

SAMUEL K. ANDERS, C.P.A., M.S.A., P.C.

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To the Town Council
Town of Oak Ridge, North Carolina

We are pleased to confirm our understanding of the services we are to provide for Town of Oak Ridge for the year ended June 30, 2023.

We will prepare the financial statements of Town of Oak Ridge, which comprise the annual and monthly balance sheets - modified accrual basis and the related statements of revenue and expenses - modified accrual basis for the year ended June 30, 2023 and perform a compilation engagement with respect to those financial statements. Management has elected to omit substantially all of the disclosures ordinarily included in the financial statements prepared in accordance with the modified accrual basis of accounting. The supplementary information accompanying the compiled financial statements will be presented for additional analysis. The supplementary information will be compiled from information that is the representation of management. We will not audit or review the supplementary information. We will not express an opinion, a conclusion, or provide any assurance on such supplementary information.

Our Responsibilities

The objective of our engagement is to—

- 1) prepare financial statements in accordance with the modified accrual basis of accounting based on information provided by you and
- 2) apply accounting and financial reporting expertise to assist you in the presentation of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements in order for them to be in accordance with the modified accrual basis of accounting.
- 3) Samuel K. Anders, CPA, MSA will serve as the finance officer for the Town of Oak Ridge, North Carolina. In this capacity he will prepare, and file reports required for the Town to comply with various regulatory agencies of the State of North Carolina.
- 4) We will prepare your semi-monthly payroll, payroll tax payments, quarterly payroll reports, year-end payroll reports and W-2s. We will also calculate and process your employer and employee retirement contributions.
- 5) We will provide bookkeeping services which include reviewing bills and preparing checks for payment of bills. We will track sales tax paid and prepare periodic requests for refund of sales taxes paid.

We will conduct our compilation engagement in accordance with the Statements on Standards for Accounting and Review Services (SSARS) promulgated by the Accounting and Review Services Committee of the AICPA and comply with applicable professional standards, including the AICPA's *Code of Professional Conduct*, and its ethical principles of integrity, objectivity, professional competence, and due care, when performing the bookkeeping services, preparing the financial statements, and performing the compilation engagement.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or a conclusion nor provide any assurance on the financial statements.

Our engagement cannot be relied upon to identify or disclose any financial statement misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the entity or noncompliance with laws and regulations.

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.

Your Responsibilities

The engagement to be performed is conducted on the basis that you acknowledge and understand that our role is to prepare financial statements in accordance with modified accrual basis of accounting and assist you in the presentation of the financial statements in accordance with the modified accrual basis of accounting. You have the following overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARS:

- 1) The selection of modified accrual basis as the financial reporting framework to be applied in the preparation of the financial statements.
- 2) The preparation and fair presentation of financial statements in accordance with the modified accrual basis of accounting and the inclusion of all informative disclosures that are appropriate for the modified accrual basis of accounting. This includes-
 - A description of the modified accrual basis of accounting, including a summary of significant accounting policies, and how the basis of accounting differs from accounting principles generally accepted in the United States of America, the effects of which need not be quantified.
 - The preparation and fair presentation of financial statements in accordance with the modified accrual basis of accounting and the inclusion of a description of the modified accrual basis of accounting.
- 3) The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.
- 4) The prevention and detection of fraud.
- 5) To ensure that the Town complies with the laws and regulations applicable to its activities.
- 6) The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement.
- 7) To provide us with—
 - access to all information of which you are aware is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - additional information that we may request from you for the purpose of the compilation engagement.
 - unrestricted access to persons within the Town of whom we determine it necessary to make inquiries.
- 8) It is our understanding that you will post copies of our compiled financial statements on the Internet. Pursuant to this you agree that the copies posted will be provided to you by us in an electronic format that will be published online in their entirety including the compilation opinion letter. It is further understood that these electronic copies will be watermarked for security and will not be altered in any way. Should modification be necessary for any reason for both current and prior periods you will contact us for written approval prior to taking any action.

You are also responsible for all management decisions and responsibilities and for designating an individual with suitable skills, knowledge, and experience to oversee our bookkeeping services and the preparation of your financial statements. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

Our Report

As part of our engagement, we will issue a report that will state that we did not audit or review the financial statements and that, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on them. There may be circumstances in which the report differs from the expected form and content. If, for any reason, we are unable to complete the compilation of your financial statements, we will not issue a report on such statements as a result of this engagement. We are not independent with respect to the Town of Oak Ridge. We will disclose that we are not independent in our compilation report.

Our report will disclose that the financial statements are prepared in accordance with the modified accrual basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

You agree to include our accountant's compilation report in any document containing financial statements that indicates that we have performed a compilation engagement on such financial statements and, prior to inclusion of the report, to ask our permission to do so.

Other Relevant Information


Samuel K. Anders, CPA, MSA is the engagement manager and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fees for these services will be billed at a discounted hourly rate of \$110.00. You will also be billed for out-of-pocket costs such as report production, word processing, postage, travel, etc. This fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the work performed. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional cost. Our invoices for these fees will be rendered each month as work progresses and are payable upon presentation.

You agree to hold us harmless and to release, indemnify, and defend us from any liability or costs, including attorney's fees, resulting from management's knowing misrepresentations to us.

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

Sincerely,



Samuel K. Anders, CPA, MSA, PC

Acknowledged:
Town of Oak Ridge

Date
