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**Roanoke Rapids City Council**

**April 7, 2015**

The regular meeting of the City Council of the City of Roanoke Rapids was held on the above date at 5:15 p.m. at the Lloyd Andrews City Meeting Hall.

Emery G. Doughtie, Mayor

Carl Ferebee, Mayor Pro Tem

Ernest C. Bobbitt)

Suetta S. Scarbrough)

Wayne Smith)

Joseph Scherer, MPA, MS, City Manager

Gilbert Chichester, City Attorney

Lisa B. Vincent, MMC, NCCMC, City Clerk

Kathy Kearney, Deputy City Clerk/Human Resources Manager

MeLinda Hite, Finance Director

Chuck Hasty, Police Chief

Kelly Lasky, Planning & Development Director

Larry Chalker, Public Works Director

Stacy Coggins, Fire Chief

Christina Caudle, Main Street/Development Director

Carol H. Cowen, Council Member

John Simeon, Parks & Recreation Director

Mayor Doughtie called the meeting to order and opened the meeting with prayer.

Mayor Doughtie indicated that the agenda needs to be amended to add a closed session as allowed by NCGS 143-318.11(a)(3) to consult with the City Attorney.

There being no conflict of interest with any of the items on the agenda, motion was made by Councilman Bobbitt, seconded by Councilman Smith and unanimously carried to adopt the business agenda for April 7, 2015 with an amendment to add a closed session as allowed by NCGS 143-318.11(a)(3) to consult with the City Attorney.

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**April 7, 2015**

Mr. Ken Wilson, President of the North Carolina Society of the Sons of the American Revolution, presented Investigator Jeff Davis a commendation award for his outstanding work with the Roanoke Rapids Police Department. Mr. Wilson cited the 124 cases Mr. Davis worked on and his commitment to put his community first.

Mr. Davis thanked Mr. Wilson and stated he could not accept this without recognizing that this was a team effort.

Mayor Doughtie thanked Mr. Davis and the entire Police Department for their good work. He also thanked Mr. Wilson for his presentation.

Motion was made by Councilwoman Scarbrough, seconded by Mayor Pro Tem Ferebee and unanimously carried to approve the March 17, 2015 City Council Minutes as presented.

Finance Director Hite stated included in the Council packets this evening is a proposed contract for services with Gregory T. Redman, CPA to prepare the City’s financial statements and perform the FY 2015 audit. She stated the proposed fee of $19,900.00 remains the same for the fifth consecutive year. Finance Director Hite pointed out that the City is not required by North Carolina General Statutes to bid this as it is a service. She stated the engagement letter from Mr. Redman outlines the scope and objectives of the audit including the terms and conditions. She stated there are three major components to the audit--(1) accounting and financial reporting process; (2) financial internal controls and (3) compliance with all federal, state and grant regulations. Finance Director Hite stated if Council approves the execution of this document tonight, it will be forwarded to the Local Government Commission for their approval.

Motion was made by Mayor Pro Tem Ferebee, seconded by Councilman Bobbitt and unanimously carried to approve the following Letter of Engagement and Contract with Gregory T. Redman, CPA to conduct the audit of the City’s financial statements for 2015 for $19,900.00, and to authorize the Mayor to execute the same:

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**Roanoke Rapids City Council**

**April 7, 2015**

March 20, 2015

City of Roanoke Rapids

1040 Roanoke Avenue

Roanoke Rapids, NC 27870

I am pleased to confirm my understanding of the services I am to provide the City of Roanoke Rapids for the year ended June 30, 2015. I will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, which collectively comprise the entity’s basic financial statements, of the City of Roanoke Rapids as of and for the year ended June 30, 2015. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management’s discussion and analysis (MD&A), to supplement the City of Roanoke Rapids’ 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of my engagement, I will apply certain limited procedures to the City of Roanoke Rapids’ RSI in accordance with auditing standards generally accepted in the United States of America. 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I will not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management’s Discussion and Analysis

Supplementary information other than RSI also accompanies City of Roanoke Rapids’ financial statements. I will subject the following supplementary information to the auditing procedures applied in my audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

1. Schedule of expenditures of federal awards

2. Combining and individual non-major fund financial statements and schedules

3. Schedule of Ad Valorem Taxes Receivable

4. Analysis of Current Tax Levy--Town-Wide Levy

**Audit Objectives**

The objective of my audit is the expression of opinions as to whether the basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to

report on the fairness of the supplementary information referred to in the second paragraph when considered

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**Roanoke Rapids City Council**

**April 7, 2015**

in relation to the financial statements as a whole. The objective also includes reporting on:

Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts, grants or agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Governmental Auditing Standards.*

Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*

The *Government Auditing Standards*  report on internal control over financial reporting and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards*  in considering entity’s internal control and compliance. The OMB Circular A0133 report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Both reports will state that the report is not suitable for any other purpose.

My audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major programs in accordance with OMB Circular A-133, and other procedures I consider necessary to enable me to express such opinions and to render the required reports. If my opinions on the financial statements or the Single Audit compliance opinions are other than unmodified, I will fully discuss the reasons with you in advance. If, for any reason, I am unable to complete the audit or am unable to form or have not formed opinions, I may decline to express opinions or to issue a report as a result of this engagement.

**Management Responsibilities**

Management is responsible for the basic financial statements and all accompanying information as well as all representation contained therein. Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards in accordance with the requirements of OMB Circular A-133. As part of the audit, I will assist with the preparation of the financial statements, schedule of expenditures of federal awards, and related notes. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards.* You are responsible for making all management decisions and performing all management functions relating to the financial statements, schedule of expenditures of federal awards, and related notes

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**April 7, 2015**

and for accepting full responsibility for such decisions. You will be required to acknowledge in the management representation letter my assistance with preparation of the financial statements and the schedule of expenditures of federal awards and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any nonaudit services I provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met and that there is reasonable assurance that government programs are administered in compliance with compliance requirements. You are also responsible for the selection and application of accounting principles; for the fair presentation in the financial statements of the respective financial position of the business-type activities, each major fund and the aggregate remaining fund information of the City of Roanoke Rapids and the respective changes in financial position, and, where applicable, cash flows in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making all financial records and related information available to me and for ensuring that management and financial information is reliable and properly recorded. Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to me in the representation letter that the effects of any uncorrected misstatements aggregated by me during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing me about all known or suspected fraud affecting the government involving (a) management, (b) employees who have significant roles in internal controls, and (c) others where fraud could have a material effect on the financial statements. Your responsibilities include informing me 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, as required by OMB Circular A-133, it is management’s responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for my review prior to completion of the financial statements. You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include my report on the supplementary information in any document that contains and indicates that I have reported on the supplementary information. You also agree to present the supplementary information with the audited financial statements.

Management is responsible for establishment and maintenance of process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for me previous audits or other engagements or studies related to the objectives discussed in the Audit Objectives section of this letter.

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**April 7, 2015**

This responsibility includes relaying to me corrective actions taken to address significant findings and recommendations resulting from those audits or other engagements or studies. You are also responsible for providing management’s views on my current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

**Audit Procedures - General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, my audit will involve judgment about the number of transactions to be examined and the areas to be tested. I will plan and perform the audit to obtain reasonable rather than absolute 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 government regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards*, do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because I will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by me, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or government regulations that do not have a direct and material effect on the financial statements. However, I will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to my attention. I will also inform you of any violations of laws or governmental regulations that come to my attention unless clearly inconsequential. My responsibility as an auditor is limited to the period covered by my audit and does not extend to later periods for which I am not engaged as auditor.

My procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. I will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of my audit, I will also require certain written representations form you about the financial statements and related matters.

**Audit Procedures - Internal Controls**

My audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that I consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. My tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in my report on internal control issued pursuant to *Government Auditing Standards*.

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**Roanoke Rapids City Council**

**April 7, 2015**

As required by OMB Circular A-133, I will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that I consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, my tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in my report on internal controls pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, I will communicate to management and those charged with governance, internal control related matters that are required to be communicated under professional standards, *Government Auditing Standards*, and OMB Circular A-133.

**Audit Procedures - Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I will perform tests of the City of Roanoke Rapids’ compliance with applicable laws, regulations, contracts, agreements, and grants. However, the objective of my audit will not be to provide an opinion on overall compliance and I will not express such an opinion in my report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 required that I also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Circular A-133 Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the City of Roanoke Rapids’ major programs. The purpose of these procedures will be to express an opinion on the City of Roanoke Rapids’ compliance with requirements applicable to each of its major programs in my report on compliance issued pursuant to OMB Circular A-133.

**Audit Administration, Fees, and Other**

I may from time to time, and depending on circumstances, use third-party service providers in serving your account. I may share confidential information about you with these services providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, I maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, I will secure confidentiality agreement with all services providers to maintain the confidentiality of your information and I 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 I am unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to sharing of your confidential information with the third-party service provider. Furthermore, I will remain responsible for the work provided by any such third-party service providers.

I will provide copies of my reports to the City of Roanoke Rapids; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of my reports are to be made available for public inspection.

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**Roanoke Rapids City Council**

**April 7, 2015**

At the conclusion of the engagement, I will complete the appropriate sections of the Data Collection Form that summarizes my audit findings. It is management’s responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor’s reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. I will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditor’s reports or nine months after the end of the audit period.

The audit documentation for this engagement is the property of Gregory T. Redman, CPA and constitutes confidential information. However, pursuant to authority given by law or regulation, I may be requested to make certain audit documentation available to a cognizant or oversight agency, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. I will notify you of such a request. If requested, access to such audit documentation will be provided under the supervision of Gregory T. Redman, CPA personnel. Furthermore, upon request, I may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after report release or for any additional period requested by the Grantor Agencies or its designee. If I am aware that a federal awarding agency, or auditee is contesting an audit finding, I will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

My fee for these services will be at my standard hourly rates plus out-of-pocket costs (such as report reproduction, copies, etc.) as per item 7 of the attached Contract to Audit Accounts.

*Government Auditing Standards* require that I provide you with a copy of my most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of contract.

I appreciate the opportunity to be of service to the City of Roanoke Rapids and believe this letter accurately summarizes the significant terms of my engagement. If you have any questions, please let me know. If you agree with the terms of my engagement as described in this letter, please sign the enclosed copy and return to me.

Sincerely,

Gregory T. Redman, /s/

RESPONSE:

This letter correctly sets forth the understanding of the City of Roanoke Rapids.

By:

Title:

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**Roanoke Rapids City Council**

**April 7, 2015**

Date:

**CONTRACT TO AUDIT ACCOUNTS**

Of City of Roanoke Rapids

Governmental Unit and Discretely Presented Component Unit (DPCU) if applicable

On this 20th day of March , 2015 ,

Auditor: Gregory T. Redman, CPA Auditor Mailing Address: 410 Dowd Street

Tarboro, NC 27886 Hereinafter referred to as The Auditor and

Town Council (Governing Board(s)) of City of Roanoke Rapids

Governmental Unit(s)

Hereinafter referred to as the Government Unit(s), agree as follows:

1. The Auditor shall audit all statements and disclosures required by generally accepted accounting principles (GAAP) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit(s) for the period beginning July 1, 2014 , and ending June 30, 2015 . The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion will be rendered in relation to (as applicable) the governmental activities, the business-type activities, the aggregate DPCU’s, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types).

2. At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with generally accepted auditing standards. The Auditor shall perform the audit in accordance with *Government Auditing Standards* if required by the State Single Audit Implementation Act, as codified in G.S. 159-34. If required by OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act, the Auditor shall perform a Single Audit. This audit and all associated workpapers may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit and/or workpapers are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners (NC CPA Board).

County and Multi-County Health Departments: The Office of State Auditor will designate certain programs that have eligibility requirements to be considered major programs in accordance with OMB Circular A-133 for the State of North Carolina. The LGC will notify the auditor and the County

and Multi-County Health Department of these programs. A County or a Multi-County Health Department may be selected to audit any of these programs as major.

3. If an entity is determined to be a component of another government as defined as the group audit

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standards - the entity’s auditor will 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 unqualified opinion being rendered. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.

5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards,* 2011 revisions, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of their most recent peer review report regardless of the date of the prior peer review report to the Governmental Unit and the Secretary of the LGC prior to the execution of the audit contract (See Item 22). **If the audit firm received a peer review rating other than pass**, the Auditor shall not contract with the Governmental Unit 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 Accounting Standards or if financial statements are not prepared in accordance with GAAP and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment.

6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to the State and Local Government Finance Division (SLGFD) within four months of fiscal year end. Audit report is due on: October 31, 2015 . If it becomes necessary to amend this due date or the audit fee, an amended contract along with a written explanation of the delay must be submitted to the Secretary of the LGC for approval.

7. It is agreed that generally accepted auditing standards include a review of the Governmental Unit’s systems of internal control and accounting as same relates to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor will make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his findings, together with his recommendations for improvement. That written report must include all matters defined as “significant deficiencies and material weaknesses” in AU-C 265 of the *AICPA Professional Standards (Clarified). The Auditor shall file a copy of that report with the Secretary of the LGC.*

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. **Invoices for services rendered under these contracts shall not be paid by the Governmental Unit until the invoice has been approved by the Secretary of the LGC.** (This also includes any progress billings.) [G.S. 159-34 and 115C-447] All

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**April 7, 2015**

invoices for Audit work must be submitted by email in PDF format to the Secretary of the LGC for approval. The invoices must be sent to: [lgc.invoice@nctreasurer.com](mailto:lgc.invoice@nctreasurer.com). Subject line should read “Invoice - [Unit Name]”. The PDF invoice marked ‘approved’ with approval date will be returned by email to the Auditor to present to the Governmental Unit for payment. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.

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

**Year-end bookkeeping assistance - [*For audits subject to Government Auditing Standards, this is limited to bookkeeping services permitted by revised Independence Standards]*  $0.00**

**Audit $19,900.00**

**Preparation of the annual financial statements $0.00**

Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees above. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year audit fee. The 75% cap for interim invoice approval for this audit contract is  **$14,925.00 \*\*NA if no interim billing**

10. If the Governmental Unit has outstanding revenue bonds, the Auditor shall include documentation either in the notes to the audited financial statements or as a separate report submitted to the SLGFD along with the audit report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor should be aware that any other bond compliance statements or additional reports required in the authorizing bond documents need to be submitted to the SLGFD simultaneously with the Governmental Unit’s audited financial statements unless otherwise specified in the bond documents.

11. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include but not be limited to the following information: (a) Management’s Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the client or required for full disclosure under the law, and (d) the Auditor’s opinion on the material presented. The Auditor shall furnish the required number of copies of the report to the Governing Board as soon as practical after the close of the accounting period.

12. If the audit firm is required by the NC CPA Board or the Secretary of the LGC to have a pre-issuance review of their audit work, there must be a statement added to the engagement letter specifying the

pre-issuance review including a statement that the Governmental Unit will not be billed for the pre- issuance review. The pre-issuance review must be performed **prior** to the completed audit being submitted to the LGC. The pre-issuance report must accompany the audit report upon submission to the LGC.

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13. The Auditor shall electronically submit the report of audit to the LGC when (or prior to) submitting the 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 SLGFD by any interested parties. Any subsequent revisions of these reports must be sent to the Secretary of the LGC. These audited financial statements are used in the preparation of official statements for debt offerings (the Auditor’s opinion is not included) by municipal bond rating services to fulfill secondary market disclosure requirements of the Securities and Exchange Commission and other lawful purposes of the Governmental Unit without subsequent consent of the Auditor. If it is determined by the LGC that corrections need to be made to the Governmental Unit’s financial statements, they should be provided within three days of notification unless, another time frame is agreed to by the LGC.

If the OSA designates certain programs to be audited as major programs, as discussed in item #2, a turnaround document and a representation letter addressed to the OSA shall be submitted to the LGC.

The LGC’s process for submitting contracts, audit reports and invoices is subject to change. Auditors should use the submission process in effect at the time of submission. The most current instructions will be found on our website: [https://www.nctreasurer.com/slg/lfm/forms-instructions/Pages/Annual- Audit-Forms-and-Resources.aspx](https://www.nctreasurer.com/slg/lfm/forms-instructions/Pages/Annual-%09Audit-Forms-and-Resources.aspx)

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

15. If an approved contract needs to be varied or changed for any reason, the change must be made in writing, signed and dated by all parties and pre-audited if the change includes a change in audit fee. This document and a written explanation of the change must be submitted by email in PDF format to the Secretary of the LGC for approval. The portal address to upload your amended contract and letter of explanation documents is http://nctreasurer.slgfd.leapfile.net. No change shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.

16. Whenever the Auditor uses an engagement letter with the Governmental Unit, Item #17 is to be completed by referencing the engagement letter and attaching a copy of the engagement letter to the contract to incorporate the engagement letter into the contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract will control. Engagement letter terms are deemed to be void unless the conflicting terms of this contract are

specifically deleted in Item #23 of this contract. Engagement letters containing indemnification clauses will not be approved by the LGC.

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

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**Roanoke Rapids City Council**

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18. 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 issued and the DPCU is included in the primary government audit, the DPCU must be named along with the parent government on this audit contract. Signatures from the DPCU Board chairman and finance officer also must be included on this contract.

19. This contract must be executed, pre-audited, physically signed by all parties including Governmental Unit and Auditor signatures and submitted in PDF format to the Secretary of the LGC. The current portal address to upload your contractual documents is http://nctreasurer.slgfd.leapfile.net. Electronic signatures are not accepted at this time. Included with this contract are instructions to submit contracts and invoices for approval as of April, 2014. These instructions are subject to change. Please check the NC Treasurer’s website at www.nctreasurer.com for the most recent instructions.

20. The contract is not valid until it is approved by the LGC Secretary. 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.

21. There are no other agreements between 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.

22. Municipal & County Contracts: The Auditor acknowledges that any private employer transacting business in this State who employs 25 or more employees in this State must, when hiring an employee to work in the United States, uses E-Verify to verify the work authorization of the employee in accordance with N.C.G.S. §64-26(a). The Auditor acknowledges further that any such private employer and its subcontractors must comply with all of the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes (North Carolina’s E-Verify law), and that such private employer has a duly under the law to ensure compliance by its subcontractors. The Auditor further acknowledges that this contract is of the type governed by S.L. 2013-418, which makes it unlawful for a local government to enter into certain types of contracts unless the contractor or its subcontractors comply with North Carolina’s E-Verify Law, and that failure to comply with such law could render this contract void. The Auditor hereby covenants, warrants and represents for itself and its subcontractors that with respect to this contract the Auditor and its subcontractors shall comply with the provisions of North Carolina’s E-Verify law and that failure to comply with such law shall be deemed a breach of this contract and may render this contract void.

23. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted: (See Item 16 for clarification).

***Communication regarding audit contract requests for modification or official approvals will be sent to the email addresses provided in the spaces below.***

**17706**

**Roanoke Rapids City Council**

**April 7, 2015**

**Audit Firm Signature: Unit Signatures (continued):**

**Gregory T. Redman, CPA By**

Name of Audit Firm **Chair of Audit Committee - Type or print name**

**By Gregory T. Redman**   **\*\***

**Authorized Audit firm representative name: Type or print Signature of Audit Committee Chairperson**

**Signature of authorized audit firm representative**

**Date**

[**redmancpa@aol.com**](mailto:redmancpa@aol.com) **\*\**If Governmental Unit has no audit committee, this***

***Email Address of Audit Firm should be marked “N/A”.***

**PRE-AUDIT CERTIFICATE: Required by G.S. 159-28(a)**

**Date 03/20/15 This instrument has been pre-audited in the manner**

**required by The Local Government Budget and Fiscal**

**Governmental Unit Signatures: Control Act. Additionally, the following date is the date**

**this audit contract was approved by the governing body.**

**By**

**Mayor/Chairperson: Type or print name and title By**

**Governmental Unit Finance Officer: Type or print name**

**Signature of Mayor/Chairperson of governing board**

**Finance Officer Signature**

**Date**

**By *Email Address of Finance Officer***

**DPCU Chairperson: Type or print name and title**

**Date**

**(Pre-audit Certificate must be dated.)**

**Signature of Chairperson of DPCU if applicable**

**Date Governing Body Approved Audit Contract - G.S.**

**Date 159-34(a)**

**Board Approval Date - Primary Government**

**Board Approval Date - DPCU**

City Manager Scherer reported that the Council has been provided a copy of a slightly revised Budget Calendar. He stated our first budget work session is scheduled for this Thursday at 3:00 p.m. at City Hall with the Planning & Development Director and the Human Resources Manager. He pointed out that we still do not have any accurate revenue estimates (e.g., Powell bill funds, state sales tax figures). He stated the North Carolina League of Municipalities has not presented us with any revenue projections but we continue working to try to obtain them. City Manager Scherer stated Finance Director Hite has prepared workbooks for Council to use during the budget work sessions.

**17707**

**Roanoke Rapids City Council**

**April 7, 2015**

City Manager Scherer reported that Main Street’s Roast & Toast fundraiser had to be postponed due to several people not being able to attend. He reported that we have received two business use applications for the Avenue. He also reported that Main Street/Development Director Caudle just returned from the National Main Street Conference in Georgia.

City Manager Scherer reported that the Fire Department has completed hose testing and will now begin hydrant flushing. He stated they will be working with the media to get the word out.

City Manager Scherer reported that the Public Works Department is busy with several projects. He stated they have received approval from DENR for the Rochelle Pond Dam project. He stated they are also working on some storm drainage issues on Burton Street as well as continuing work on the construction of a brine plant. City Manager Scherer also reported that we discovered yesterday that we will need a new A/C unit at the Neighborhood Resource Center which will cost around $3,900.00. He stated they are also working to get a quote to relocate our antenna on the Sanitary District’s water tower.

City Manager Scherer reported that construction on Zaxby’s has been completed and they are in the process of training employees. He stated they should be opening soon. He stated Brian’s Billiards on Roanoke Avenue has received all necessary permits to open. He also reported that the new Sleepy’s is nearly completed.

Mayor Pro Tem Ferebee asked if we do not have the revenue projections by the April 23 work session would we pull those out or just estimate them.

City Manager Scherer stated we anticipate getting the information this week. He stated we may have to make a few assumptions.

Mayor Doughtie asked about the Senate Bill to redistribute sales tax revenue.

City Manager Scherer stated the last he heard was the sponsor of Senate Bill 369 was going to go back and tweak it to make it a little fairer.

Mayor Doughtie asked if the Public Works Department would be working on the Rochelle Pond Dam or if the work would be contracted out.

**17708**

**Roanoke Rapids City Council**

**April 7, 2015**

City Manager Scherer stated it will be contracted out.

Councilwoman Scarbrough asked if the Roanoke Rapids Sanitary District would be helping us out financially with this project since they have a water line there.

City Manager Scherer stated no. He stated they determined that their pipe was not in any danger. He stated their main water line is at the base of the dam.

Councilman Smith asked how much more money we anticipate spending on this project.

City Manager Scherer stated none. He stated this work will complete this project.

Councilman Smith asked how much revenue the City lost with the County’s property tax revaluation, and if it includes new businesses.

City Manager Scherer stated the City lost five percent based on the numbers turned in which is about $50,000.00 in lost revenue.

Finance Director Hite pointed out that figure does not include new businesses.

Mayor Pro Tem Ferebee thanked Police Chief Hasty for conducting an outreach program at his church. He also thanked the Mayor and City Manager for attending. He stated his church really enjoyed the program and he hopes to do this with other department.

Mayor Doughtie thanked Mayor Pro Tem Ferebee and his church, as well as, all of the other people that attended. He stated it was very informative and the food was wonderful. Mayor Doughtie stated he hopes this is something we can do again.

There being no further business in open session, motion was made by Councilman Bobbitt, seconded by Councilwoman Scarbrough and unanimously carried to go into closed session as allowed by NCGS 143-318.11(a)(3) to consult with the City Attorney.

Mr. Lance Martin, Editor and Publisher of rrspin.com, asked if the purpose of the closed session was to discuss a personnel or legal matter.

**17709**

**Roanoke Rapids City Council**

**April 7, 2015**

City Attorney Chichester stated a legal matter.

Councilman Smith asked about this law.

City Attorney Chichester explained that all meetings of the City Council have to be open to the public unless the Council is going to do a certain number of things, and one of them is to consult with the City Attorney on a matter.

**[Remainder of page intentionally left blank.]**

**Minute Book Page 17710 contains Minutes and General Account of a Closed Session which have been sealed until such time as public inspection of those minutes would not frustrate the purpose of the Closed Session.**

**17711**

**Roanoke Rapids City Council**

**April 7, 2015**

Motion was made by Councilman Smith, seconded by Councilman Bobbitt and unanimously carried to return to open session.

Mayor Doughtie called the meeting to order in open session.

City Council consulted with the City Attorney on a legal matter in closed session. No action was taken.

There being no further business, motion was made by Mayor Pro Tem Ferebee, seconded by Councilman Smith and unanimously carried to adjourn.



4/21/2015