-00 Fire Department	\$0.00	\$0.00	\$0.00	0.00%	
Expenses	10-530-45 FireDept.Contr.Serv-Calls	\$60,285.87	\$60,190.18	\$95.69	99.84%	
Expenses	10-530-46 Tree Removal	\$500.00	\$0.00	\$500.00	0.00%	
Expenses	10-560-00 Street Department	\$0.00	\$1,450.00	(\$1,450.00)	0.00%	
Expenses	10-560-13 Utilities-Street Lights	\$8,000.00	\$4,750.29	\$3,249.71	59.38%	
Expenses	10-560-14 Utilities-Signal Lights	\$200.00	\$28.15	\$171.85	14.08%	
Expenses	10-560-15 Maint/Rep-Existing Street	\$9,500.00	\$2,440.00	\$7,060.00	25.68%	
Expenses	10-560-16 Snow & Ice Removal	\$2,000.00	\$0.00	\$2,000.00	0.00%	
Expenses	10-560-17 Traffic Control	\$0.00	\$0.00	\$0.00	0.00%	
Expenses	10-560-18 Drainage & Storm Sewer	\$0.00	\$0.00	\$0.00	0.00%	
Expenses	10-560-19 Curb & Gutter	\$0.00	\$0.00	\$0.00	0.00%	
Expenses	10-560-20 Bikeways	\$1,625.00	\$625.00	\$1,000.00	38.46%	
Expenses	10-560-21 Sidewalks	\$0.00	\$0.00	\$0.00	0.00%	
Expenses	10-560-22 Greenways	\$500.00	\$0.00	\$500.00	0.00%	
Expenses	10-560-25 Town Hall Mowing & beautification	\$675.00	\$225.00	\$450.00	33.33%	
Expenses	10-560-26 Helene Storm Damage Cleanup and Recovery	\$0.00	\$5,300.00	(\$5,300.00)	0.00%	
Expenses	10-560-33 Dept. Materials & Supplie	\$0.00	\$0.00	\$0.00	0.00%	
Expenses	10-560-45 Contr.Serv.-FireHydrants	\$0.00	\$0.00	\$0.00	0.00%	
Expenses	10-580-00 Sanitation Department	\$0.00	\$0.00	\$0.00	0.00%	
Expenses	10-580-33 Sanitation-Dept.Mat.&Supp	\$0.00	\$0.00	\$0.00	0.00%	
Expenses	10-580-44 Recycle Contracted Servic	\$0.00	\$0.00	\$0.00	0.00%	
Expenses	10-580-45 Garbage Contracted Serciv	\$21,381.36	\$10,602.90	\$10,778.46	49.5%	3

Type	Disp Acct	Budget	YTD	Variance	Prcnt
Expenses	10-580-46 RCSW Landfill Fees	\$11,057.87	\$3,742.00	\$7,315.87	33.84%
Expenses	40-500-00 Depreciation Expense	\$0.00	\$0.00	\$0.00	0.00%
		\$287,737.81	\$159,087.87	\$128,649.94	55%

Item 1.

The	Governing Board Honorable Mayor and City Council
of	Primary Government Unit Town of Ruth
and	Discretely Presented Component Unit (DPCU) (if applicable) N/A

Primary Government Unit, together with DPCU (if applicable), hereinafter referred to as Governmental Unit(s)

and	Auditor Name C. Randolph CPA, PLLC
	Auditor Address 560 Beaver Creek School Rd., West Jefferson, NC 28694

Hereinafter referred to as Auditor

for	Fiscal Year Ending 06/30/25	Date Audit Will Be Submitted to LGC 12/31/25
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Must be within six months of FYE

hereby agree as follows:

1. The Auditor shall audit all statements and disclosures required by U.S. generally accepted auditing standards (GAAS) and additional required legal statements and disclosures of all funds and/or divisions of the! Governmental Unit(s). The non-major combining, and individual fund statements and schedules shall besubjected to the auditing procedures applied in the audit of the basic financial statements and an opinion shall!be rendered in relation to (as applicable) the governmental activities, the business- type activities, the aggregate!DPCUs, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types). The basic!financial statements shall include budgetary comparison information in a budgetary comparison statement,!rather than as RSI, for the General Fund and any annually budgeted Special Revenue funds.

2. At a minimum, the Auditor shall conduct the audit and render the report in accordance with GAAS. If the Governmental Unit expended \$100,000 or more in combined Federal and State financial assistance during the reporting period, the Auditor shall perform the audit in accordance with *Government Auditing Standards* (GAGAS). The Governmental Unit is subject to federal single audit requirements in accordance with Title 2 US Code of Federal Regulations Part 200 *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Subpart F (*Uniform Guidance*) and the State Single Audit Implementation Act. Currently the threshold is \$750,000 for a federal single audit and \$500,000 for a State Single Audit. This audit and all associated audit documentation may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit requires a federal single audit in accordance with the Uniform Guidance (§200.501) the Auditor and Governmental Unit(s) should discuss, in advance of the execution of this contract, the responsibility for submission of the audit and the accompanying data collection form to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512) to ensure proper submission.

Effective for audits of fiscal years beginning on or after June 30, 2023, the LGC will allow auditors to consider whether a unit qualifies as a State low-risk auditee. Please refer to "Discussion of Single Audits in North Carolina" on the LGC's website for more information.

If the audit and Auditor communication are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners (NC State Board).

3. If an entity is determined to be a component of another government as defined by the group audit standards, the entity's auditor shall make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.
4. This contract contemplates an unmodified opinion being rendered. If during the process of conducting the audit, the Auditor determines that it will not be possible to render an unmodified opinion on the financial statements of the unit, the Auditor shall contact the LGC Staff to discuss the circumstances leading to that conclusion as soon as is practical and before the final report is issued. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.
5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, 2018 revision, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he/she has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of the most recent peer review report to the Governmental Unit(s) and the Secretary of the LGC prior to the execution of an audit contract. Subsequent submissions of the report are required only upon report expiration or upon auditor's receipt of an updated peer review report. If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit(s) without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.

If the audit engagement is not subject to *Government Auditing Standards* or if financial statements are not prepared in accordance with U.S. generally accepted accounting principles (GAAP) and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment to this contract or in an amendment.

6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to LGC Staff within six months of fiscal year end. If it becomes necessary to amend the audit fee or the date that the audit report will be submitted to the LGC, an amended contract along with a written explanation of the change shall be submitted to the Secretary of the LGC for approval.
7. It is agreed that GAAS include a review of the Governmental Unit's (Units') systems of internal control and accounting as same relate to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor shall make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his/her findings, together with his recommendations for improvement. That written report shall include all matters defined as "significant deficiencies and material weaknesses" in AU-C 265 of the *AICPA Professional Standards (Clarified)*. The Auditor shall file a copy of that report with the Secretary of the LGC.

For GAAS or *Government Auditing Standards* audits, if an auditor issues an AU-C §260 report, commonly referred to as "Governance Letter," LGC staff does not require the report to be submitted unless the auditor cites significant findings or issues from the audit, as defined in AU-C §260.12 - .14. This would include issues such as difficulties encountered during the audit, significant or unusual transactions, uncorrected misstatements, matters that are difficult or contentious reviewed with those charged with governance, and other significant matters. If matters identified during the audit were required to be reported as described in AU-C §260.12-.14 and were communicated in a method other than an AU-C §260 letter, the written documentation must be submitted.

8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Approval is also required for the Alternative Compliance Examination Engagement for auditing the Coronavirus State and Local Fiscal Recovery Funds expenditures as allowed by US Treasury. Approval is not required on audit contracts and invoices for system improvements and similar services of a non-auditing nature.
9. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit(s) until the invoice has been approved by the Secretary of the LGC. This also includes any progress billings [G.S. 159-34 and 115C-447]. All invoices for audit work shall be submitted in PDF format to the Secretary of the LGC for approval. The invoice marked 'approved' with approval date shall be returned to the Auditor to present to the Governmental Unit(s) for payment. This paragraph is not applicable to contracts for audits of hospitals.
10. In consideration of the satisfactory performance of the provisions of this contract, the Governmental Unit(s) shall pay to the Auditor, upon approval by the Secretary of the LGC if required, the fee, which includes any costs the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (federal and state grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts. This does not include fees for any pre-issuance reviews that may be required by the NC Association of CPAs (NCACPA) Peer Review Committee or NC State Board of CPA Examiners (see Item 13).
11. If the Governmental Unit(s) has/have outstanding revenue bonds, the Auditor shall submit to LGC Staff, either in the notes to the audited financial statements or as a separate report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor shall submit to LGC Staff simultaneously with the Governmental Unit's (Units') audited financial statements any other bond compliance statements or additional reports required by the authorizing bond documents, unless otherwise specified in the bond documents.
12. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, but not be limited to, the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit(s) and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the Governmental Unit(s) or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board upon completion.
13. If the audit firm is required by the NC State Board, the NCACPA Peer Review Committee, or the Secretary of the LGC to have a pre-issuance review of its audit work, there shall be a statement in the engagement letter indicating the pre-issuance review requirement. There also shall be a statement that the Governmental Unit(s) shall not be billed for the pre-issuance review. The pre-issuance review shall be performed prior to the completed audit being submitted to LGC Staff. The pre-issuance review report shall accompany the audit report upon submission to LGC Staff.

14. The Auditor shall submit the report of audit in PDF format to LGC Staff. For audits of units other than hospitals, the audit report should be submitted when (or prior to) submitting the final invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the LGC by any interested parties. Any subsequent revisions to these reports shall be sent to the Secretary of the LGC. These audited financial statements, excluding the Auditors' opinion, may be used in the preparation of official statements for debt offerings by municipal bond rating services to fulfill secondary market disclosure requirements of the Securities and Exchange Commission and for other lawful purposes of the Governmental Unit(s) without requiring consent of the Auditor. If the LGC Staff determines that corrections need to be made to the Governmental Unit's (Units') financial statements and/or the compliance section, those corrections shall be provided within three business days of notification unless another deadline is agreed to by LGC Staff.

15. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Secretary of the LGC, this contract may be modified or amended to include the increased time, compensation, or both as may be agreed upon by the Governing Board and the Auditor.

16. If an approved contract needs to be modified or amended for any reason, the change shall be made in writing and pre-audited if the change includes a change in audit fee (pre-audit requirement does not apply to hospitals). This amended contract shall be completed in full, including a written explanation of the change, signed and dated by all original parties to the contract. It shall then be submitted to the Secretary of the LGC for approval. No change to the audit contract shall be effective unless approved by the Secretary of the LGC.

17. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit(s), shall be attached to this contract, and except for fees, work, and terms not related to audit services, shall be incorporated by reference as if fully set forth herein as part of this contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract shall take precedence. Engagement letter terms that conflict with the contract are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item 30 of this contract. Engagement letters containing indemnification clauses shall not be accepted by LGC Staff.

18. Special provisions should be limited. Please list any special provisions in an attachment.

19. A separate contract should not be made for each division to be audited or report to be submitted. If a DPCU is subject to the audit requirements detailed in the Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not to be issued and the DPCU is included in the primary government audit, the DPCU shall be named along with the primary government on this audit contract. DPCU Board approval date, signatures from the DPCU Board chairman and finance officer also shall be included on this contract.

20. The contract shall be executed, pre-audited (pre-audit requirement does not apply to hospitals), and physically signed by all parties including Governmental Unit(s) and the Auditor, then submitted in PDF format to the Secretary of the LGC.

21. The contract is not valid until it is approved by the Secretary of the LGC. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. The audit should not be started before the contract is approved.

22. Retention of Client Records: Auditors are subject to the NC State Board of CPA Examiners' Retention of Client Records Rule 21 NCAC 08N .0305 as it relates to the provision of audit and other attest services, as well as non-attest services. Clients and former clients should be familiar with the requirements of this rule prior to requesting the return of records.

23. This contract may be terminated at any time by mutual consent and agreement of the Governmental Unit(s) and the Auditor, provided that (a) the consent to terminate is in writing and signed by both parties, (b) the parties have agreed on the fee amount which shall be paid to the Auditor (if applicable), and (c) no termination shall be effective until approved in writing by the Secretary of the LGC.

24. The Governmental Unit's (Units') failure or forbearance to enforce, or waiver of, any right or an event of breach or default on one occasion or instance shall not constitute the waiver of such right, breach or default on any subsequent occasion or instance.

25. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the LGC.

26. E-Verify. Auditor shall comply with the requirements of NCGS Chapter 64 Article 2. Further, if Auditor utilizes any subcontractor(s), Auditor shall require such subcontractor(s) to comply with the requirements of NCGS Chapter 64, Article 2.

27. **Applicable to audits with fiscal year ends of June 30, 2020 and later.** For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and *Government Auditing Standards, 2018 Revision* (as applicable). Preparing financial statements in their entirety shall be deemed a "significant threat" requiring the Auditor to apply safeguards sufficient to reduce the threat to an acceptable level. If the Auditor cannot reduce the threats to an acceptable level, the Auditor cannot complete the audit. If the Auditor is able to reduce the threats to an acceptable level, the documentation of this determination, including the safeguards applied, must be included in the audit workpapers.

All non-attest service(s) being performed by the Auditor that are necessary to perform the audit must be identified and included in this contract. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the services and accept responsibility for the results of the services performed. If the Auditor is able to identify an individual with the appropriate SKE, s/he must document and include in the audit workpapers how he/she reached that conclusion. If the Auditor determines that an individual with the appropriate SKE cannot be identified, the Auditor cannot perform both the non-attest service(s) and the audit. See "Fees for Audit Services" page of this contract to disclose the person identified as having the appropriate SKE for the Governmental Unit.

28. **Applicable to audits with fiscal year ends of June 30, 2021 and later.** The auditor shall present the audited financial statements including any compliance reports to the government unit's governing body or audit committee in an official meeting in open session as soon as the audited financial statements are available but not later than 45 days after the submission of the audit report to the Secretary. The auditor's presentation to the government unit's governing body or audit committee shall include:

- a) the description of each finding, including all material weaknesses and significant deficiencies, as found by the auditor, and any other issues related to the internal controls or fiscal health of the government unit as disclosed in the management letter, the Single Audit or Yellow Book reports, or any other communications from the auditor regarding internal controls as required by current auditing standards set by the Accounting Standards Board or its successor;
- b) the status of the prior year audit findings;
- c) the values of Financial Performance Indicators based on information presented in the audited financial statements; and
- d) notification to the governing body that the governing body shall develop a "Response to the Auditor's Findings, Recommendations, and Fiscal Matters," if required under 20 NCAC 03 .0508.

29. Information based on the audited financial statements shall be submitted to the Secretary for the purpose of identifying Financial Performance Indicators and Financial Performance Indicators of Concern. See 20 NCAC 03 .0502(c)(6).

30. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted (See Item 17 for clarification). #26

31. The process for submitting contracts, audit reports and invoices is subject to change. Auditors and units should use the submission process and instructions in effect at the time of submission. Refer to the N.C. Department of State Treasurer website at <https://www.nctreasurer.com/state-and-local-government-finance-division/local-government-commission/submitting-your-audit>

32. All communications regarding audit contract requests for modification or official approvals will be sent to the email addresses provided on the signature pages that follow.

33. Modifications to the language and terms contained in this contract form (LGC-205) are not allowed.

FEEES FOR AUDIT SERVICES

1. For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct (as applicable) and Government Auditing Standards, 2018 Revision. Refer to Item 27 of this contract for specific requirements. The following information must be provided by the Auditor; contracts presented to the LGC without this information will be not be approved.

Financial statements were prepared by: [X] Auditor [] Governmental Unit [] Third Party

If applicable: Individual at Governmental Unit designated to have the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the non-attest services and accept responsibility for the results of these services:

Name: Amie Hanaway Title and Unit / Company: Finance Officer Email Address: ahanaway@townofruthnc.gov

OR Not Applicable [] (Identification of SKE Individual on the LGC-205 Contract is not applicable for GAAS-only audits or audits with FYEs prior to June 30, 2020.)

2. Fees may not be included in this contract for work performed on Annual Financial Information Reports (AFIRs), Form 990s, or other services not associated with audit fees and costs. Such fees may be included in the engagement letter but may not be included in this contract or in any invoices requiring approval of the LGC. See Items 8 and 13 for details on other allowable and excluded fees.

3. The audit fee information included in the table below for both the Primary Government Fees and the DPCU Fees (if applicable) should be reported as a specific dollar amount of audit fees for the year under this contract. If any language other than an amount is included here, the contract will be returned to the audit form for correction.

4. Prior to the submission of the completed audited financial report and applicable compliance reports subject to this contract, or to an amendment to this contract (if required) the Auditor may submit interim invoices for approval for services rendered under this contract to the Secretary of the LGC, not to exceed 75% of the billings for the unit's last annual audit that was submitted to the Secretary of the LGC. All invoices for services rendered in an audit engagement as defined in 20 NCAC .0503 shall be submitted to the Commission for approval before any payment is made. Payment before approval is a violation of law. (This paragraph not applicable to contracts and invoices associated with audits of hospitals).

Table with 2 columns: Description, Amount. Rows include Primary Government Unit (Town of Ruth), Audit Fee (\$4,950), Fee per Major Program (\$), Additional Fees Not Included Above (if applicable): Financial Statement Preparation (\$2,500), All Other Non-Attest Services (\$500), TOTAL AMOUNT NOT TO EXCEED (\$7,950).

Table with 2 columns: Description, Amount. Rows include Discretely Presented Component Unit (N/A), Audit Fee (\$), Fee per Major Program (\$), Additional Fees Not Included Above (if applicable): Financial Statement Preparation (\$), All Other Non-Attest Services (\$), TOTAL AMOUNT NOT TO EXCEED (\$).

SIGNATURE PAGE

AUDIT FIRM

Audit Firm* C. Randolph CPA, PLLC	
Authorized Firm Representative (typed or printed)* Cynthia D. Randolph	Signature*
Date* 01/21/25	Email Address* cindy@crandolphcpa.com

GOVERNMENTAL UNIT

Governmental Unit* Town of Ruth	
Date Governing Board Approved Audit Contract* (Enter date in box to right)	✓
Mayor/Chairperson (typed or printed)* David Guy	Signature* ✓
Date ✓	Email Address* dguy@townofruthnc.gov

Chair of Audit Committee (typed or printed, or "NA") N/A	Signature
Date	Email Address

GOVERNMENTAL UNIT – PRE-AUDIT CERTIFICATE

Required by G.S. 159-28(a1) or G.S. 115C-441(a1). Not applicable to hospital contracts.

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

Sum Obligated by This Transaction:	\$ 7,950
Primary Governmental Unit Finance Officer* (typed or printed) Amie Hanaway	Signature* ✓
Date of Pre-Audit Certificate* ✓	Email Address* ahanaway@townofruthnc.gov

CONTRACT TO AUDIT ACCOUNTS

SIGNATURE PAGE – DPCU
(complete only if applicable)

DISCRETELY PRESENTED COMPONENT UNIT

DPCU*	
N/A	
Date DPCU Governing Board Approved Audit Contract* (Enter date in box to right)	
DPCU Chairperson (typed or printed)*	Signature*
Date*	Email Address*

Chair of Audit Committee (typed or printed, or "NA")	Signature
Date	Email Address

DPCU – PRE-AUDIT CERTIFICATE

Required by G.S. 159-28(a1) or G.S. 115C-441(a1). Not applicable to hospital contracts.

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

Sum Obligated by this Transaction:	\$
DPCU Finance Officer (typed or printed)*	Signature*
Date of Pre-Audit Certificate*	Email Address*

Remember to print this form, and obtain all required signatures prior to submission.

PRINT

C. Randolph CPA, PLLC
Certified Public Accountant
560 Beaver Creek School Rd.
West Jefferson, North Carolina 28694
Phone: (336) 846-3211
Fax: (336) 846-1142

To the Honorable Mayor and Members of the Town Council
Town of Ruth
PO Box 791
Rutherfordton, North Carolina 28139

January 21, 2025

We are pleased to confirm our understanding of the services we are to provide Town of Ruth for the year ended June 30, 2025.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the disclosures, which collectively comprise the basic financial statements of Town of Ruth as of and for the year ended June 30, 2025. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Town of Ruth's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Town of Ruth's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Budgetary Comparison

We have also been engaged to report on supplementary information other than RSI that accompanies Town of Ruth's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

- 1) Individual Fund Statement and Schedules
- 2) Budgetary Schedules
- 3) Other Schedules

In connection with our audit of the basic financial statements, we will ready the following other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude

that the uncorrected material misstatement of the other information exists, we are required to describe it in our report.

- 1) Schedule of Ad Valorem Taxes Receivable
- 2) Analysis of Current Tax Levy

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. 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 the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities

by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our audit of the financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

We have identified the following significant risk(s) of material misstatement as part of our audit planning: None noted.

According to GAAS, significant risks include management override of controls, and GAAS presumes that revenue recognition is a significant risk. Accordingly, we have considered these as significant risks.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Town of Ruth's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion.

Other Services

We will also prepare the financial statements of Town of Ruth in conformity with accounting principles generally accepted in the United States of America based on information provided by you.

We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities for the financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of

the financial statements in conformity with accounting principles generally accepted in the United States of America with the oversight of those charged with governance.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information

With regard to publishing the financial statements on your website, you understand that websites are a means of distributing information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information on the website with the original document.

Engagement Administration, Fees, and Other

SmartVault is used solely as a method of exchanging information and is not intended to store Town of Ruth's information. At the end of the engagement, C. Randolph CPA, PLLC will provide Town of Ruth with a copy (in an agreed-upon format) of deliverables and data related to the engagement from the SmartVault. For multi-year engagements, this exchange will occur annually.

Upon completion of the engagement, data and other content will either be removed from the SmartVault or become unavailable to C. Randolph CPA, PLLC within a reasonable time frame. For multi-year engagements, completion of the engagement occurs when the deliverables are completed for that year.

We understand that your employees will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of C. Randolph CPA, PLLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the Local Government Commission or its designee. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of C. Randolph CPA, PLLC personnel. Furthermore, upon request, we may provide

copies of selected audit documentation to the Local Government Commission or its designee. The Local Government Commission or its designee may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

Cynthia D. Randolph is the engagement CPA and is responsible for supervising the engagement and signing the report. We expect to begin our audit whenever the town is ready and to issue our report no later than December 31, 2025.

Our fee for services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, confirmation service provider fees, etc.) except that we agree that our gross fee, including expenses, will not exceed \$7,950. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Reporting

We will issue a written report upon completion of our audit of Town of Ruth's financial statements. Our report will be addressed to the Honorable Mayor and Members of the Town Council of Town of Ruth. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or withdraw from this engagement.

We appreciate the opportunity to be of service to Town of Ruth and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours,

Cynthia D. Randolph

Cynthia D. Randolph

CPA

RESPONSE:

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

Management signature: ✓ _____

Title: ✓ _____

Date: ✓ _____

Governance signature: ✓ _____

Title: ✓ _____

Date: ✓ _____