

**BOARD OF
COMMISSIONERS
REGULAR MEETING
FEBRUARY 20, 2023
5:00 PM**



**R. Jay Foster Hall of
Justice - Womack
Building Columbus, NC**

-
1. Call to Order - Chairman Melton.
 2. Invocation - Chairman Melton.
 3. Pledge of Allegiance - Commissioner Moore.
 4. Approval of Agenda
 - A. Items may be added or removed at this time.

Motion to approve or amend the agenda.
 5. Consent Agenda - Motion to approve the consent agenda.
 - A. Approval of February 6, 2023 Regular Meeting Minutes.
 - B. Schedule a public hearing for proposed new road names for Monday, March 6, 2023 at 5:00 pm in the R. Jay Foster Hall of Justice, Womack Building.
 - C. Sheriffs Department Monthly Activity Report for January 2023.
 - D. Tax Refund Requests.
 - E. Approval of FY 2023 Audit Contract. (Contract cost is the same as 2022, no increase.)

Motion to approve the Consent Agenda,
 6. Citizen Comments on Agenda Items.
 - 6.A. Meeting Rules, Decorum, and Procedures
 7. Foothills Humane Society Annual Update - JJ Sauve, Vice President, Foothills Humane Society Board and Kat Hamilton, Executive Director.
 8. Building Inspections request to add a temporary full-time regular building inspector - David Gosnell, Director.

Motion to approve the request to add a temporary full-time regular building inspector and to approve the budget amendment in the amount of \$19,580.
 9. Dogwood Trust Opioid Grant Opportunity - Josh Kennedy, HHSA Director.
 10. Discussion and approval of the 2023/2024 Budget Calendar - Sandra Hughes, Finance Director.

Motion to approve the 2023/2024 Budget Calendar.

11. Resolution Supporting the 9-1-1 Saves Act - Sheriff Wright.

Motion to approve the resolution.

12. Supplemental Opioid Settlement - Attorney Berg.

Motion to approve a Resolution and Supplemental Agreement for Additional Funds (“SAAF”) to direct Additional Funds from Additional Settlements of opioid litigation to the state of North Carolina and local governments in a manner consistent with the Memorandum of Agreement (“MOA”) Between the State of North Carolina and Polk County and to authorize the County Manager to execute any documents related thereto.

13. Citizen Comments on Non-Agenda Items.

A. Meeting Rules, Decorum, and Procedures

14. Volunteer Board Application(s)

A. Applications for Consideration: Tony Dale - Columbus Township, Ray Gasperson - Green Creek Township, and Adrienne Reilly - Green Creek Township, Planning Board Columbus Township Vacancy. Michelle Fortune - Foothills Workforce Development Board.

Motion to appoint _____ to the Planning Board for the Columbus Township vacancy. (3 applicants, 1 vacancy)

Motion to appoint Michelle Fortune to the Foothills Workforce Development Board. (1 applicant/1 vacancy)

15. Chairman and Commissioner Comments.

16. Adjournment

POLK COUNTY BOARD OF COMMISSIONERS

AGENDA ITEM

February 20, 2023 Regular Meeting

Agenda Item#: A.

ATTACHMENTS:

Description	Type	Upload Date
Draft meeting minutes	Cover Memo	2/10/2023

POLK COUNTY BOARD OF COMMISSIONERS
Regular Meeting
February 6, 2023 - 5:00 PM
R. Jay Foster Hall of Justice - Womack Building Columbus, NC
Columbus, NC
MINUTES

PRESENT: Chairman Melton, Vice-Chairman Yoder, Commissioner Beiler, Commissioner Moore, and Commissioner Overholt. Also in attendance were Manager Pittman, Clerk to the Board Tipton, media, and citizens. County Attorney Berg participated remotely.

1. Call to Order - Chairman Melton.
2. Invocation - Commissioner Overholt.
3. Pledge of Allegiance - Chairman Melton.
4. Approval of Agenda

A. Items may be added or removed at this time.

Manager Pittman requested that Personnel be added to the Closed Session Meeting.

Vice-Chairman Yoder moved to approve the agenda as amended, seconded by Commissioner Moore and the motion carried unanimously.

5. Consent Agenda - Motion to approve the consent agenda.

A. Approval of January 17, 2023 Regular Meeting Minutes.

B. Community Services Block Grant (CSBG) - Submit for review and comments Community Action Opportunities, Inc. CSBG application, and Community Anti-Poverty Plan.

C. Sheriffs Department Annual Activity Report for 2022.

D. Tax Refund Request.

E. Vaya Health Quarterly Financial Reports for the period ending December 31, 2022.

Commissioner Moore moved to approve the Consent Agenda, seconded by Commissioner Overholt and the motion carried unanimously.

6. Citizen Comments on Agenda Items.

There were no citizen comments on agenda items.

7. Streamflow Rehabilitation Assistance Program (StRAP) Grant Award Recommendations - Quible & Associates

Warren Eadus, Quible and Associates said three bids were received for the StRAP Grant Project. He explained the overall project was broken up into four large projects which will be divided to each of the three bidders and in doing so brings the project under budget. One bidder still needs to provide qualifications. After review, he is requesting that we accept the bids as proposed, pending the receipt of qualifications from Jays Landscaping. He said if qualifications are not received, the project assigned to Jays Landscaping can be completed by one of the other bidders.

Commissioner Overholt moved to approve the contract with Stream Initiative for \$79,560 (North Pacolet River StRAP grant project \$60,840, and the White Oak Creek StRAP grant project \$18,720)., seconded by Commissioner Moore and the motion carried unanimously.

Commissioner Overholt moved to approve the contract with Jay's Lawn Service and Landscaping for \$152,500, Upper Green River StRAP grant project., seconded by Vice-Chairman Yoder and the motion carried unanimously.

Commissioner Overholt moved to approve the contract with South Core Environmental for \$42,500, Lower Green River StRAP grant project., seconded by Vice-Chairman Yoder and the motion carried unanimously.

8. Citizen Comments on Non-Agenda Items.

There were two citizen comments on Non-Agenda Items.

9. Volunteer Board Application(s)

A. Applications for Consideration:

Green Creek Fire Tax Commission - John Blanton, Bruce Collins, and Paul Howard Stacy.

Commissioner Beiler moved to appoint the applicants as presented to the Green Creek Fire District Tax Commission, seconded by Commissioner Overholt, and the motion carried unanimously.

Mill Spring Fire Tax Commission - John Perry McDowell, Jeff Craig Reid, and Steve Shehan.

Commissioner Moore moved to appoint the applicants as presented to the Mill Spring Fire District Tax Commission, seconded by Vice-Chairman Yoder, and the motion carried unanimously.

Board of Adjustment - Adrienne Reilly.

Commissioner Overholt moved to appoint Adrienne Reilly to the Board of Adjustment, seconded by Commissioner Beiler, and the motion carried unanimously.

10. Chairman and Commissioner Comments.

The Commissioners each thanked the public in for attending the meeting.

11. Closed Session

A. Motion to go into closed session for the purpose of property acquisition.

Commissioner Moore moved to go into Closed Session for the purpose of attorney-client privilege and personnel, seconded by Commissioner Overholt and the motion carried unanimously.

B. Motion to return to open session.

Commissioner Overholt moved to return to open session, seconded by Commissioner Moore and the motion carried unanimously.

Commissioner Moore moved to enter into a purchase agreement with Route 74 Hwy 108 LLC to acquire a portion of tax parcel P73-152 consisting of approximately 20 acres bordering in part on a stream located thereon, the exact acreage and location to be determined by a survey, for the sum of \$500,000 and to approve the Budget Amendment to appropriate fund balance for that amount, to authorize the county manager to enter into the purchase agreement and execute all documents for the purchase, and to remit the sum of \$1000 as a earnest money deposit to be applied to the purchase price at closing, seconded by Vice-Chairman Yoder and the motion carried unanimously.

Vice-Chairman Yoder moved to authorize the county manager to accept a donation of land consisting of approximately 7 acres from Route 74 Hwy 108 LLC, seconded by Commissioner Overholt and the motion carried unanimously.

12. Adjournment

Commissioner Moore moved to adjourn, seconded by Commissioner Overholt and the motion carried unanimously.

Attest:

POLK COUNTY BOARD OF
COMMISSIONERS

Kristy A Tipton
Clerk to the Board

Tommy W. Melton
Chairman

POLK COUNTY BOARD OF COMMISSIONERS

AGENDA ITEM

February 20, 2023 Regular Meeting

Agenda Item#: D.

ATTACHMENTS:

Description

Type

Upload Date

Tax Refund Requests

Cover Memo

2/14/2023

Memorandum

To: Polk County Board of Commissioners

From: Melissa O'Loughlin, Polk County Tax Administrator

Date: 1/31/2023

Re: Refund Request

<u>Taxpayer</u>	<u>Parcel</u>	<u>Amount</u>	<u>Reason</u>
Embach Nancy	Vehicle	\$ 145.23	Vehicle Sold-Tag Turned In
Lennon David Stancil	Vehicle	\$ 483.25	Vehicle Sold-Tag Turned In
Faden Lucretia	P85-172	\$ 1,200.07	Double Payment-Mortgage paid after taxpayer

TOTAL: \$ 1,828.55

Memorandum

To: Polk County Board of Commissioners

From: Melissa O'Loughlin, Polk County Tax Administrator

Date: 2/14/2023

Re: Refund Request

<u>Taxpayer</u>	<u>Parcel</u>	<u>Amount</u>	<u>Reason</u>
Lanford Andrew Mickey	Vehicle	\$ 192.84	Vehicle Sold-Tag Turned In
Twitty Arnie L	P115-21	\$ 1,361.82	Double Payment-Customer paid before bank

TOTAL: \$ 1,554.66

POLK COUNTY BOARD OF COMMISSIONERS

AGENDA ITEM

February 20, 2023 Regular Meeting

Agenda Item#: E.

ATTACHMENTS:

Description	Type	Upload Date
2023 Engagement Letter	Cover Memo	2/9/2023
2023 Audit Contract	Cover Memo	2/9/2023

Suggested Motion:

Motion to approve the Consent Agenda,

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

February 8, 2023

Sandra Hughes, Finance Officer
Polk County
PO Box 308
Columbus, NC 28722

The following represents our understanding of the services we will provide Polk County.

You have requested that we audit the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Polk County, NC, as of June 30, 2023, and for the year then ended, and the related notes to the financial statements, which collectively comprise Polk County's basic financial statements as listed in the table of contents.

In addition, we will audit the entity's compliance over major federal and state award programs for the period ended June 30, 2023. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audits will be conducted with the objectives of our expressing an opinion on each opinion unit and an opinion on compliance regarding the entity's major federal and state award programs. The objectives of our audit of the financial statements are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 auditing standards generally accepted in the United States of America (GAAS) and in accordance with *Government Auditing Standards* 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 made by a reasonable user based on the financial statements.

The objectives of our compliance audit are to obtain sufficient appropriate audit evidence to form an opinion and report at the level specified in the governmental audit requirement about whether the entity complied in all material respects with the applicable compliance requirements and identify audit and reporting requirements specified in the governmental audit requirement that are supplementary to GAAS and *Government Auditing Standards*, if any, and perform procedures to address those requirements.

Accounting principles generally accepted in the United States of America require that certain supplementary information be presented to supplement the 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 the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by accounting principles generally accepted in the United States of America. This RSI will be subjected to certain limited procedures but will not be audited:

- Management's Discussion and Analysis
- Law Enforcement Officers' Special Separation Allowance schedules
- Local Governmental Employees' Retirement System's schedules
- Register of Deeds' Supplemental Pension Fund schedules

Supplementary information other than RSI will accompany Polk County's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on the following supplementary information in relation to the financial statements as a whole:

- Combining and individual fund financial statements
- Budgetary schedules
- Other schedules
- Schedule of Expenditures of Federal and State Awards

Schedule of Expenditures of Federal and State Awards

We will subject the Schedule of Expenditures of Federal and State Awards to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the schedule to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on whether the Schedule of Expenditures of Federal and State Awards is presented fairly in all material respects in relation to the financial statements as a whole.

Also, the document we submit to you will include the following other additional information that will not be subjected to the auditing procedures applied in our audit of the basic financial statements:

- Introductory section
- Statistical section

Data Collection Form

Prior to the completion of our engagement, we will complete the sections of the Data Collection Form that are our responsibility. The form will summarize our audit findings, amounts and conclusions. It is management's responsibility to submit a reporting package including financial statements, Schedule of

Expenditures of Federal and State Awards, summary schedule of prior audit findings and corrective action plan along with the Data Collection Form to the Federal Audit Clearinghouse. The financial reporting package must be text searchable, unencrypted, and unlocked. Otherwise, the reporting package will not be accepted by the Federal Audit Clearinghouse. We will assist you in the electronic submission and certification. You may request from us copies of our report for you to include with the reporting package submitted to pass-through entities.

The Data Collection Form is required to be submitted within the *earlier* of 30 days after receipt of our auditors' reports or nine months after the end of the audit period, unless specifically waived by a federal cognizant or oversight agency for audits. Data Collection Forms submitted untimely are one of the factors in assessing programs at a higher risk.

Audit of the Financial Statements

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. As part of an audit of financial statements in accordance with GAAS and in accordance with *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Polk County's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards* of the Comptroller General of the United States of America. Please note that the determination of abuse is subjective and *Government Auditing Standards* does not require auditors to detect abuse.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

We will issue a written report upon completion of our audit of Polk County's basic financial statements. Our report will be addressed to the governing body of Polk County. 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 an emphasis-of-matter or other-matter paragraph(s) to our auditor's report, or if necessary, withdraw from the engagement. If our opinions on the basic financial statements 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 to issue a report as a result of this engagement.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance over financial reporting will not be an objective of the audit and, therefore, no such opinion will be expressed.

Audit of Major Program Compliance

Our audit of Polk County's major federal and state award program(s) compliance will be conducted in accordance with the requirements of the Single Audit Act, as amended, the Uniform Guidance, and the State Single Audit Implementation Act, and will include tests of accounting records, a determination of major programs in accordance with the Uniform Guidance and the State Single Audit Implementation Act and other procedures we consider necessary to enable us to express such an opinion on major federal and state award program compliance and to render the required reports. We cannot provide assurance that an unmodified opinion on compliance will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement.

The Uniform Guidance and the State Single Audit Implementation Act require that we also plan and perform the audit to obtain reasonable assurance about whether material noncompliance with applicable laws and regulations, the provisions of contracts and grant agreements applicable to major federal and state award programs, and the applicable compliance requirements occurred, whether due to fraud or error, and express an opinion on the entity's compliance based on the audit. 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, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the entity's compliance with the requirements of the federal or state programs as a whole.

As part of a compliance audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks.

Our procedures will consist of determining major federal and state programs and, performing the applicable procedures described in the U.S. Office of Management and Budget *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the entity's major programs, and performing such other procedures as we consider necessary in the circumstances. The purpose of those procedures will be to express an opinion on the entity's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance and the State Single Audit Implementation Act.

Also, as required by the Uniform Guidance and the State Single Audit Implementation Act, we will obtain an understanding of the entity's internal control over compliance relevant to the audit in order to design and perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each of the entity's major federal and state award programs. Our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report. However, we will communicate to you, regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we have identified during the audit.

We will issue a report on compliance that will include an opinion or disclaimer of opinion regarding the entity's major federal and state award programs, and a report on internal controls over compliance that will report any significant deficiencies and material weaknesses identified; however, such report will not express an opinion on internal control.

Management's Responsibilities

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
3. For identifying, in its accounts, all federal and state awards received and expended during the period and the federal and State programs under which they were received;
4. For maintaining records that adequately identify the source and application of funds for federal and state funded activities;
5. For preparing the Schedule of Expenditures of Federal and State Awards (including notes and noncash assistance received) in accordance with the Uniform Guidance and State Single Audit Implementation Act;
6. For designing, implementing, and maintaining effective internal control over federal and state awards that provides reasonable assurance that the entity is managing federal and state awards in compliance with federal and state statutes, regulations, and the terms and conditions of the federal and state awards;
7. For identifying and ensuring that the entity complies with federal and state laws, statutes, regulations, rules, provisions of contracts or grant agreements, and the terms and conditions of federal and state award programs, and implementing systems designed to achieve compliance with applicable federal and state statutes, regulations and the terms and conditions of federal and state award programs;
8. For disclosing accurately, currently and completely the financial results of each federal and state award in accordance with the requirements of the award;
9. For identifying and providing report copies of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented;
10. For taking prompt action when instances of noncompliance are identified;
11. For addressing the findings and recommendations of auditors, for establishing and maintaining a process to track the status of such findings and recommendations and taking corrective action on reported audit findings from prior periods and preparing a summary schedule of prior audit findings;
12. For following up and taking corrective action on current year audit findings and preparing a corrective action plan for such findings;

13. For submitting the reporting package and data collection form to the appropriate parties;
14. For making the auditor aware of any significant contractor relationships where the contractor is responsible for program compliance;
15. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements including the disclosures, and relevant to federal and state award programs, such as records, documentation, and other matters;
 - b. Additional information that we may request from management for the purpose of the audit;
 - c. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.
 - d. A written acknowledgement of all the documents that management expects to issue that will be included in the annual report and the planned timing and method of issuance of that annual report (if applicable); and
 - e. A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report (if applicable).
16. For 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 current year or period(s) under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole;
17. For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
18. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
19. For informing us of any known or suspected fraud affecting the entity involving management, employees with significant roles in internal control and others where fraud could have a material effect on compliance;
20. For the accuracy and completeness of all information provided;
21. For taking reasonable measures to safeguard protected personally identifiable and other sensitive information; and
22. For confirming your understanding of your responsibilities as defined in this letter to us in your management representation letter.

With regard to the Schedule of Expenditures of Federal and State Awards referred to above, you acknowledge and understand your responsibility (a) for the preparation of the Schedule of Expenditures of Federal and State Awards in accordance with the Uniform Guidance and the State Single Audit Implementation Act, (b) to provide us with the appropriate written representations regarding the Schedule of Expenditures of Federal and State Awards, (c) to include our report on the Schedule of Expenditures of Federal and State Awards in any document that contains the Schedule of Expenditures of Federal and State Awards and that indicates that we have reported on such schedule, and (d) to present the Schedule of Expenditures of Federal and State Awards with the audited financial statements, or if the schedule will not be presented with the audited financial statements, to make the audited basic financial statements readily available to the intended users of the Schedule of Expenditures of Federal and State Awards no later than the date of issuance by you of the schedule and our report thereon.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

If you intend to publish or otherwise reproduce the basic financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing.

You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

Nonattest Services

We will perform the following nonattest services:

- Draft of financial statements and footnotes
- GASB 34 conversion entries
- Preparation of auditor portions of Data Collection Form
- Preparation of AFIR
- Preparation of LGC's data input worksheet

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

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

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

- We will perform the services in accordance with applicable professional standards.
- The nonattest services are limited to the services previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account coding and approving journal entries.

Other Matters

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Regarding the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Professional standards prohibit us from being the sole host and/or the sole storage for your financial and non-financial data. As such, it is your responsibility to maintain your original data and records and we cannot be responsible to maintain such original information. By signing this engagement letter, you affirm that you have all the data and records required to make your books and records complete.

During the course of the engagement, a portal will be in place for information to be shared, but not stored. Our policy is to terminate access to this portal after one year. The County is responsible for data backup for business continuity and disaster recovery, and our workpaper documentation is not to be used for these purposes.

Provisions of Engagement Administration and Fees

Marcie Spivey is the engagement partner for the audit services specified in this letter. Her responsibilities include supervising Martin Starnes & Associates, CPAs, P.A.'s services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report. To ensure that our independence is not impaired under the AICPA Code of Professional Conduct, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

Our fees for these services are as follows:

Audit Fee	\$ 55,620
Financial Statement Drafting	<u>6,180</u>
	<u>\$ 61,800</u>

Additional Fees:

Charge per major program in excess of 5	<u>\$ 3,000</u>
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Our invoices for these fees will be rendered in four installments as work progresses and are payable upon presentation. In accordance with our firm policies, work may be suspended if your account becomes overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for non-payment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our reports. 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.

We will notify you immediately of any circumstances we encounter that could significantly affect this initial fee estimate. Whenever possible, we will attempt to use Polk County's personnel to assist in the preparation of schedules and analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit. Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

We want our clients to receive the maximum value for our professional services and to perceive that our fees are reasonable and fair. In working to provide you with such value, we find there are certain circumstances that can cause us to perform work in excess of that contemplated in our fee estimate.

Following are some of the more common reasons for potential supplemental billings:

Changing Laws and Regulations

There are many governmental and rule-making boards that regularly add or change their requirements. Although we attempt to plan our work to anticipate the requirements that will affect our engagement, there are times when this is not possible. We will discuss these situations with you at the earliest possible time in order to make the necessary adjustments and amendments in our engagement.

Incorrect Accounting Methods or Errors in Client Records

We base our fee estimates on the expectation that client accounting records are in order so that our work can be completed using our standard testing and accounting procedures. However, should we find numerous errors, incomplete records, or the application of incorrect accounting methods, we will have to perform additional work to make the corrections and reflect those changes in the financial statements.

Failure to Prepare for the Engagement

In an effort to minimize your fees, we assign you the responsibility for the preparation of schedules and documents needed for the engagement. We also discuss matters such as availability of your key personnel, deadlines, and work space. If your personnel are unable, for whatever reasons, to provide these items as previously agreed upon, it might substantially increase the work we must do to complete the engagement within the scheduled time.

Starting and Stopping Our Work

If we must withdraw our staff because of the condition of the client's records, or the failure to provide agreed upon items within the established timeline for the engagement, we will not be able to perform our work in a timely, efficient manner, as established by our engagement plan. This will result in additional fees, as we must reschedule our personnel and incur additional start-up costs.

Our fees are 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. Our fees for such services range from \$85-\$390 per hour.

Government Auditing Standards require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the basic financial statements and related schedules or disclosures as these actions are deemed a non-audit service.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

You agree to inform us of facts that may affect the financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

You agree to inform us of facts that may affect the basic financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

At the conclusion of our audit engagement, we will communicate to management and those charged with governance the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

The audit documentation for this engagement is the property of Martin Starnes & Associates, CPAs, P.A. and constitutes confidential information. However, we may be requested to make certain audit documentation available to the Local Government Commission, Office of the State Auditor, federal or state agencies and the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Martin Starnes & Associates, CPAs, P.A.'s personnel. Furthermore, upon request, we may provide copies of selected audit documentation to these agencies and regulators. The regulators and agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

In accordance with the requirements of *Government Auditing Standards*, we have attached a copy of our latest external peer review report of our firm to the Contract to Audit Accounts for your consideration and files.

Please sign and return a copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements and compliance over major federal and state award programs, including our respective responsibilities.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Respectfully,

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina

RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of Polk County by:

Signature: _____

Title: _____

Date: _____

The of and	Governing Board Board of Commissioners
	Primary Government Unit Polk County, NC
	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 Martin Starnes & Associates, CPAs, P.A.
	Auditor Address 730 13th Avenue Drive SE, Hickory, NC 28602

Hereinafter referred to as Auditor

for	Fiscal Year Ending 06/30/23	Date Audit Will Be Submitted to LGC 10/31/23

Must be within four 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 be subjected 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. The Auditor shall perform the audit in accordance with *Government Auditing Standards (GAGAS)* if the Governmental Unit expended \$100,000 or more in combined Federal and State financial assistance during the reporting period. The auditor shall perform a Single Audit if required by Title 2 US Code of Federal Regulations Part 200 *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart F* (Uniform Guidance) or the State Single Audit Implementation Act. 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), it is recommended that the Auditor and Governmental Unit(s) jointly agree, in advance of the execution of this contract, which party is responsible for submission of the audit and the accompanying data collection form to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512).

Effective for audits of fiscal years beginning after June 30, 2023, the LGC will allow auditors to consider whether a unit qualifies as a State low-risk auditee based upon federal criteria in the Uniform Guidance §200.520(a), and (b) through (e) as it applies to State awards. In addition to the federal criteria in the Uniform Guidance, audits must have been submitted timely to the LGC. If in the reporting year, or in either of the two previous years, the unit reported a Financial Performance Indicator of Concern that the audit was late, then

the report was not submitted timely for State low-risk auditee status. 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 four 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.

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, the Governing Board, and the Auditor.

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). Financial statement preparation assistance 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).

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.

FEES 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 not be approved.

Financial statements were prepared by: ☒ 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:

Title and Unit / Company:

Email Address:

Sandra Hughes

Finance Officer, Polk County

shughes@polknc.org

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).

PRIMARY GOVERNMENT FEES

Primary Government Unit	Polk County, NC
Audit Fee	\$ 55,620
Additional Fees Not Included in Audit Fee:	
Fee per Major Program	\$ 3,000 per major program in excess of 3 5
Writing Financial Statements	\$ 6,180
All Other Non-Attest Services	\$

DPCU FEES (if applicable)

Discretely Presented Component Unit	N/A
Audit Fee	\$
Additional Fees Not Included in Audit Fee:	
Fee per Major Program	\$
Writing Financial Statements	\$
All Other Non-Attest Services	\$

SIGNATURE PAGE

AUDIT FIRM

Audit Firm*	
Martin Starnes & Associates, CPAs, P.A.	
Authorized Firm Representative (typed or printed)* Amber Y. McGhinnis	Signature* 
Date* 02/08/23	Email Address* amcghinnis@msa.cpa

GOVERNMENTAL UNIT

Governmental Unit*	
Polk County, NC	
Date Primary Government Unit Governing Board Approved Audit Contract* (G.S.159-34(a) or G.S.115C-447(a))	
Mayor/Chairperson (typed or printed)* Tommy Melton, Chairman	Signature*
Date	Email Address tmelton@polknc.org

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.

Primary Governmental Unit Finance Officer* (typed or printed) Sandra Hughes, Finance Officer	Signature*
Date of Pre-Audit Certificate*	Email Address* shughes@polknc.org

SIGNATURE PAGE – DPCU
(complete only if applicable)

DISCRETELY PRESENTED COMPONENT UNIT

DPCU*	
N/A	
Date DPCU Governing Board Approved Audit Contract* (Ref: G.S. 159-34(a) or G.S. 115C-447(a))	
DPCU Chairperson (typed or printed)*	Signature*
Date*	Email Address*

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

DPCU Finance Officer (typed or printed)*	Signature*
N/A	
Date of Pre-Audit Certificate*	Email Address*

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

PRINT



Report on the Firm's System of Quality Control

To the Shareholders of Martin Starnes & Associates, CPAs, P.A. and the
Peer Review Committee, Coastal Peer Review, Inc.

We have reviewed the system of quality control for the accounting and auditing practice of Martin Starnes & Associates, CPAs, P.A. (the firm) in effect for the year ended December 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

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

Firm's Responsibility

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

Peer Reviewer's Responsibility

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

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act and an audit of an employee benefit plan.

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

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Martin Starnes & Associates, CPAs, P.A. in effect for the year ended December 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Martin Starnes & Associates, CPAs, P.A. has received a peer review rating of *pass*.

Koonce, Wooten & Haywood, LLP

Koonce, Wooten & Haywood, LLP

May 4, 2021

Raleigh

4060 Barrett Drive
Post Office Box 17806
Raleigh, North Carolina 27619

919 782 9265
919 783 8937 FAX

Durham

3500 Westgate Drive
Suite 203
Durham, North Carolina 27707

919 354 2584
919 489 8183 FAX

Pittsboro

579 West Street
Post Office Box 1399
Pittsboro, North Carolina 27312

919 542 6000
919 542 5764 FAX

Smithfield

212 East Church Street
Post Office Box 2348
Smithfield, North Carolina 27577

919 934 1121
919 934 1217 FAX

POLK COUNTY BOARD OF COMMISSIONERS

AGENDA ITEM

February 20, 2023 Regular Meeting

Agenda Item#: 6.A.

ATTACHMENTS:

Description

Type

Upload Date

Meeting Decorum

Cover Memo

2/15/2023

MEETING RULES

1. Meetings will be held the 1st and 3rd Monday of each month at 5:00PM, unless otherwise authorized by a majority BOC vote.
2. Agenda items which require a vote must have a motion and a second before being allowed on the floor for discussion.
3. Votes are to be made by a raise of the hand and by voice when meeting in person. A non- indication or a non-vote is the same as a “yes” vote. To abstain from a vote is also considered a “yes” vote.
4. The Clerk to the Board shall record all votes by name as “in favor” or “against”.
5. **Per North Carolina General Statute, § 160A-81.1. A time period will be allotted for citizens to comment on agenda and non-agenda items at a regular meeting at least once a month. Comments will be limited to four minutes per speaker. Comments may be made in person at meetings open to public. (Note: If the need arises, it will be left to the Chairman’s discretion to designate a group spokesperson.) No video, or audio citizen submissions will be allowed. (Special exceptions can be made prior to the meeting by the Chairman.)**
6. Staff members and Department Heads are not required to attend meetings unless it is part of their duty and/or on the agenda, however they are free to attend at their choosing.
7. Agenda item presenters are encouraged to attend meetings in person, however in exigent circumstances remote presentations are permissible with prior approval from the Chairman.

Rules of Debate: Meeting Decorum Between Polk County Board of Commissioners and Citizens

1. **Order must be preserved. No person shall, by speech or otherwise, delay or interrupt the proceeding or the peace of the Commission, or disturb any person having the floor. No person shall refuse to obey the orders of the Chair of the Commission. Any person making impertinent, or slanderous remarks or who becomes boisterous while addressing the Commission shall not be considered orderly or decorous. Any person failing to comply as cautioned shall be barred from making any additional comments during the meeting by the Chair, unless permission to continue to again address the Commission is granted by the Chair.**
2. **If the Chair or the Commission declares an individual out of order, they will be requested to relinquish the podium. If the person does not do so they are subject to removal from the Commission Chambers or other meeting room and may be removed by the Sheriff**
3. **Any person who becomes disruptive or interferes with the orderly business of the Commission may be removed from the Commission Chambers or other meeting room for the remainder of the meeting.**

Rules of Debate: Meeting Decorum Between Polk County Board of Commissioners

1. Every Commissioner desiring to speak should address the Chair, and upon said recognition by the Chair, should confine discussion to the question under debate, avoiding all personalities and indecorous language.
2. Commissioners shall refrain from: attacking a member's motives; speaking adversely on a prior motion not pending; speaking while the Chair or other Board members are speaking; speaking against their own motions; and disturbing the Board.
3. A member once recognized should not be interrupted when speaking unless said member is being called to order. The member should then cease speaking until the question of order is determined, without debate, by the Chair. If in order, said member shall be at liberty to proceed.
4. A member shall be deemed to have yielded the floor when he or she has finished speaking. A member may claim the floor only when recognized by the Chair.

AGENDA ITEMS PROCEDURE

1. Agenda Item forms must be submitted to the Clerk to the Board by 5:00PM on the Tuesday before the next BOC meeting. An item should not be added later unless it is approved by the Chairman.
2. The Clerk to the Board should have the agenda prepared and packets ready for each Commissioner by 5:00PM on Thursday before the next BOC meeting. (NOTE: Packets will be ready for the public on Friday.)
3. The Clerk to the Board is required to keep full and accurate minutes of all official meetings, including closed session. Closed Session minutes are to be voted in a timely manner at a Closed Session meeting. If a Commissioner would like any part of the minutes verbatim, they should make this request to the Clerk within one day after that meeting.
4. There will be a limit of two personal items per Commissioner on the agenda. In the event an item is not approved, a Commissioner must wait for a period of three meetings. At the 4th meeting the item may be added back to the agenda.
5. The Clerk to the Board shall post the agenda for the next BOC meeting on the Polk County Government website on Friday before the next BOC meeting and on the county bulletin board.
6. Applications for Board Vacancies will be presented to the Board for vote. The County Manager's office will inform the new board member and the Chairman of the Volunteer Board of the vacancies filled.
7. Rules of debate between the Board of Commissioners and decorum between citizens attending the board meetings are attached.

MEETING PROCEDURE

1. Call to Order
2. Invocation
3. Pledge of Allegiance
4. Approval of Agenda
5. Consent Agenda
6. Citizen comments
7. Agenda items
8. Chairman & Commissioner
Comments
9. Adjournment

POLK COUNTY BOARD OF COMMISSIONERS

AGENDA ITEM

February 20, 2023 Regular Meeting

Agenda Item#: 7.

Contingency Request

BUDGET AMENDMENT: CONTINGENCY

DATE: 2/20/2023 BOC Meeting

Dept.: **Building Inspections**

BATCH #: _____ LINE _____
(for accounting use only)

Amendment # : 3-C

INCREASE EXPENSE

<u>Description</u>	<u>GL ACCOUNT #</u>	<u>Amount</u>
10-4350-1210-0	Salaries	\$ 7,938
10-4350-1810-0	FICA	438
10-4350-1820-0	Retirement	1,108
10-4350-1830-0	Health Insurance	10,366
		<u>19,850</u>

DECREASE CONTINGENCY

<u>Description</u>	<u>Amount</u>	<u>GL ACCOUNT #</u>
Contingency	\$ (19,850)	10-9300-9910-0

EXPLANATION: Appropriate Contingency for a Building Inspection trainee (total estimate less \$2,000 transferred within the department - see attached)

Date approved & entered into the BOC minutes

COUNTY MANAGER

FINANCE OFFICER

Sandra Hughes

From: David Gosnell
Sent: Friday, February 3, 2023 8:34 AM
To: Sandra Hughes
Subject: FW: adding person to Building Inspections

Sandra,

The amount needed for budget amendment for temporary additional employee (building inspector trainee) for 12 weeks in this current budget year.

Amount needed \$21,849.42 for payroll

Less \$ 1,000.00 from account 10-4350-3950-0 employee training
Less \$ 1,000.00 from account 10-4350-4400-0 Contracted services

Amount needed for budget amendment \$ 19,849.42

Please let me know if I need to do anything further
Thanks for your help,

David L Gosnell
Director of Building Inspections
Polk County
35 Walker Street
Columbus, NC 28722
Office (828)894-3739
Fax (828)894-2913
dgosnell@polknc.org

From: Cindy McCrary
Sent: Wednesday, February 1, 2023 5:07 PM
To: David Gosnell <dgosnell@polknc.org>
Subject: FW: adding person to Building Inspections

Hi David,

Taking into consideration all of the factors it would appear that you would need \$21849.42 to cover the new employee for 12 weeks. Below is a snapshot of each account.

Polk County Finance
Contingency Balance
Schedule of Budget Amendments

Contingency

Original Budget at July 1, 2022 \$ 100,000

<u>Department</u>	<u>Unbudgeted Expense</u>	<u>Amount</u>	
HHSA-Senior Svcs	Grant Match	1,225	09/19/22
Personnel	Referral Bonus	10,600	12/05/22
Building Inspections	Inspector trainee	19,850	02/20/23 if approved

Total to date	\$ 31,675
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Note: Negative amounts are increases to contingency NOT uses of contingency

Budget in contingency if approved	\$ 68,325
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POLK COUNTY BOARD OF COMMISSIONERS

AGENDA ITEM

February 20, 2023 Regular Meeting

Agenda Item#: 9.

ATTACHMENTS:

Description	Type	Upload Date
Grant Information	Cover Memo	2/15/2023

saving lives from preventable death: funding opportunity for opioid planning

let's make the most of north carolina's new opioid resources

Dogwood Health Trust is requesting proposals from counties and municipalities located in our service region in Western North Carolina that have not previously received opioid planning funding from Dogwood Health Trust and would like to conduct opioid-related collaborative planning in their communities aligned with the distribution of proceeds from the national opioid settlement agreement announced on July 21, 2021.

Each opioid planning grant will provide up to \$300,000 per year for up to two years to support collaborative planning projects between counties, municipalities, or tribal nations and 501(c)(3) organizations and other community partners that align with the strategies listed in the [North Carolina Memorandum of Agreement \(NC MOA\)](#) executed by the NC Department of Justice and the NC Association of County Commissioners.

We are particularly interested in projects that include multi-county planning efforts and in collaboratives that include multiple partner organizations.

at-a-glance

Purpose: To plan and prepare for use of funding to be distributed to counties and municipalities in Western North Carolina as a result of the national opioid settlement.

Funding available: We will consider grants of up to \$300,000 per year for up to two years. Opioid planning proposals may include requests to support:

- facilitation and/or coordination of collaborative planning
- needs assessment, data collection and/or analysis
- partnership building
- development of workforce, implementation and/or sustainability plans
- capacity building
- technical assistance
- administration/reporting

Capacity building is defined by Dogwood Health Trust as funds that will help improve a grantee's ability to tackle specific issues. Examples can include (but are not limited to): strengthening the capacity of organizations to work in collaboration across organization and industry lines, supporting the capacity of leaders to work more effectively by exposing them to new ways of thinking and acting towards measurable change, and strengthening the capacity of an organization to use new tools to more effectively

communicate with its constituents and community.

Priority will be given to proposals that promote:

- Alignment with the planning process (or any part of the planning process) described in Exhibit C to the NC MOA, one of more of the strategies listed in Exhibit A to the NC MOA, or any strategy described in our state's Opioid and Substance Use Action Plan 3.0. (See Resource List below.)
- Collaboration with multiple partners or use of multi-jurisdictional approaches.
- Alignment with existing local or regional plans or initiatives that address opioid or other substance misuse. Examples include:
 - Community health improvement plans
 - Local substance use coalitions/task forces
 - Drug Free Communities grants
 - Rural Communities Opioid Response Program (RCORP) planning or implementation grants
- Engagement with any of the following groups:
 - Communities of color
 - Indigenous communities
 - LGBTQI+ individuals
 - Persons being released from incarceration
 - Rural communities
 - Persons with "lived experience" and those impacted by substance misuse or substance use disorder

Applicants are not required to sign onto the NC MOA or the national opioid settlement to be considered for an opioid planning grant.

How to apply: Complete our online application - https://www.grantrequest.com/SID_6065?SA=SNA&FID=35035.

Timeline: The deadline for 2023 grant applications is 5:00 p.m. on March 17, 2023. Award notifications will be made by the end of July 2023.

Learn more: Contact April Bragg, Senior Impact Officer, Substance Use Disorder, (828) 771-6713, a.bragg@dht.org.

Resources for Applicants:

National Opioid Settlement

- [Summary](#)
- [FAQ](#)
- [Text of Distributor Settlement Agreement](#)

North Carolina Memorandum of Agreement

- [One pager](#)
- [FAQ](#)
- [Full text of NC MOA \(Including Exhibits A & C, referred to above\)](#)

[North Carolina Opioid and Substance Use Action Plan 3.0](#)

POLK COUNTY BOARD OF COMMISSIONERS

AGENDA ITEM

February 20, 2023 Regular Meeting

Agenda Item#: 10.

ATTACHMENTS:

Description	Type	Upload Date
Draft Budget Calendar	Cover Memo	2/9/2023

Suggested Motion:

Motion to approve the 2023/2024 Budget Calendar.

POLK COUNTY Budget Calendar

Draft: 02/20/2023

February 20, 2023	Board discusses/approves Budget Calendar	Monday-regular meeting
March 3, 2023	County Departments Receive Budget System Training	Friday - Online @ 10am
March 3- March 24, 2023	All Departments & Agencies Prepare Budget Request	3 wks. to prepare- due Friday
March 15, 2023	Fire Departments & Rescue Squad Submit Budgets to the County & FRAC. Outside Agencies Submit Budget Requests- Estimate if Necessary	Wednesday
March 24, 2023	County Departments Submit Budgets to Finance Department	Friday
March 24 March 31, 2023	Finance Inputs Budget Requests	1 wk. to prepare- due Friday
April 7, 2023	All Budget Agency Final Requests are Due	Friday
April 3- 6; 17- 21 April, 2023	Manager Reviews Requests & Meets with Department Mgrs.	2 weeks- Monday-Friday
April 24 - May 5, 2023	Prepare Budget Presentation	2 weeks- Monday-Friday
May 8, 2023	Manager Presents Balanced Budget to Board of Commissioners (Special Meeting - 9:00am)	Monday 9:00am
May 15, 2023	Board of Commissioner Budget Work Session - 1:00pm (Regular meeting to follow)	Monday
May 16, 2023	Board of Commissioner Budget Work Session - 3:00pm	Tuesday
May 24, 2023	Advertise Public Hearing for Budget Ordinance for 6/5/23	Wednesday
June 5, 2023	Board of Commissioner Budget Work Session - 5:00pm Budget Public Hearing to Follow - Regular Meeting to Follow	Monday
June 19, 2023	Board of Commissioners Adopt Tax Levy and Ordinance (Regular Meeting)	Monday
June 21, 2023	Ordinance Available on County Website	Wednesday

POLK COUNTY BOARD OF COMMISSIONERS

AGENDA ITEM

February 20, 2023 Regular Meeting

Agenda Item#: 11.

ATTACHMENTS:

Description	Type	Upload Date
Resolution	Cover Memo	2/14/2023

Suggested Motion:

Motion to approve the resolution.



**POLK COUNTY
BOARD OF COMMISSIONERS**

RESOLUTION SUPPORTING THE 9-1-1 SAVES ACT

WHEREAS, in September of 2021, U.S. Representatives Norma J. Torres and Brian Fitzpatrick announced that their 9-1-1 SAVES Act passed the House as part of the Fiscal Year 2022 National Defense Authorization Act. The 9-1-1 SAVES Act is bipartisan legislation to reclassify 911 dispatchers from “Office and Administrative Support” to “Protective Service Occupations” in the Office of Management and Budget’s Standard Occupational Classification (SOC) catalog, and

WHEREAS, 911 dispatchers are the first line of response during an emergency, and they deserve to be classified in a way that recognizes their work is on par with the work of other public servants classified as first responders, and

WHEREAS, 911 dispatchers are working with elected officials to re-introduce this legislation with the next Congress, and local support will assist this effort, and

NOW, THEREFORE BE IT RESOLVED, that the Polk County Board of Commissioners is in support of the 9-1-1 Saves Act.

Adopted this 20th day of February, 2023.

Chairman, Polk County Board of Commissioners

Clerk to the Board of County Commissioners

POLK COUNTY BOARD OF COMMISSIONERS

AGENDA ITEM

February 20, 2023 Regular Meeting

Agenda Item#: 12.

ATTACHMENTS:

Description	Type	Upload Date
SAFF Final	Cover Memo	2/14/2023
Opioid Resolution	Cover Memo	2/14/2023

Suggested Motion:

Motion to approve a Resolution and Supplemental Agreement for Additional Funds (“SAAF”) to direct Additional Funds from Additional Settlements of opioid litigation to the state of North Carolina and local governments in a manner consistent with the Memorandum of Agreement (“MOA”) Between the State of North Carolina and Polk County and to authorize the County Manager to execute any documents related thereto.

Supplemental Agreement for Additional Funds From Additional Settlements of Opioid Litigation

I. PURPOSE

The purpose of this Supplemental Agreement for Additional Funds (“SAAF”) is to direct Additional Funds from Additional Settlements of opioid litigation to the state of North Carolina and local governments in a manner consistent with the Memorandum of Agreement (“MOA”) Between the State of North Carolina and Local Governments on Proceeds Relating to the Settlement of Opioid Litigation that has governed the distribution of Opioid Settlement Funds to the State and its Local Governments since May 2022.

This SAAF does not change the scope or meaning of the MOA with respect to Opioid Settlement Funds governed by the MOA. Instead, this SAAF applies the terms of the MOA – with certain clarifications noted below – to the Additional Settlements and Additional Funds described below.

II. SCOPE

- A. Scope of the MOA. Under the terms of the MOA, the MOA governs Opioid Settlement Funds from:
 - 1. The National Settlement Agreement with the drug distributors Cardinal, McKesson, and AmerisourceBergen and the drug maker Johnson & Johnson and its subsidiary Janssen Pharmaceuticals; and
 - 2. The Bankruptcy Resolution with Mallinckrodt; any Bankruptcy Resolution with Purdue; and any other Bankruptcy Resolution as the term “Bankruptcy Resolution” is defined in the MOA.
- B. Scope of this SAAF. This SAAF governs Additional Funds from the Additional Settlements with Additional Settling Defendants Walmart, Inc., Teva Pharmaceutical Industries Ltd., Allergan Finance, LLC, Allergan Limited, CVS Health Corporation, CVS Pharmacy, Inc., and Walgreen Co., as well as their subsidiaries, affiliates, officers, and directors named in the Additional Settlements.

III. APPLICATION OF THE MOA TO ADDITIONAL SETTLEMENTS AND FUNDS

The MOA, which is incorporated herein by reference, governs Additional Settlements and Additional Funds in every respect, except as set forth hereinbelow. In the event of any conflict between the MOA and this SAAF, with respect to Additional Settlements and Additional Funds, the provisions of this SAAF shall take precedence.

A. Definitions.

1. The definitions used in the MOA are incorporated by reference into this SAAF.
2. “Additional Funds” shall mean all funds allocated by the Additional Settlements to the State or Local Governments for purposes of opioid remediation activities, as well as any repayment of those funds and any interest or investment earnings that may accrue as those funds are temporarily held before being expended on opioid remediation strategies. Not included are funds made available in Additional Settlements for the payment of the Parties’ litigation expenses or the reimbursement of the United States Government.
3. “Additional Settlements” means a national opioid settlement agreement with the Parties and one or more of the Additional Settling Defendants concerning alleged misconduct in manufacture, marketing, promotion, distribution, or dispensing of an opioid analgesic.
4. “Additional Settling Defendants” means the defendants listed in section II.B of this SAAF.
5. “Local Counsel” means legal counsel and law firms who have a principal office in North Carolina and represented one or more North Carolina counties and municipalities in litigation against one or more Additional Settling Defendant concerning opioids.
6. “National Counsel” means legal counsel and law firms who have a principal office outside of North Carolina and represented various North Carolina counties and municipalities in litigation against one or more Settling Defendant or Additional Settling Defendant concerning opioids.
7. “Required Local Governments” means all North Carolina counties and municipalities that have filed litigation against any of the Settling Defendants or Additional Settling Defendants.

B. Allocation of Additional Funds

1. Method of distribution. Pursuant to any Additional Settlements, Additional Funds shall be distributed directly to the State, Local Governments, and Local Counsel for such uses as set forth in the MOA and this SAAF, provided Opioid Settlement Funds shall not be considered funds of the State, any Local Governments, or any Local Counsel unless and until such time as each distribution is made.
2. Overall allocation of funds. Additional Funds shall be allocated as follows with respect to each payment from the Additional Settling Defendants: (i) 15% directly to the State (“State Additional Abatement Fund”), (ii) 84.62% to abatement funds established by Local Governments (“Local Additional Abatement Funds”), and (iii) 0.38% to a Local Counsel Fee Fund described in section IV of this SAAF.
3. The allocation of Local Additional Abatement Funds between Local Governments shall be as described in MOA section B.3. However, to the extent required by the terms of an Additional Settlement, the proportions set forth in MOA Exhibit G shall be adjusted: (i) to provide no payment from an Additional Settlement to any listed county or municipality that does not participate in the Additional Settlement; and (ii) to provide a reduced payment from an Additional Settlement to any listed county or municipality that signs onto the Additional Settlement after the deadline specified by the Additional Settlement.
4. Municipal allocations of Local Additional Abatement Funds shall be as described in MOA section B.4. Consistent with the manner in which MOA section B.4.b has been interpreted by the parties to the MOA with respect to Opioid Settlement Funds, a municipality that directs Local Additional Abatement Funds to the county or counties in which it is located pursuant to MOA section B.4 shall be relieved of any reporting or other obligations under the MOA with respect to the redirected funds.
5. The use of Additional Funds for opioid remediation activities shall be as described in MOA section B.5.
6. All Parties acknowledge and agree the Additional Settlements will require a Local Government to release all its claims against the Additional Settling Defendants to receive Additional Funds. All Parties further acknowledge and agree based on the terms of the Additional Settlements, a Local Government may receive funds through this SAAF only after complying with all requirements set forth in the Additional Agreements to release its claims.

C. Payment of Litigating and Non-Litigating Parties

No party engaged in litigating the MDL Matter shall receive a smaller payment than a similarly situated non-litigating Party, other than as based on the Allocation Proportions in MOA Exhibit G.

D. Special Revenue Fund

Every Local Government receiving Additional Funds shall either (1) deposit the Additional Funds in the special revenue fund that the Local Government created for Opioid Settlement Funds pursuant to MOA section D.1 or (2) create a separate special revenue fund as described in MOA section D.1 that is designated for the receipt and expenditure of the Additional Funds. In either case, every Local Government receiving Additional Funds shall abide by MOA section D and other relevant provisions of the MOA with respect to the Additional Funds in the special revenue fund.

E. Opioid Remediation Activities

1. Local Governments shall expend Additional Funds according to the requirements for Opioid Settlement Funds stated in MOA section E.
2. The coordination group established by MOA section E.7 and described in MOA Exhibit D shall have the same responsibilities with respect to remediation activities funded by Additional Funds and related requirements and procedures that it has with respect to the Opioid Settlement Funds covered by the MOA.

F. Auditing, Compliance, Reporting, and Accountability

1. The Auditing, Compliance, Reporting, and Accountability provisions stated in MOA section F shall apply to Additional Funds in the way they apply to Opioid Settlement Funds.
2. The coordination group established by MOA section E.7 and described in MOA Exhibit D shall have the same responsibilities with respect to auditing, compliance, reporting, and accountability provisions relating to Additional Funds that it has with respect to the Opioid Settlement Funds covered by the MOA.

G. Effectiveness

1. When this SAAF takes effect. This SAAF shall become effective at the time a sufficient number of Local Governments have joined the SAAF to qualify the SAAF as a State-Subdivision Agreement under the Additional Settlements. If this SAAF does not thereby qualify as a State-Subdivision Agreement, this SAAF will have no effect.
2. Amendments to the SAAF.
 - a. Amendments to conform to final national documents. The Attorney General, with the consent of a majority vote from a group of Local Government attorneys appointed by the Association of County Commissioners, may initiate a process to amend this SAAF to make any changes required by the final provisions of the Additional Settlements. The Attorney General's Office will provide written notice of the necessary amendments to all the previously joining parties. Any previously joining party will have a two-week opportunity to withdraw from the SAAF. The amendments will be effective to any party that does not withdraw.
 - b. Coordination group. The coordination group may make the changes to the SAAF described and authorized in MOA Exhibit D.
 - c. No amendments to allocation between Local Governments. Notwithstanding any other provision of this SAAF, the allocation proportions set forth in MOA Exhibit G may not be amended.
 - d. General amendment power. After execution, the coordination group may propose other amendments to the SAAF, subject to the limitation in Section G.2.c of this SAAF. Such amendments will take effect only if approved in writing by the Attorney General and at least two-thirds of the Local Governments who are Parties to this SAAF. In the vote, each Local Government Party will have a number of votes measured by the allocation proportions set forth in MOA Exhibit G.
3. Acknowledgement. The Parties acknowledge this SAAF is an effective and fair way to address the needs arising from the public health crisis due to the misconduct committed by the Pharmaceutical Supply Chain Participants.

4. When SAAF is no longer in effect. This SAAF is effective until one year after the last date on which any (a) Opioid Settlement Funds are being spent by Local Governments pursuant to the National Settlement Agreement and any Bankruptcy Resolution or (b) Additional Funds are being spent by Local Governments pursuant to the Additional Settlements.
5. Application of SAAF to settlements. This SAAF applies to the Additional Settlements.
6. Applicable law and venue. Unless required otherwise by the Additional Settlements, this MOA shall be interpreted using North Carolina law and any action related to the provisions of this SAAF must be adjudicated by the Superior Court of Wake County. If any provision of this SAAF is held invalid by any court of competent jurisdiction, this invalidity does not affect any other provision which can be given effect without the invalid provision.
7. Scope of this SAAF. The Parties acknowledge this SAAF does not excuse any requirements placed upon them by the terms of the Additional Settlements, except to the extent those terms allow for a State-Subdivision Agreement to do so.
8. No third party beneficiaries. No person or entity is intended to be a third party beneficiary of this SAAF.
9. No effect on authority of parties. Nothing in this SAAF shall be construed to affect or constrain the authority of the Parties under law.
10. Signing and execution of this SAAF. This SAAF may be signed and executed simultaneously in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. A signature transmitted by facsimile, electronic image, or DocuSign shall be deemed an original signature for purposes of executing this SAAF. Each person signing this SAAF represents he or she is fully authorized to enter into the terms and conditions of, and to execute, this SAAF, and all necessary approvals and conditions precedent to execution have been satisfied.

IV. LOCAL COUNSEL FEE FUND

Local Counsel have reviewed the Additional Settlements, find them to be equitable, and recommend their clients execute these Additional Settlements and this SAAF. If (1) all Local Counsel sign this SAAF whereby they consent to the terms of this SAAF and agree to be legally bound by this SAAF, including but not limited to Section IV of this SAAF, and (2) all Required Local Governments agree on or before April 18, 2023 to dismiss all litigation against the Additional Settling Defendants as required by the Additional Settlements, then each Local Counsel shall be entitled to receive a portion of the Local Counsel Fee Fund for the Additional Settlements, in such proportions as set forth below. If one or more Required Local Governments does not dismiss litigation as required by the Additional Settlements, then the 0.38% share of Additional Funds set forth in Section III.B.2 of this SAAF for the Local Counsel Fee Fund shall be included in the Local Additional Abatement Funds, such that 85% of the Additional Funds will be allocated to Local Additional Abatement Funds, and 0% will be allocated to the Local Counsel Fee Fund.

Local Counsel release all North Carolina counties and municipalities from any claim regarding the obligation to pay legal fees or costs relating to their representation of North Carolina counties and municipalities regarding opioid claims and litigation against the Settling Defendants and Additional Settling Defendants. Local Counsel retain their rights to recover legal fees from any national legal fee fund established by a national settlement and to collect any fees due from National Counsel. If one or more National Counsel fails to release its North Carolina client counties and/or municipalities from any contractual obligation to pay legal fees or costs relating to their representation of North Carolina counties and municipalities regarding opioid claims and litigation against the Settling Defendants and Additional Settling Defendants, as required for National Counsel and Local Counsel to receive a portion of the national fee funds created by the National Settlement Agreements and Additional Settlement, then the 0.38% share of Additional Funds set forth in Section III.B.2 of this SAAF for the Local Counsel Fee Fund shall be included in the Local Additional Abatement Funds, such that 85% of the Additional Funds will be allocated to Local Additional Abatement Funds, and 0% will be allocated to the Local Counsel Fee Fund.

As soon as practicable, but in any event no later than May 1, 2023, Local Counsel shall report to the settlement administrator the proportion of the Local Counsel Fee Fund to be received by each Local Counsel. No funds shall be paid out of the Local Counsel Fee Fund until such report is received. Each Local Counsel's release of claims against all North Carolina counties and municipalities as provided above shall remain in full force and effect regardless of the proportion of the Local Counsel Fee Fund that any Local Counsel receives.

IN WITNESS WHEREOF, the parties, through their duly authorized officers, have executed this Supplemental Agreement for Additional Funds under seal as of the date hereof.

By: _____

Name: _____

Title: _____

County/City/Town of _____

Date: _____

**RESOLUTION BY THE COUNTY OF POLK
AUTHORIZING EXECUTION OF OPIOID SETTLEMENTS AND APPROVING THE
SUPPLEMENTAL AGREEMENT FOR ADDITIONAL FUNDS BETWEEN THE STATE OF
NORTH CAROLINA AND LOCAL GOVERNMENTS ON PROCEEDS RELATING TO THE
SETTLEMENT OF OPIOID LITIGATION**

WHEREAS, the opioid overdose epidemic had taken the lives of more than 32,000 North Carolinians (2000-2021);

WHEREAS, the COVID-19 pandemic has compounded the opioid overdose crisis, increasing levels of drug misuse, addiction, and overdose death; and

WHEREAS, the Centers for Disease Control and Prevention estimates the total economic burden of prescription opioid misuse alone in the United States is \$78.5 billion a year, including the costs of healthcare, lost productivity, addiction treatment, and criminal justice involvement; and

WHEREAS, certain counties and municipalities in North Carolina joined with thousands of local governments across the country to file lawsuits against opioid manufacturers, pharmaceutical distribution companies, and chain drug stores to hold those companies accountable for their misconduct; and

WHEREAS, settlements have been reached in litigation against Walmart, Inc., Teva Pharmaceutical Industries Ltd., Allergan Finance, LLC, Allergan Limited, CVS Health Corporation, CVS Pharmacy, Inc., and Walgreen Co., as well as their subsidiaries, affiliates, officers, and directors named in these Settlements; and

WHEREAS, representatives of local North Carolina governments, the North Carolina Association of County Commissioners, and the North Carolina Department of Justice have negotiated and prepared a Supplemental Agreement for Additional Funds (SAAF) to provide for the equitable distribution of the proceeds of these settlements; and

WHEREAS, by joining the settlements and approving the SAAF, the state and local governments maximize North Carolina's share of opioid settlement funds to ensure the needed resources reach communities, as quickly, effectively, and directly as possible; and

Polk County and its residents, to sign onto the settlements and SAAF and demonstrate solidarity in response to the opioid overdose crisis, and to maximize the share of opioid settlement funds received both in the state and this county to help abate the harm; and

WHEREAS, the SAAF directs substantial resources over multiple years to local governments on the front lines of the opioid overdose epidemic while ensuring that these resources are used in an effective way to address the crisis;

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of Polk County hereby authorizes the County Manager or County Attorney to execute all documents necessary to enter into opioid settlement agreements with Walmart, Walgreens, CVS, Allergan, and Teva, to execute the SAAF, and to provide such documents to Rubris, the Implementation Administrator.

Adopted this the 20th day of February, 2023.

Tommy Melton, Chairman
Polk County Board of Commissioners

ATTEST:

Kristy Tipton, Clerk to the Board

SEAL

POLK COUNTY BOARD OF COMMISSIONERS

AGENDA ITEM

February 20, 2023 Regular Meeting

Agenda Item#: A.

ATTACHMENTS:

Description

Type

Upload Date

Meeting Decorum

Cover Memo

2/15/2023

MEETING RULES

1. Meetings will be held the 1st and 3rd Monday of each month at 5:00PM, unless otherwise authorized by a majority BOC vote.
2. Agenda items which require a vote must have a motion and a second before being allowed on the floor for discussion.
3. Votes are to be made by a raise of the hand and by voice when meeting in person. A non- indication or a non-vote is the same as a “yes” vote. To abstain from a vote is also considered a “yes” vote.
4. The Clerk to the Board shall record all votes by name as “in favor” or “against”.
5. **Per North Carolina General Statute, § 160A-81.1. A time period will be allotted for citizens to comment on agenda and non-agenda items at a regular meeting at least once a month. Comments will be limited to four minutes per speaker. Comments may be made in person at meetings open to public. (Note: If the need arises, it will be left to the Chairman’s discretion to designate a group spokesperson.) No video, or audio citizen submissions will be allowed. (Special exceptions can be made prior to the meeting by the Chairman.)**
6. Staff members and Department Heads are not required to attend meetings unless it is part of their duty and/or on the agenda, however they are free to attend at their choosing.
7. Agenda item presenters are encouraged to attend meetings in person, however in exigent circumstances remote presentations are permissible with prior approval from the Chairman.

Rules of Debate: Meeting Decorum Between Polk County Board of Commissioners and Citizens

1. **Order must be preserved. No person shall, by speech or otherwise, delay or interrupt the proceeding or the peace of the Commission, or disturb any person having the floor. No person shall refuse to obey the orders of the Chair of the Commission. Any person making impertinent, or slanderous remarks or who becomes boisterous while addressing the Commission shall not be considered orderly or decorous. Any person failing to comply as cautioned shall be barred from making any additional comments during the meeting by the Chair, unless permission to continue to again address the Commission is granted by the Chair.**
2. **If the Chair or the Commission declares an individual out of order, they will be requested to relinquish the podium. If the person does not do so they are subject to removal from the Commission Chambers or other meeting room and may be removed by the Sheriff**
3. **Any person who becomes disruptive or interferes with the orderly business of the Commission may be removed from the Commission Chambers or other meeting room for the remainder of the meeting.**

Rules of Debate: Meeting Decorum Between Polk County Board of Commissioners

1. Every Commissioner desiring to speak should address the Chair, and upon said recognition by the Chair, should confine discussion to the question under debate, avoiding all personalities and indecorous language.
2. Commissioners shall refrain from: attacking a member's motives; speaking adversely on a prior motion not pending; speaking while the Chair or other Board members are speaking; speaking against their own motions; and disturbing the Board.
3. A member once recognized should not be interrupted when speaking unless said member is being called to order. The member should then cease speaking until the question of order is determined, without debate, by the Chair. If in order, said member shall be at liberty to proceed.
4. A member shall be deemed to have yielded the floor when he or she has finished speaking. A member may claim the floor only when recognized by the Chair.

AGENDA ITEMS PROCEDURE

1. Agenda Item forms must be submitted to the Clerk to the Board by 5:00PM on the Tuesday before the next BOC meeting. An item should not be added later unless it is approved by the Chairman.
2. The Clerk to the Board should have the agenda prepared and packets ready for each Commissioner by 5:00PM on Thursday before the next BOC meeting. (NOTE: Packets will be ready for the public on Friday.)
3. The Clerk to the Board is required to keep full and accurate minutes of all official meetings, including closed session. Closed Session minutes are to be voted in a timely manner at a Closed Session meeting. If a Commissioner would like any part of the minutes verbatim, they should make this request to the Clerk within one day after that meeting.
4. There will be a limit of two personal items per Commissioner on the agenda. In the event an item is not approved, a Commissioner must wait for a period of three meetings. At the 4th meeting the item may be added back to the agenda.
5. The Clerk to the Board shall post the agenda for the next BOC meeting on the Polk County Government website on Friday before the next BOC meeting and on the county bulletin board.
6. Applications for Board Vacancies will be presented to the Board for vote. The County Manager's office will inform the new board member and the Chairman of the Volunteer Board of the vacancies filled.
7. Rules of debate between the Board of Commissioners and decorum between citizens attending the board meetings are attached.

MEETING PROCEDURE

1. Call to Order
2. Invocation
3. Pledge of Allegiance
4. Approval of Agenda
5. Consent Agenda
6. Citizen comments
7. Agenda items
8. Chairman & Commissioner
Comments
9. Adjournment