



CAMDENCOUNTY

new energy. new vision.

**BOARD
OF
COMMISSIONERS**

**June 21, 2018
10:00 AM**

This agenda is only a tentative schedule of matters the Commissioners may address at their meeting and all items found on it may be deleted, amended or deferred. The Commissioners may also, in their absolute discretion, consider matters not shown on this agenda.

Special accommodations for the disabled who attend public meetings can be made by contacting the Clerk to the Board 24 hours in advance at 252-338-6363, Ext. 100.

Please turn Cell Phone ringers off during the meeting.

Agenda

**Camden County Board of Commissioners
BOC - Special Meeting
June 21, 2018
10:00 AM
Historic Courtroom, Courthouse Complex**

I. Call to Order

ITEM II. Consideration of Agenda (For discussion and possible action)

ITEM III. New Business (For discussion and possible action)

1. Camden County Schools - Lottery Funds Applications
2. Lease Agreement - Success Academy for 3'S and 4'S
3. Memorandum of Understanding - DHHS

ITEM IV. Consent Agenda

1. FY 17-18 Budget Amendments
2. School Budget Amendments
3. Water & Sewer Capital Reserve Fund
4. 2018-2019 Property & Liability/Workers Compensation Insurance
5. 2017-2018 Audit Contracts

ITEM V. Adjourn



Board of Commissioners
AGENDA ITEM SUMMARY SHEET

Item Number: 3.1
Meeting Date: June 21, 2018

Submitted By: Karen Davis, Clerk to the Board
Schools
Prepared by: Karen Davis

Item Title Camden County Schools - Lottery Funds Applications

Attachments: Camden County Schools - Lottery Funds Applications
(PDF)

Summary:
See attached applications submitted by Camden County Schools for use of Education Lottery Funds.

**APPLICATION
PUBLIC SCHOOL BUILDING CAPITAL FUND
NORTH CAROLINA EDUCATION LOTTERY**

Approved: _____

Date: _____

County: Camden

Contact Person: Dr. Joe Ferrell

LEA: 150

Title: Superintendent

Address: 174 North NC Highway 343

Phone: 252-335-0831 ext 231

Project Title: Painting/Floor Tile Project

Location: Camden High, Camden Middle, Grandy Primary, Camden Intermediate

Type of Facility: K-12 buildings within the district

North Carolina General Statutes, Chapter 18C, provides that a portion of the proceeds of the North Carolina State Lottery Fund be transferred to the Public School Building Capital Fund in accordance with G.S. 115C-546.2. Further, G.S. 115C-546.2 (d) has been amended to include the following:

- (3) No county shall have to provide matching funds...
- (4) A county may use monies in this Fund to pay for school construction projects in local school administrative units and to retire indebtedness incurred for school construction projects.
- (5) A county may not use monies in this Fund to pay for school technology needs.

As used in this section, "Public School Buildings" shall include only facilities for individual schools that are used for instructional and related purposes, and does not include central administration, maintenance, or other facilities. **Applications must be submitted within one year following the date of final payment to the Contractor or Vendor.**

Short description of Construction Project: paint interior of the buildings and replace floor tiles throughout schools as shown in estimates

Estimated Costs:

Purchase of Land	_____	\$	_____
Planning and Design Services	_____		_____
New Construction	_____		_____
Additions / Renovations	_____		210,130.00
Repair	_____		_____
Debt Payment / Bond Payment	_____		_____
TOTAL	_____	\$	210,130.00

Estimated Project Beginning Date: 07/01/2018 Est. Project Completion Date: 06/30/2019

We, the undersigned, agree to submit a statement of state monies expended for this project within 60 days following completion of the project.

The County Commissioners and the Board of Education do hereby jointly request approval of the above project, and request release of \$ 210,130.00 from the Public School Building Capital Fund (Lottery Distribution). We certify that the project herein described is within the parameters of G.S. 115C-546.

(Signature — Chair, County Commissioners) _____ (Date) 6/14/18
 (Signature — Chair, Board of Education) _____ (Date) _____

Attachment: Camden County Schools - Lottery Funds Applications (2017 : Camden County Schools - Lottery Funds Applications)



Larry Lawrence <larry@camden.k12.nc.us>

Add-Ons

4 messages

R W Sawyer Pressure Washing <rwsawyerpw@gmail.com>
To: larry@camden.k12.nc.us

Tue, May 8, 2018 at 2:48 PM

Hello Larry here are the add ons per our discussion.

- 1. Classroom B14 and bathroom - 600.00
- 2. Classroom B10 and bathroom - 600.00
- 3. Classroom B16 and bathroom - 600.00
- 4. Classroom A12 and bathroom - 600.00
- 5. Classroom C28 and bathroom - 600.00
- 6. Office - 700.00

*GPS

Total labor cost - 3700.00 + 100.00 paint

Junie Rountree

Larry Lawrence <larry@camden.k12.nc.us>
To: R W Sawyer Pressure Washing <rwsawyerpw@gmail.com>

Tue, May 8, 2018 at 3:16 PM

Thank you! Could you give us one me Quote for 10 rooms at Grand Primary School Class Rooms, and when you get time please call me
[Quoted text hidden]

R W Sawyer Pressure Washing <rwsawyerpw@gmail.com>
To: Larry Lawrence <larry@camden.k12.nc.us>

Thu, May 10, 2018 at 3:41 PM

My estimate for 10 additional classrooms is \$6000, bathrooms included.
An additional \$600 for drywall repairs.

*GPS

Total labor cost= \$6600 + 225.00 paint

[Quoted text hidden]

[Quoted text hidden]

All e-mail correspondence to and from this address is subject to NC Public Records Law, which may result in monitoring and disclosure to third parties, including law enforcement.

Larry Lawrence <larry@camden.k12.nc.us>
To: R W Sawyer Pressure Washing <rwsawyerpw@gmail.com>

Fri, May 11, 2018 at 12:32 PM

[Quoted text hidden]

Attachment: Camden County Schools - Lottery Funds Applications (2077 : Camden County Schools - Lottery Funds Applications)



Larry Lawrence <larry@camden.k12.nc.us>

Camden Schools

2 messages

R W Sawyer Pressure Washing <rwsawyerpw@gmail.com>
To: larry@camden.k12.nc.us

Mon, Mar 5, 2018 at 6:47 PM

Larry I apollgize for the inconviencel Here are the estimates for each school

Camden High School ✓ + PAINT 1,000 = 21,300 86 gals

Camden Middle School ✓ + PAINT 1,200 = 32,450 ⁰⁰ 107 gals

Grandy Elementary ✓ + PAINT 1,000 = 29,017.00 91 gals

CIS- Labor cost-\$14,000 ✓ + PAINT 600 = 14,600.00 78 gals

Hallways only -

Junie Rountree

Larry Lawrence <larry@camden.k12.nc.us>
To: R W Sawyer Pressure Washing <rwsawyerpw@gmail.com>

Mon, Mar 5, 2018 at 6:48 PM

Got it, thanks!
(Quoted text hidden)

PAINING
ALL
Schools

Attachment: Camden County Schools - Lottery Funds Applications (2077 : Camden County Schools - Lottery Funds Applications)

Interiors by H&W, Inc
 1000 N. Road St
 Elizabeth City, NC 27909

Estimate

Date	Estimate #
5/1/2018	5900

Name / Address
Camden County Schools 174 N Hwy 343 Camden NC 27921 Larry 331-9423

Ship To
Principal office area

Rep	Project
MEA	Grandy Principal

Item	Description
Non-inventory Item Non-inventory Item Freight Vinyl Reducer Install Carpet Carpet Removal Furniture Furniture/ Heavy Cove Base Black ADH Cove Base Tube 30 oz. Install Cove Base	Capital III Carpet Squares #54480 D5000 Adhesive Freight Vinyl Reducer Install Carpet Take Up & Disposal of Old Carpet / Cushion Furniture Furniture/ Heavy Cove Base 4" ADH Cove Base Tube (30 oz.) take off old and Install new Cove Base Subtotal not including Tax
Subtotal \$5,634.66	
Sales Tax (6.75%) \$380.34	
Total \$6,015.00	

Phone #	Fax #
(252) 335-9679	(252) 335-1761

Attachment: Camden County Schools - Lottery Funds Applications (2077 : Camden County Schools - Lottery Funds Applications)

Interiors by H&W, Inc
 1000 N. Road St
 Elizabeth City, NC 27909

Estimate

Date	Estimate #
5/1/2018	5902

Name / Address
Camden County Schools 174 N Hwy 343 Camden NC 27921 Larry 331-9423

Ship To
M Hall Class Rooms 8 total

Rep	Project
MEA	M Hall CLASS ROO...

Item	Description
Non-inventory Item ADH VCT Mapei ECO 711 Cove Base Black ADH Cove Base Tube 30 oz. Ardex GPS Freight JJ Haines Install VCT Misc Furniture Install Cove Base	Eight [8] M Hall Class Rooms Armstrong Standard Excelon VCT # 52520 Faire White ADH VCT Mapei ECO 711 4gal. Cove Base ADH Cove Base Tube (30 oz.) Ardex GPS 25 lb. Freight JJ Haines Install VCT Take Up VCT Furniture Take off existing cove base and Install New Cove Base Subtotal not including Tax
Subtotal \$23,000.47	
Sales Tax (6.75%) \$1,552.53	
Total \$24,553.00	

Phone #	Fax #
(252) 335-9679	(252) 335-1761

Attachment: Camden County Schools - Lottery Funds Applications (2077 : Camden County Schools - Lottery Funds Applications)

Interiors by H&W, Inc
 1000 N. Road St
 Elizabeth City, NC 27909

Estimate

Date	Estimate #
5/1/2018	5903

Name / Address
Camden County Schools 174 N Hwy 343 Camden NC 27921 Larry 331-9423

Ship To
5 - C Hall rooms and 2 baths

Rep	Project
MEA	C Hall Classes

Item	Description
Non-inventory Item ADH VCT Mapei ECO 711 Cove Base Black ADH Cove Base Tube 30 oz. Ardex GPS Freight JJ Haines Install VCT Misc Furniture Install Cove Base	Five [5] rooms C Hall and 2 baths Armstrong Standard Excelon VCT # 52520 Faire White ADH VCT Mapei ECO 711 4gal. Cove Base ADH Cove Base Tube (30 oz.) Ardex GPS 25 lb. Freight JJ Haines Install VCT Take up existing VCT Furniture Take up existing and Install New Cove Base Subtotal not including Tax customer to pull and reset toilets -- move all computer related equipment
Subtotal \$17,318.03	
Sales Tax (6.75%) \$1,168.97	
Total \$18,487.00	

Phone #	Fax #
(252) 335-9679	(252) 335-1761

Attachment: Camden County Schools - Lottery Funds Applications (2077 : Camden County Schools - Lottery Funds Applications)

Interiors by H&W, Inc
 1000 N. Road St
 Elizabeth City, NC 27909

Estimate

Date	Estimate #
5/1/2018	5907

Name / Address
Camden County Schools 174 N Hwy 343 Camden NC 27921 Larry 331-9423

Ship To
B-10 ABC rooms

Rep	Project
MEA	ABC ROOMS

Item	Description
Non-inventory Item ADH VCT Mapei ECO 711 Ardex GPS Cove Base Black ADH Cove Base Tube 30 oz. Freight JJ Haines Install VCT Carpet Removal Furniture Install Cove Base	Armstrong Standard Excelon VCT # 52520 Faire White ADH VCT Mapei ECO 711 4gal. Ardex GPS 25 lb. Cove Base Black ADH Cove Base Tube (30 oz.) Freight JJ Haines Install VCT Take Up & Disposal of Old Carpet / Cushion / VCT Furniture Take off and Install new Cove Base Subtotal not including Tax customer to pull and reset toilets -- move all computer related equipment
Subtotal	
\$4,475.88	
Sales Tax (6.75%)	
\$302.12	
Total	
\$4,778.00	

Phone #	Fax #
(252) 335-9679	(252) 335-1761

Subtotal	
\$4,475.88	
Sales Tax (6.75%)	
\$302.12	
Total	
\$4,778.00	

Attachment: Camden County Schools - Lottery Funds Applications (2077 : Camden County Schools - Lottery Funds Applications)

Interiors by H&W, Inc
 1000 N. Road St
 Elizabeth City, NC 27909

Estimate

Date	Estimate #
5/9/2018	5912

Name / Address
Camden County Schools 174 N Hwy 343 Camden NC 27921 Larry 331-9423

Ship To
Hallways

Rep	Project
MEA	Hallways

Item	Description
Non-inventory Item Non-inventory Item ADH VCT Mapei ECO 711 Ardex GPS Cove Base Black ADH Cove Base Tube 30 oz. Install VCT Install Cove Base Misc Misc	Install VCT and Cove Base in Halls Armstrong VCT Armstrong VCT - BLUE FOR THE ONE HALL ADH VCT Mapei ECO 711 4gal. Ardex GPS 25 lb. Cove Base Black ADH Cove Base Tube (30 oz.) Install VCT Take up and Install new Cove Base Take up existing VCT Miscellaneous tile repairs Subtotal not including Tax
Subtotal	
\$30,913.35	
Sales Tax (6.75%)	
\$2,086.65	
Total	
\$33,000.00	

Phone #	Fax #
(252) 335-9679	(252) 335-1761

Attachment: Camden County Schools - Lottery Funds Applications (2077 : Camden County Schools - Lottery Funds Applications)

Interiors by H&W, Inc
 1000 N. Road St
 Elizabeth City, NC 27909

Estimate

Date	Estimate #
5/14/2018	5932

Name / Address
Camden County Schools 174 N Hwy 343 Camden NC 27921 Larry 331-9423

Ship To
Gym 1/2

Rep	Project
MEA	Gym

Item	Description	
Non-inventory Item ADH VCT Mapei ECO 711 Ardex GPS Cove Base ADH Cove Base Tube 30 oz. Freight JJ Haines Install VCT Misc Install Cove Base Misc	Install VCT on half of floor Armstrong VCT ADH VCT Mapei ECO 711 4gal. Ardex GPS 25 lb. Cove Base ADH Cove Base Tube (30 oz.) Freight JJ Haines Install VCT Take up existing VCT Take up and install new Install Cove Base Prep entire area where new VCT is going to be installed Subtotal not including Tax	
		Subtotal \$13,957.85
		Sales Tax (6.75%) \$942.15
		Total \$14,900.00

Phone #	Fax #
(252) 335-9679	(252) 335-1761

Attachment: Camden County Schools - Lottery Funds Applications (2077 : Camden County Schools - Lottery Funds Applications)

Interiors by H&W, Inc
 1000 N. Road St
 Elizabeth City, NC 27909

Estimate

Date	Estimate #
5/14/2018	5931

Name / Address
Camden County Schools 174 N Hwy 343 Camden NC 27921 Larry 331-9423

Ship To
Cafeteria

Rep	Project
MBA	Cafeteria

Item	Description
Non-inventory Item ADH VCT Mapei ECO 711 Ardex GPS Cove Base ADH Cove Base Tube 30 oz. Freight JJ Haines Install VCT Misc Install Cove Base Furniture	Armstrong VCT ADH VCT Mapei ECO 711 4gal. Ardex GPS 25 lb. Cove Base ADH Cove Base Tube (30 oz.) Freight JJ Haines Install VCT Take up existing VCT Take off and Install New Cove Base Furniture Customer to move kitchen equipment Subtotal not including Tax
Subtotal \$10,332.55	
Sales Tax (6.75%) \$697.45	
Total \$11,030.00	

Phone #	Fax #
(252) 335-9679	(252) 335-1761

Attachment: Camden County Schools - Lottery Funds Applications (2077 : Camden County Schools - Lottery Funds Applications)

**APPLICATION
PUBLIC SCHOOL BUILDING CAPITAL FUND
NORTH CAROLINA EDUCATION LOTTERY**

Approved: _____

Date: _____

County: Camden

Contact Person: Dr. Joe Ferrell

LEA: 150

Title: Superintendent

Address: 174 North NC Highway 343

Phone: 252-335-0831 ext 231

Project Title: Bathroom Renovations - GPS/CHS

Location: Grandy Primary School and Camden County High School

Type of Facility: K-3 School Building

North Carolina General Statutes, Chapter 18C, provides that a portion of the proceeds of the North Carolina State Lottery Fund be transferred to the Public School Building Capital Fund in accordance with G.S. 115C-546.2. Further, G.S. 115C-546.2 (d) has been amended to include the following:

- (3) No county shall have to provide matching funds...
- (4) A county may use monies in this Fund to pay for school construction projects in local school administrative units and to retire indebtedness incurred for school construction projects.
- (5) A county may not use monies in this Fund to pay for school technology needs.

As used in this section, "Public School Buildings" shall include only facilities for individual schools that are used for instructional and related purposes, and does not include central administration, maintenance, or other facilities. **Applications must be submitted within one year following the date of final payment to the Contractor or Vendor.**

Short description of Construction Project: replace classroom cabinets & renovate bathroom in front wing at Grandy Primary, replace bathroom cabinets for special needs students at Camden High School

Estimated Costs:

Purchase of Land	_____	\$	_____
Planning and Design Services	_____		_____
New Construction	_____		_____
Additions / Renovations	_____		42,238.00
Repair	_____		_____
Debt Payment / Bond Payment	_____		_____
TOTAL	_____	\$	42,238.00

Estimated Project Beginning Date: 07/01/2018 Est. Project Completion Date: 10/31/2018

We, the undersigned, agree to submit a statement of state monies expended for this project within 60 days following completion of the project.

The County Commissioners and the Board of Education do hereby jointly request approval of the above project, and request release of \$ 42,238.00 from the Public School Building Capital Fund (Lottery Distribution). We certify that the project herein described is within the parameters of G.S. 115C-546.

(Signature — Chair, County Commissioners) (Date) 6/14/18

(Signature — Chair, Board of Education) (Date)

Atlantic Coastal Supply, Inc.
 P.O. BOX 2887
 Greenville, NC 27836

Quote

Customer No.: 100018
 Quote No.: 50780

Quote To: **CAMDEN CO. BOARD OF ED.**
 ATTN: ACCOUNTS PAYABLE
 174 NORTH 343
 CAMDEN, NC 27921-9614

Ship To: **CAMDEN CO. BOARD OF ED.**
 174 NORTH 343
 ATTN: ACCOUNTS PAYABLE
 CAMDEN, NC 27921-7549

Date		Ship Via		F.O.B.		Terms	
04/24/18				Origin		2.00%-10 / Net 30	
Purchase Order Number			Sales Person			Required	
			ANTHONY TODD			04/24/18	
Quantity			Item Number	Description	Unit Price	Amount	
Required	Shipped	B.O.					
6			101160	SLOAN WALL HUNG SINK 20-3/4" X 18-1/4" X 12-1/4" 4" CENTERSET	69.00	414.00	
6			400855	P-TRAP 1 1/4-17 GA	14.12	84.72	
6			408228	P.O. PLUG 1-1/4 X 8 W/GRID STRAINER	15.53	93.18	
6			940640	HANDI LAV GUARD INSULATION KIT (WHITE)	39.50	237.00	
1			920328	ZURN METRO-FLUSH VALVE CLOSET 1.6 GPF	106.00	106.00	
1			Q322056	LOT OF PARTITIONS FOR GRANDY ELEMENTARY W/ URINAL SCREENS/COLOR?	3862.92	3862.92	
45.000				ESTIMATING 40 HOURS FOR INSTALL AND REMOVAL OF PLUMBING AND PARTITIONS	135.00	6075.00	
						Quote subtotal	10872.82
						Sales tax @ 4.75000%	227.90
						Sales tax @ 2.00000%	95.96
						Quote total	11196.68

Attachment: Camden County Schools - Lottery Funds Applications (2077 : Camden County Schools - Lottery Funds Applications)

Thank You

Stallings Cabinets Inc.
 508 N. Hughes Blvd.
 Elizabeth City, NC 27909
 252.338.6747
 252.338.9351 (Fax)
 252.333.9718 (Don's Cell)

Customer: CAMDEN CO. SCHOOLS / LARRY LAWRENCE
 Address: GRANDY PRIMARY
 Phone: _____
 Email: _____
 Date: 3/20/2018

Cabinets: PROVIDE NEW CABINETS TO REPLACE EXISTING CABINETS IN ROOMS M1A, M2, M3, M4, M5, M6, M7, M8

\$ 19,600.00

Counter Tops: PROVIDE NEW SELF EDGE LAMINATE TOPS

\$ 5040.00

Hardware: 80 KNOBS AND OR PULLS

\$ 320.00

Total of Materials:
 Tax:
 Shipping:

\$ 24,960.00
 \$ 1,684.80
 \$ _____

Labor to Install: TEAR OUT EXISTING CAB. & C.T.'s DELIVER AND INSTALL NEW ABOVE ITEMS.

\$ 2560.00

Job Total: \$ 29,204.80

Terms: 50% Deposit before ordering

\$ _____ ck/cc/c # _____ Date: _____

50% Balance Due upon Completion

\$ _____ ck/cc/c # _____ Date: _____

Customer Signature: _____

Date: _____

Salesperson: Don Stallings

Date: 3/20/2018

Attachment: Camden County Schools - Lottery Funds Applications (2077 : Camden County Schools - Lottery Funds Applications)

Stallings Cabinets Inc.
 508 N. Hughes Blvd.
 Elizabeth City, NC 27909
 252.338.6747
 252.338.9351 (Fax)
 252.333.9718 (Don's Cell)

Customer: CAMDEN CO. SCHOOLS / LARRY LAWRENCE
 Address: CAMDEN HIGH SCHOOL
 Phone: _____
 Email: _____
 Date: 4/25/2018

Cabinets: PROVIDE NEW HANDI-CAP VANITIES IN
MEN'S BATH ROOM (1 - 72") & WOMEN'S BATHROOM
(96")

Counter Tops: _____ \$ 1420.00

Hardware: _____ \$ _____

Total of Materials: \$ 1420.00
 Tax: \$ 95.85
 Shipping: \$ _____

Labor to Install: DELIVERY AND INSTALL (EXISTING SINK
REMOVAL BY OTHERS)
 _____ \$ 300.00

Job Total: \$ 1835.85

Terms: 50% Deposit before ordering \$ _____ ck/cc/c # _____ Date: _____

50% Balance Due upon Completion \$ _____ ck/cc/c # _____ Date: _____

Customer Signature: _____ Date: _____

Salesperson: Don Stallings Date: 4/25/2018

Attachment: Camden County Schools - Lottery Funds Applications (2077 : Camden County Schools - Lottery Funds Applications)



Board of Commissioners
AGENDA ITEM SUMMARY SHEET

Item Number: 3.2
Meeting Date: June 21, 2018

Submitted By: Ken Bowman,
Administration
Prepared by: Karen Davis

Item Title Lease Agreement - Success Academy for 3'S and 4'S

Attachments: Success Academy for 3's and 4's Lease Agreement
(DOCX)

Summary:
Draft lease agreement attached.

NORTH CAROLINA
CAMDEN COUNTY

THIS TRIPLE-NET LEASE AGREEMENT, made and entered into on this the 1st day of July, 2018, by and between, County of Camden, whose address is P.O. Box 190 Camden, NC and/or their assigns or successors, hereinafter referred to as "Landlord", and Success Academy for 3's and 4's whose address is 151 Gumberry Road Camden, NC 27921 referred to as "Tenant".

Section 1. Premises: Landlord hereby leases to the Tenant and Tenant hereby leases from the Landlord, upon terms and conditions hereinafter set forth, that certain building situated at 151 Gumberry Road Camden, NC 27921, North Carolina.

Section 2. Term: The term of this Lease shall be Five (5) Years, beginning on July 1st, 2018 and ending June 30th, 2023, unless terminated earlier as herein provided, or unless renewed as herein provided. The first Lease Year Anniversary shall be the date **twelve** (12) calendar months after the first day of the first full month of the Term hereof and successive Lease Year Anniversaries shall be the date twelve (12) calendar months from the previous Lease Year Anniversary.

Section 3. Option to Renewal: Landlord grants to Tenant the option to renew this Lease for additional Terms ("Option Term") on the same covenants and conditions as are herein contained, except as modified by this provision and agreement.

a. **Exercise of the Option:** The option shall be exercised in writing delivered to Landlord by Tenant at least sixty (60) days prior to the expiration of the Term of this Lease.

b. **Effect of Failure to Exercise Option:** In the event Tenant shall fail to give Landlord written notice of its election to exercise its Option to renew this lease at least sixty (60) days prior to the expiration of the Term of this Lease, such option shall thereafter be and become null and void and of no further force and effect.

Section 4. Rental: The Tenant shall pay to the Landlord or its Agent without demand, an annual Lease Year Base Rental of [REDACTED]. (Discussion with Tenant was focused on first 2 years no rent and years 3-5 \$1000.00 per month. To compensate for the first 2 years Tenant would upfit the building based on the estimated repairs that were received by local contractors)

Tenant is individually responsible for county water and trash removal.

Rental for any period during the term hereof which is less than one month shall be the pro-rated portion of the monthly rental due.

On each Lease Year Anniversary the annual rental payable hereunder (and accordingly the monthly installments) shall be adjusted:

by any change in the Consumer Price Index, Urban Wage Earners and Clerical Workers, All Cities (CPI-W, 1982-1984=100) ("Index") by multiplying the then effective annual rental by the value of said Index for the month two months prior to the Lease Year Anniversary and dividing the product by the value of said Index for the month two months prior to the previous Lease Year Anniversary (in the instance of the first Lease Year Anniversary the value of the Index for the month two months prior to the first full month of the term hereof). In the event the Index ceases to be published there shall be substituted for the Index the measure published by the US Department of Labor which most nearly approximates the Index;

the annual Lease Year Base rental payable hereunder (and accordingly the monthly installments) shall be increased as follows during the duration of the lease term. **To Be Determined** (This could be a fixed rate at agreed to monthly rate or increased each year)

if this box is checked, Tenant shall pay all rent to Landlord's Agent at the following address: _____

Section 5. Late Charges: If Landlord fails to receive any rent payment within five (5) days after it becomes due, Tenant shall pay Landlord, as additional rental, a late charge equal to five percent (5%) of the overdue amount or \$100 whichever is greater, plus any actual bank fees incurred for returned or dishonored checks. The parties agree that such a late charge represents a fair and reasonable estimate of the cost Landlord will incur by reason of such late payment.

Section 6. Security Deposit: Tenant shall deposit with Landlord or its Agent upon execution of the Lease _____ (one month rent) as a security deposit which shall be held as security for the full and faithful performance by Tenant of each and every term, covenant and condition of this Lease. If any of the rents or other charges or sums payable by Tenant shall be over-due and unpaid or should payments be made on behalf of the Tenant, or should Tenant fail to perform any of the terms of this Lease, then Landlord or its Agent may, at its option, appropriate and apply the Security Deposit, or so much thereof as may be necessary, to compensate toward the payment of the rents, chargers or other sums due from Tenant, or towards any loss, damage of expense sustained by Landlord resulting from such default on the part of the Tenant; and in such event Tenant shall upon demand restore the Security Deposit to the original sum deposited. In the event Tenant furnishes Landlord with proof that all utility bills have been paid through the date of Lease termination, and performs all of Tenant's other obligations under this Lease, the Security Deposit shall be returned in full to Tenant with thirty (30) days after the date of the expiration or sooner termination of the term of this Lease and the surrender of the Premises by Tenant in compliance with the provisions of this Lease. **The Security Deposit may be placed in an interest bearing account and any interest thereon shall be the property of the party holding the same.**

Section 7. Rent Adjustment: The Landlord reserves the right to increase the rental by an amount equaling the total increase in ad valorem taxes, hazard/general liability insurance premium and common area expenses, over the amounts in effect at the commencement date of this Lease Agreement. Said increase shall be divided by twelve (12) months, divided proportionately, and the result added to the monthly rent called for herein, beginning on the first month following notification of such increase.

Attachment: Success Academy for 3's and 4's Lease Agreement (2081 : Lease Agreement - Success Academy for 3'S and 4'S)

Section 8. Utilities: The Tenant shall pay all charges for utilities, including but not limited to water, gas, electricity, light, heat, power and telephone or other communication service used, rendered or supplied upon or in connection with the leased property, and shall indemnify the Landlord against any liability or damages on such account. The Landlord shall not be liable for any failure of water supply, or electric, or any service by any utility, or injury to person or damage to property resulting from steam, gas, electricity, water, rain or snow which may flow or leak from any part of the leased property or from any pipes, appliances or plumbing works. Responsibility to pay for a utility service shall include all metering, hook-up fees or other miscellaneous charges associated with the installation and maintenance of such utility in said party's name.

Section 9. Common Area Expenses; Rules & Regulations: If the Premises are part of a larger building or group of buildings, Tenant shall pay as additional rental monthly, in advance, its proportionate share of common area maintenance expenses; common area electric, grounds maintenance and water expense (if not metered separately).

Section 10. Landlord Repairs: Landlord agrees to keep in good repair the roof, foundation, and exterior walls of the Premises (exclusive of all glass and exclusive of all exterior doors) and underground utility and sewer pipes outside the exterior walls of the building, except repairs rendered necessary by the negligence or intentional wrongful act of Tenant, its agents, employees or invitees. Tenant accepts the Premises in their present condition and as suited for the uses intended by Tenant.

Section 11. Tenant Repairs: Tenant shall, throughout the initial term of this Lease, and any extension or renewal thereof, at its expense, maintain in good order and repair the Premises, including the building, plumbing, electrical, heating and air conditioning equipment (including but not limited to replacement of parts, compressors, air handling units and heating units) and other improvements located thereon, except those repairs expressly required to be made by Landlord hereunder. Tenant is responsible for all expenses to eliminate clogged drains, maintain and pump septic tank if it becomes necessary or is required by the Health Department at interim inspections. Tenant shall at all times keep all exterior entrances, all glass and show window moldings, all partitions, doors, fixtures, equipment, lighting, plumbing and other appurtenances thereto in good order, condition and repair, including replacement when necessary and reasonable periodic painting of the interior of the Leased Premises. Tenant shall be responsible for ensuring the sidewalk in front of the Leased Premises and any doorways, front or rear, are kept free of debris, snow or ice. Unless the grounds are common area of a building(s) larger than the Premises, Tenant further agrees to care for the grounds around the building, including paving, the mowing of grass, care of shrubs and general landscaping. Tenant agrees to return the Premises to Landlord at the expiration or prior termination of this lease, in as good condition and repair as when first received, natural wear and tear, damage by storm, fire, lightning, earthquake or other casualty alone excepted. Tenant, Tenant's employees, agents, contractors or subcontractors shall take no action which may void any manufacturers or installers warranty with relation to the Premises. Tenant shall indemnify and hold Landlord harmless from any liability, claim, demand or cause of action arising on account of Tenant's breach of the provisions of this paragraph.

Section 12. Alterations: Tenant shall not make any alterations, additions, or improvements to the Premises without Landlord's prior written consent. Tenant shall promptly remove any alterations, additions, or improvements constructed in violation of this Paragraph upon Landlord's written request. All approved alterations, additions, improvements will be accomplished in a good workmanlike manner, in conformity with all applicable laws and regulations, and by a contractor approved by Landlord, free of any liens or encumbrances.

Landlord may require Tenant to remove any alterations, additions, or improvements (whether or not made with Landlord's consent) at the termination of the Lease and to restore the Premises to its prior condition, all at Tenant's expense. All alterations, additions and improvements which Landlord has not required Tenant to remove shall become Landlord's property and shall be surrendered to Landlord upon the termination of this Lease, except that Tenant may remove any of Tenant's machinery or equipment which can be removed without material damage to the Premises, so long as Tenant is in compliance with Lease and not in default hereunder. Tenant shall repair, at Tenant's expense, any damage to the Premises caused by the removal of any such machinery or equipment.

Section 13. Removal of Fixtures: Tenant may (if not in default hereunder) prior to the expiration of this Lease, or any extension or renewal thereof, remove all fixtures and equipment which it has placed in the Premises, provided Tenant repairs all damage to the Premises caused by such removal.

Section 14. Events of Default: The happening of any one or more of the following events during the term of this Lease, or any renewal or extension thereof, shall constitute a breach of this Lease on the part of the Tenant: (a) Tenant fails to pay the rental as provided for herein; (b) Tenant abandons or vacates the Premises; (c) Tenant fails to comply with or abide by and perform any other obligation imposed upon Tenant under this Lease; (d) Tenant is adjudicated bankrupt; (e) A permanent receiver is appointed for Tenant's property and such receiver is not removed within sixty (60) days after written notice from Landlord to Tenant to obtain such removal; (f) Tenant, either voluntarily or involuntarily, takes advantage of any debt or relief proceedings under any present or future law, whereby the rent or any part thereof is, or is proposed to be reduced or payment thereof deferred; (g) Tenant makes an assignment for benefit of creditors; or (h) Tenant's effects are levied upon or attached under process against Tenant, which is not satisfied or dissolved within thirty (30) days after written notice from Landlord to Tenant to obtain satisfaction thereof.

Section 15. Remedies Upon Default. Upon the occurrence of Event of Default, Landlord may pursue any one or more of the following remedies separately or concurrently, without prejudice to any other remedy herein provided or provided by law: (a) if the Event of Default involves nonpayment of rental and Tenant fails to cure such default within five (5) days after receipt of written notice thereof from Landlord, or if the Event of Default involves a default in performing any of the terms or provisions of the Lease other than payment of rental and Tenant fails to cure such default within fifteen (15) days after receipt of written notice of default from Landlord, Landlord may terminate this Lease by giving written notice to Tenant and upon such termination shall be entitled to recover from Tenant damages as may be permitted under applicable law; or (b) if the Event of Default involves any matter other than those set forth in item (a) of this paragraph, Landlord may terminate this Lease by giving written notice to Tenant and, upon such termination, shall be entitled to recover from the Tenant damages in an amount equal to all rental which is due and all rental which would otherwise have become due throughout the remaining term of this Lease, or any renewal or extension thereof (as if this Lease had not been terminated); or (c) upon any Event of Default, Landlord, as Tenant's agent, without advertisement and by private negotiations and for any term Landlord deems proper, with Tenant being liable to Landlord for the deficiency, if any, between Tenant's rent hereunder and the price obtained by Landlord on reletting, provided however, that Landlord shall not be considered to be under any duty by reason of this provision to take any action to mitigate damages by reason of Tenants default. In the event Landlord hires an attorney to enforce its rights upon default, Tenant shall in addition be liable for reasonable attorney's fees and all costs of collection.

Section 16. Condemnation: If the Leased Premises, or any part thereof, is taken by eminent

domain, the Lease shall expire on the date when the Leased Premises shall be so taken, and the rent shall be apportioned as of that date. No part of any award shall belong to the Tenant.

Section 17. Indemnification: Except for claims arising out of acts caused by the affirmative negligence of the Landlord or its representatives, the Tenant shall indemnify and defend the Landlord and the Leased Premises, at the Tenant's expense, against all claims, expenses, and liabilities arising from (a) the management of any occurrence on or about the leased premises or any adjoining street or roadway; (b) any default by the Tenant hereunder, (c) any act of negligence by the Tenant or its agents, contractors, employees or licensees.

Section 18. Fire or Other Casualty Losses: If the Premises are totally destroyed by storm, fire, lightning, earthquake or other casualty, without the fault of the Tenant, this Lease shall terminate as of the date of such destruction and rental shall be accounted for as between Landlord and Tenant as of that date. If the premises are damaged but not wholly destroyed by any such casualties, without the fault of the Tenant, rental shall abate in such proportion as effective use of the Premises has been affected and Landlord shall restore Premises to substantially the same condition as before damage as speedily as is practicable, whereupon full rental shall recommence.

Section 19. Insurance: The landlord shall keep the building containing the leased property insured against loss or damage by fire with extended coverage endorsement in an amount not less than eighty percent (80%) of the full insurable value as determined from year to year. The Tenant shall keep the leased property insured with a tenant owners policy for business personal property and betterments throughout the term of this Lease against claims for personal injury and property damage, under a policy of general public liability insurance, with such limits as may reasonably be requested by the Landlord from time to time, but not less than \$1,000,000 per occurrence and \$2,000,000 general aggregate as a combined single limit or \$1,000,000 bodily injury and \$1,000,000 property damage as a split limit, which insurance shall contain a special endorsement recognizing and insuring any liability accruing to Tenant and naming Landlord as additional insured. *Tenant shall provide evidence of such insurance to Landlord prior to the commencement of the term of this Lease, and provide annually an updated certificate of insurance to Landlord.* Tenant must maintain insurance policy without lapse to remain in compliance with Lease. Tenant agrees to and hereby does indemnify and save Landlord harmless against all claims for damages to persons or property by reason of Tenant's use or occupancy of the Premises.

Section 20. Tax and Insurance Escalation: Tenant shall pay upon demand as additional rental during the term of this Lease, and any extensions or renewal thereof;

- The amount by which all taxes on the Premises for each tax year exceed all taxes on the Premises for the tax year _____ or
- All taxes on the Premises for each tax year.

In the event the Premises are less than the entire property assessed for such taxes for any such tax year, then the tax for any such year applicable to the Premises shall be determined by proration on the basis that the rentable floor area of the Premises bears to the rentable floor area of the entire property assessed. If the final year of the Lease term fails to coincide with the tax year, then any excess for the tax year during which the term ends shall be reduced by the pro rata part of such tax year beyond the Lease term. If such taxes for the year in which the Lease terminates are not ascertainable before payment of the last month's rental, then the amount of such taxes assessed against the property for the previous tax year shall be used as a basis for determining the pro rata share, if any, to be paid by Tenant for that portion of the last lease year.

Tenant shall further pay upon demand as additional rental during the term of this Lease, and any extension or renewal thereof:

- the excess cost of fire and extended coverage insurance including any and all public liability insurance on the building over the cost of the first year of the Lease term for each subsequent year during the term of this Lease; or
- all fire and hazard, and extended coverage insurance including any and all public liability insurance on the building.

Section 21. Tenant's Employment Responsibilities: The Tenant shall be responsible for and save the Landlord harmless from all wages, salaries, or other benefits due Tenant's employees. Tenant shall also be solely responsible for the acquisition and payment of any goods and/or services used or performed by the Tenant in the conduct of its business.

Section 22. Use of Premises: The Premises shall be used for **Child Care Programs** purposes only and no other. The Premises shall not be used for any illegal purposes, nor in any manner to create any nuisance or trespass, nor in any manner to vitiate the insurance or increase the rate of insurance on the Premises. In the event Tenant's use of the Premises results in an increase in the rate of insurance on the Premises, Tenant shall pay to Landlord, upon demand and as additional rental, the amount of any such increase.

Section 23. Hazardous Waste: Tenant specifically agrees that, except for such limited quantities of office materials and supplies of such type and in such quantities as are customarily used in Tenant's normal business operations (which shall be used only in accordance with applicable law and any manufacturers or suppliers guidelines), Tenant shall not engage or permit at any time, any operations or activities upon, or any use or occupancy of the Premises, or any portion thereof, for the purpose of or in any way involving the handling, manufacturing, treatment, storage, use, transportation, spillage, leakage, dumping, discharge or disposal (whether legal or illegal, accidental, or intentional) of any hazardous substances, materials or wastes, or any wastes regulated under any local, state or federal law.

Tenant shall, during the Term, remain in full compliance with all applicable laws governing its use and occupancy of the Premises, including, without limitation, the handling, manufacturing, treatment, storage, disposal, discharge, use, and transportation of hazardous substances, materials or wastes, and any wastes regulated under any local, state or federal law. Tenant will remain in full compliance with the terms and conditions of all permits and licenses issued to it by any governmental authority on account of any or all of its activities on the Premises.

Section 24. Environmental Laws. (a) Tenant shall not bring onto the Premises any Hazardous Materials (as defined below) without the prior written approval by Landlord. Any approval must be preceded by submission to Landlord of appropriate Material Safety Data Sheets (MSD Sheets). In the event of approval by Landlord, Tenant covenants that it will (1) comply with all requirements of any constituted public authority and all federal, state, and local codes, statutes, ordinances, rules and regulations, and laws, whether now in force or hereafter adopted relating to Tenant's use of the Premises, or relating to the storage, use, disposal, processing, distribution, shipping or sales of any hazardous, flammable, toxic, or dangerous materials, waste or substance, the presence of which is regulated by a federal, state, or local law, ruling, rule or regulation (hereafter collectively referred to as "Hazardous Materials"; (2) comply with any reasonable recommendations by the insurance carrier of either Landlord or Tenant relating to the use by Tenant on the Premises of such Hazardous Materials; (3) refrain from unlawfully disposing of or allowing the disposal of any Hazardous Materials upon, within, about or under the Premises; and (4) remove all Hazardous Materials from the Premises, either after their use by Tenant or upon the expiration or earlier termination of this Lease, in compliance with all applicable laws.

(b) Tenant shall be responsible for obtaining all necessary permits in connection with its use, storage and disposal of Hazardous Materials, and shall develop and maintain, and where necessary file with the appropriate authorities, all reports, receipts, manifests, filings, lists and invoices covering those Hazardous Materials and Tenant shall provide Landlord with copies of all such items upon request. Tenant shall provide within five (5) days after receipt thereof, copies of all notices, orders, claims or other correspondence from any federal, state or local government or agency alleging any violation of any environmental law or regulation by Tenant, or related in any manner to Hazardous Materials. In addition, Tenant shall provide Landlord with copies of all responses to such correspondence at the time of the response.

(c) Tenant hereby indemnifies and holds harmless Landlord, its successors and assigns from and against any and all losses, liabilities, damages, injuries, penalties, fines, costs, expenses and claims of any and every kind whatsoever (including attorney's fees and costs, expenses or claims asserted or arising under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, from time to time, and regulations promulgated thereunder, any so-called state or local "Superfund" or "Superlien" law, or any other federal, state or local statute, law or ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning any Hazardous Materials) paid, incurred or suffered by, or asserted against, Landlord as a result of any claim, demand or judicial or administrative action by any person or entity (including governmental or private entities) for, with respect to, or as a direct or indirect result of, the presence on or under or the escape, seepage, leakage, spillage, discharge, emission or release from the Premises of any Hazardous Materials caused by Tenant or Tenant's agents, employees, invitees or successors in interest. This indemnity shall also apply to any release of Hazardous Materials caused by a fire or other casualty to the premises if such Hazardous Materials were stored on the Premises by Tenant, its agents, employees, invitees or successors in interest.

(d) If Tenant fails to comply with the Covenants to be performed hereunder with respect to Hazardous Materials, or if an environment protection lien is filed against the premises as a result of the actions of Tenant, its agents, employees or invitees, then the occurrence of any such events shall be considered a default hereunder.

(e) Tenant will give Landlord prompt notice of any release of Hazardous Materials, reportable or non-reportable, to federal, state, or local authorities, of any fire, or any damage occurring on or to the Premises.

(f) Tenant will use and occupy the Premises and conduct its business in such a manner that the Premises are neat, clean and orderly at all times with all chemicals or Hazardous Materials marked for easy identification and stored according to all codes as outlined above.

(g) The warranties and indemnities contained in this Paragraph shall survive the termination of this Lease.

Section 25. Assignment and Subletting: Tenant shall not, without the prior written consent of Landlord, assign this Lease or any interest hereunder, or sublet the Premises or any part thereof, or permit the use of the Premises by any party other than the Tenant. Consent to any assignment or sublease shall not impair this provision and all later assignments or subleases shall be made likewise only on the prior written consent of the Landlord. The Assignee of Tenant, at option of Landlord, shall become directly liable to Landlord for all obligations of Tenant hereunder, but no sublease or assignment by Tenant shall relieve Tenant of any liability hereunder.

Section 26. Surrender: Upon the termination of this Lease, including any extension thereof, the Tenant shall surrender the above described premises to the Landlord in as good condition as the premises were in at the time of the initial occupancy thereof, reasonable use and wear and tear by the elements, or fire or other catastrophes not the fault of the Tenant, excepted.

Section 27. Landlord's Entry of Premises: Landlord may advertise the Premises "For Rent" or "For Sale" before the termination of this Lease. Landlord may enter the Premises at reasonable hours to exhibit same to prospective purchasers or tenants and to make repairs required of Landlord under the terms hereof or to make repairs to Landlord's adjoining property, if any.

Section 28. Effect of Termination of Lease. No termination of this Lease prior to the normal ending thereof, by lapse of time or otherwise, shall effect Landlord's right to collect rent for the period prior to termination thereof.

Section 29. Mortgagee's Rights. Tenant's rights shall be subject to any bona fide mortgage, deed of trust or other security interest which is now or may hereafter be placed upon the Premises by Landlord. Tenant shall, if requested by Landlord, execute a separate agreement reflecting such subordination, and shall be obligated to execute such documentation as may facilitate Landlord's sale or refinancing of the Premises, including, but not limited to, estoppel certificates, subordination or attornment agreements.

Section 30. Quiet Enjoyment. So long as Tenant observes and performs the covenants and agreements contained herein, it shall at all times during the Lease term peacefully and quietly have and enjoy possession of the Premises, but always subject to the terms hereof. Provided, however, that in the event Landlord shall sell or otherwise transfer its interest in the Premises, Tenant agrees to attorn to any new owner or interest holder and shall, if requested by Landlord, execute a separate agreement reflecting such attornment, provided that said agreement requires the new owner or interest holder to recognize its obligations and Tenant's rights hereunder.

Section 31. Holding Over. If Tenant remains in possession of the Premises after expiration of the term hereof, with Landlord's acquiescence and without any express agreement of the parties, Tenant shall be a tenant at will at the rental rate which is in effect at the end of the Lease and there shall be no renewal of this Lease by operation of law. If Tenant remains in possession of the Premises after expiration of the term hereof without Landlord's acquiescence, Tenant shall be a tenant at sufferance and commencing on the date following the date of such expiration, the monthly rental payable under Paragraph 4 above shall for each month, or fraction thereof during which Tenant so remains in possession of the premises, be twice the monthly rental otherwise payable under Paragraph 4 above.

Section 32. Abandonment. Tenant shall not abandon the Premises at any time during the Lease term. If Tenant shall abandon the Premises or be dispossessed by process of law, any Personal Property belonging to Tenant and left on the Premises shall, at the option of Landlord, be deemed abandoned, and available to Landlord to use or sell to offset any rent due or any expenses incurred by removing same and restoring the Premises.

Section 33. Attorney's Fees: In the event that any action or proceeding is brought to enforce any term, covenant or condition of this Lease on the part of Landlord or Tenant, the prevailing party in such litigation shall be entitled to recover reasonable attorney's fees and costs.

Section 34. Rights Cumulative. All rights, powers and privileges conferred hereunder upon parties hereto shall be cumulative and not restricted of those given by law.

Section 35. Waiver of Rights. No failure of Landlord to exercise any power given Landlord hereunder or to insist upon strict compliance by Tenant of its obligations hereunder and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Landlord's right to demand exact compliance with the terms hereof.

Section 36. Time of Essence. Time is of the essence in this Lease.

Section 37. Applicable Law: This Agreement shall be construed and interpreted under the laws of the State of North Carolina.

Section 38. Successors and Assigns: This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and assigns.

Section 39. Counterparts: This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

Section 40. Headings: The headings, subheadings, and captions in this Agreement and in any exhibit hereto are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

Section 41. Definitions. "Landlord" as used in this Lease shall include the undersigned, its heirs, representatives, assigns and successors in title to the Premises. "Agent" as used in this Lease shall mean the party designated as same, its heirs, representatives, assigns and successors. "Tenant" shall include the undersigned and its heirs, representatives, assigns and successors, and if this Lease shall be validly assigned or sublet, shall include also Tenant's assignees or sublessees as to the Premises covered by such assignment or sublease. "Landlord", "Tenant",

and "Agent" include male and female, singular and plural, corporation, partnership or individual, as may fit the particular parties.

Section 42. Notices: All notices required or permitted under this Lease shall be in writing and shall be personally delivered or sent by U.S. certified mail, return receipt requested, postage prepaid. Notices to Tenant shall be delivered or sent to the address shown at the beginning of this Lease, except that upon Tenant taking possession of the Premises, then the Premises shall be Tenant's new address for such purposes. Notices to Landlord shall be delivered or sent to the address shown at the beginning of this Lease and notices to Agent, if any, shall be delivered or sent to the address set forth in Paragraph 4 hereof.

All notices shall be effective upon delivery. Any party may change its notice address upon written notice to the other parties, given as provided herein.

Section 43. Entire Agreement: This Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all negotiations, prior discussions, agreements, arrangements and understandings, written or oral, relating to the subject matter hereof.

Section 44. Authorized Lease Execution: Each individual executing this Lease as director, officer, partner, member, or agent of a corporation, limited liability company, or partnership represents and warrants that he is duly authorized to execute and deliver this Lease on behalf of such corporation, limited liability company, or partnership.

Section 45. Transfer of Landlord's Interest: In the event of the sale, assignment or transfer by Landlord or its interest in the Premises or in this Lease (other than a collateral assignment to secure a debt of Landlord) to a successor in interest who expressly assumes the obligations of Landlord under this Lease, Landlord shall thereupon be released and discharged from all its covenants and obligations under this Lease, except those obligations that have accrued prior to such sale, assignment or transfer; and Tenant agrees to look solely to the successor in interest of Landlord for the performance of those covenants accruing after such sale, assignment or transfer. Landlord's assignment of this Lease, or of any or all of its rights in this Lease, shall not affect Tenant's obligations hereunder, and Tenant shall attorn and look to the assignee as Landlord, provided Tenant has first received written notice of the assignment of Landlord's interest.

Section 46. Amendments: This Agreement may not be amended except by written instrument duly executed by or on behalf of all of the parties hereto.

Section 47. Memorandum of Lease: Upon request by either Landlord or Tenant, the parties hereto shall execute a short form (Memorandum of Lease) in recordable form, setting forth such provisions hereof (other than the amount of Base Monthly Rent and other sums due) as either party may wish to incorporate. The cost of recording such Memorandum of Lease shall be borne by the party requesting execution of same.

Section 48. Signage: Except as may be specifically set forth in the Lease, Tenant may not install, inscribe, paint or affix any awning, shade, sign, advertisement or notice on or to any part of the outside of the Premises without the express written consent of the Landlord. No items of any type shall be allowed on the sidewalk area without the prior written consent of Landlord. For aesthetic purposes, all signs will be approved by the Landlord and installed at Tenant's sole expense. Any and all signs placed on the Premises by Tenant shall be maintained in compliance with governmental rules and regulations governing such signs and Tenant shall be responsible to

Landlord for any damage caused by installation, use or maintenance of said signs, and all damage incident to removal thereof.

Additional Conditions:

THIS DOCUMENT IS A LEGAL DOCUMENT. EXECUTION OF THIS DOCUMENT HAS LEGAL CONSEQUENCES THAT COULD BE ENFORCEABLE IN A COURT OF LAW. NO REPRESENTATIONS ARE MADE CONCERNING THE LEGAL SUFFICIENCY, LEGAL EFFECT OR TAX CONSEQUENCES OF THIS DOCUMENT **OR** THE TRANSACTION TO WHICH IT RELATES AND RECOMMENDS THAT YOU CONSULT YOUR ATTORNEY.

IN WITNESS WHEREOF, this Lease Agreement has been executed by each party hereto, in duplicate originals, on the date and year first above written.

LANDLORD

TENANT

Attachment: Success Academy for 3's and 4's Lease Agreement (2081 : Lease Agreement - Success Academy for 3'S and 4'S)



Board of Commissioners
AGENDA ITEM SUMMARY SHEET

Item Number: 3.3
Meeting Date: June 21, 2018

Submitted By: Craig Patterson, Social Services Director
Social Services
Prepared by: Karen Davis

Item Title **Memorandum of Understanding - Department of Social Services**

Attachments: Memorandum of Understanding - Dept. of Health & Human Services (PDF)

Summary:
Mr. Bowman will discuss the attached MOU with the Board.

**MEMORANDUM OF UNDERSTANDING (FISCAL YEAR 2018-19) BETWEEN
THE NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES
AND
CAMDEN COUNTY**

**A Written Agreement Pursuant to N.C. Gen. Stat. § 108A-74, an Act of the North Carolina General
Assembly**

This Memorandum of Understanding (“MOU”) is made by and between the North Carolina Department of Health and Human Services, (hereinafter referred to as the “Department”) and Camden County a political subdivision of the State of North Carolina (hereinafter referred to as the “County”) to comply with the requirements of law, N.C. Gen. Stat. § 108A-74. The Department and the County may be referred to herein individually as a “Party” and collectively as the “Parties.”

TERMS OF UNDERSTANDING

In consideration of the mutual promises and agreements contained herein, as well as other good and valuable consideration, the sufficiency of which is hereby acknowledged by the Parties, the Parties agree to this MOU, effective July 1, 2018, in compliance with the mandates of law enacted by the North Carolina General Assembly and in recognition of possible amendments by the General Assembly, the Parties further agree to conform to changes made to the law, notwithstanding a contractual term previously agreed upon.

1.0 Parties to the MOU

The only Parties to this MOU are the North Carolina Department of Health and Human Services and Camden County, a political subdivision of the State of North Carolina.

1.1 Relationships of the Parties

Nothing contained herein shall in any way alter or change the relationship of the parties as defined under the laws of North Carolina. It is expressly understood and agreed that the enforcement of the terms and conditions of this MOU, and all rights of action relating to such enforcement, shall be strictly reserved to the Department and the County. Nothing contained in this document shall give or allow any claim or right of action whatsoever by any other third person. It is the express intention of the Department and County that any such person or entity, other than the Department or the County, receiving services or benefits under this MOU shall be deemed an incidental beneficiary only.

Subcontracting: The County shall be responsible for the performance of all of its subcontractors. The County shall disclose the names of its subcontractors to the Department within thirty (30) days of the execution thereof. The County shall also provide additional information concerning its subcontractors as may be requested by the Department within thirty (30) days of the request. The County additionally agrees not to enter into any confidentiality agreement or provision with a subcontractor or other agent to provide services related to this MOU that would prevent or frustrate the disclosure of information to the Department. Subcontractors shall be defined under this MOU to mean any party the county enters into a contractual relationship with for the complete administration of one or more social services programs covered by this MOU. Temporary employees hired by the County shall not be considered subcontractors under this MOU.

Assignment: No assignment of the County's obligations or the County's right to receive any funding made in any way concerning the matters covered by this MOU hereunder shall be permitted.

2.0 Terms of the MOU

The term of this MOU shall be for a period of one year beginning July 1, 2018 and ending June 30, 2019.

2.1 Default and Modification

Default: In the event the County fails to satisfy the mandated performance requirements as set forth in Attachments I through X or fails to otherwise comply with the terms of this MOU, the Department may withhold State and/or federal funding. Any such withholding shall be in compliance with, and as allowed by, state and/or federal law.

Performance Improvement/Corrective Action: Prior to the Department exercising its authority to withhold State and/or federal funding for a failure to satisfy the mandated performance requirements or failure to comply with the terms of this MOU, the steps set forth in Attachment XI will govern. For this MOU covering Fiscal Year 2018-2019, the Department will not initiate any actions set forth in Attachment XI related to the mandated performance requirements until January 1, 2019. Nothing contained in this MOU or Attachment XI shall supersede or limit the Secretary's authority to take any action otherwise set forth in 108A-74(b) and (c).

Waiver of Default: Waiver by the Department of any default or breach in compliance with the terms of this MOU by the County shall not be deemed a waiver of any subsequent default or breach and shall not be construed to be modification of the terms of this MOU unless stated to be such in writing, signed by an authorized representative of the Department and the County and attached to the MOU.

Force Majeure: Neither Party shall be deemed to be in default of its obligations hereunder if and so long as it is prevented from performing such obligations by any act of war, hostile foreign action, nuclear explosion, riot, strikes, civil insurrection, earthquake, hurricane, tornado, or other catastrophic natural event or act of God.

Modification: The terms and conditions of this MOU may only be modified by written agreement of the Parties, signed by an authorized representative of the Parties.

3.0 MOU Documents

The Recitals and the following attachments are incorporated herein by reference and are part of this MOU:

- (1) The portions hereof preceding the Terms of Understanding, including but not limited to the introductory paragraph and the Recitals, which are contractual as well as explanatory
- (2) The Terms of Understanding
- (3) Attachment I – Mandated Performance Requirements: Child Welfare – Child Protective Services
- (4) Attachment II – Mandated Performance Requirements: Foster Care
- (5) Attachment III – Mandated Performance Requirements: Child Support
- (6) Attachment IV – Mandated Performance Requirements: Energy

- (7) Attachment V – Mandated Performance Requirements: Work First
- (8) Attachment VI – Mandated Performance Requirements: Food and Nutrition Services
- (9) Attachment VII – Mandated Performance Requirements: Adult Protective Services
- (10) Attachment VIII – Mandated Performance Requirements: Special Assistance
- (11) Attachment IX – Mandated Performance Requirements: Child Care Subsidy
- (12) Attachment X – Corrective Action

4.0 Entire MOU

This MOU and any documents incorporated specifically by reference represent the entire agreement between the Parties and supersede all prior oral or written statements or agreements between the Parties.

5.0 Definitions

While "County" is used as an abbreviation above, the following definitions, some of which are contained in N.C. Gen. Stat. § 108A-74(a), also apply to this MOU:

- (1) "County department of social services" also means the consolidated human services agency, whichever applies;
- (2) "County director of social services" also means the human services director, whichever applies; and
- (3) "County board of social services" also means the consolidated human services board, whichever applies.
- (4) "Child welfare services or program" means protective, foster care, and adoption services related to juveniles alleged to be abused, neglected, or dependent as required by Chapter 7B of the General Statutes.
- (5) "Social services programs" or "Social services programs other than medical assistance" means social services and public assistance programs established in Chapter 108A other than the medical assistance program (Part 6 of Article 2 of Chapter 108A). This includes, but is not limited to, child welfare programs, adult protective services, guardianship services for adults, and programs of public assistance established in Chapter 108A. It also includes the child support enforcement program, as established in Article 9 of Chapter 110 of the General Statutes, and the North Carolina Subsidized Child Care Program.

To the extent that any term used herein is defined by a statute or rule applicable to the subject matter of this MOU, the statutory or rule definition shall control. For all remaining terms, which are not defined by statute or rule, those terms shall have their ordinary meaning. Should any further definition be needed, the Parties agree that the meanings shall be those contained in the current version (as of the time the dispute or question arises) of Black's Law Dictionary, and if not defined therein, then of a published unabridged modern American English Language Dictionary published since the year 2000.

6.0 Audit Requirements

The County shall furnish to the State Auditor, upon his/her request, all books, records, and other information that the State Auditor needs to fully account for the use and expenditure of state funds in accordance with N.C.G.S. §147-64.7. Additionally, as the State funding authority, the Department of Health and Human Services shall have access to persons and records as a result of all contracts or grants entered into by State agencies or political subdivisions.

7.0 Record Retention

The County shall retain records at its own expense in accordance with applicable State and Federal laws, rules, and regulations. The County shall facilitate and monitor the compliance of its subcontractors with all applicable requirements of record retention and disposition.

In order to protect documents and public records that may be the subject of Department litigation, the Department shall notify the County of the need to place a litigation hold on those documents. The Department will also notify the County of the release of the litigation hold. If there is no litigation hold in place, the documents may be destroyed, disposed of, or otherwise purged through the biannual Records Retention and Disposition Memorandum from the Department's Controller's Office.

8.0 Liabilities and Legal Obligations

Each party hereto agrees to be responsible for its own liabilities and that of its officers, employees, agents or representatives arising out of this MOU. Nothing contained herein is intended to alter or change the relationship of the parties as defined under the laws of the State of North Carolina.

9.0 Confidentiality

Any medical records, personnel information or other items exempt from the NC Public Records Act or otherwise protected by law from disclosure given to the Department or to the County under this MOU shall be kept confidential and not divulged or made available to any individual or organization except as otherwise provided by law. The Parties shall comply with all applicable confidentiality laws and regulations, including but not limited to the Health Insurance Portability and Accountability Act of 1996 (HIPAA), the administrative simplification rules codified at 45 Parts 160, 162, and 164, alcohol and drug abuse patient records laws codified at 42 U.S.C. §290dd-2 and 42 CFR Part 2, and the Health Information Technology for Economics and Clinical Health Act (HITECH Act) adopted as part of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5).

10.0 Secretary's Authority Undiminished

Certain functions delegated to the County pursuant to this MOU are the duty and responsibility of the Department as the grantee of federal grant funds. The Parties understand and agree that nothing in this MOU shall be construed to diminish, lessen, limit, share, or divide the authority of the Secretary of the Department to perform any of the duties assigned to the Department or its Secretary by the North Carolina General Statutes, the terms and conditions of the federal funds and their applicable laws and regulations or other federal laws and regulations regarding any federal funding which is used by the Department to reimburse the County for any of its duties under this MOU.

11.0 MOU does not Diminish Other Legal Obligations

Notwithstanding anything to the contrary contained herein and to facilitate the mandated performance requirements of N.C. Gen. Stat. § 108A-74, the Parties acknowledge and agree that this MOU is not intended to supersede or limit, and shall not supersede or limit, the County's obligations to comply with all applicable: 1) federal and state laws; 2) federal and state rules; and 3) policies, standards, and directions of the Department, as all such currently exist and may be amended, enacted, or established hereafter.

12.0 Notice

The persons named below shall be the persons to whom notices provided for in this MOU shall be given. Either Party may change the person to whom notice shall be given upon written notice to the other Party. Any notice required under this MOU will only be effective if actually delivered to the parties named below. Delivery by hand, by first class mail, or by email are authorized methods to send notices.

For the Department of Health and Human Services

IF DELIVERED BY US POSTAL SERVICE	IF DELIVERED BY ANY OTHER MEANS
Wayne Black, Director	Wayne Black, Director
Division of Social Services 2401 Mail Service Center Raleigh, NC 27699-2401	Division of Social Services NC DHHS Dorothea Dix Campus, McBryde Building Phone: 919-527-6338 Fax: 919-334-1018 Email wayne.black@dhhs.nc.gov

For the County:

IF DELIVERED BY US POSTAL SERVICE	IF DELIVERED BY ANY OTHER MEANS

13.0 Responsibilities of the Department

The Department hereby agrees that its responsibilities under this MOU are as follows:

- (1) The Department shall develop mandatory performance requirements for each social services program based upon standardized metrics utilizing reliable data. The mandated performance requirements are identified in Attachments I through X.
- (2) The Department shall provide supervision, program monitoring and technical assistance to the counties in the administration of social services programs.
- (3) The Department shall provide leadership and coordination for developing strategies that address system-level barriers to the effective delivery of social services programs, including but not limited to: the Administrative Office of Courts, the LME/MCO, Department of Public Instruction, and the Department of Public Safety.
- (4) The Department shall have the following administrative responsibilities:
 - a. Staff Training and Workforce Development:
 - i. Develop training requirements for county personnel and provide guidance for adequate staffing patterns related to the provision of social services programs. The Department will publish annually, a list of required and recommended

- trainings for county personnel directly involved in the administration of social services programs covered under this MOU.
- ii. Develop training curricula and provide, timely, adequate access to statewide training opportunities for county personnel related to the provision of social services programs. Training opportunities may include in-person, self-guided, web-based and remotely facilitated programs.
 - iii. The Department will publish a training calendar, at least quarterly, notifying the counties of training opportunities.
 - iv. Provide timely written guidance related to new federal or state statutes or regulations. The Department will provide information in advance of the effective date of new policy to the extent possible, including interpretations and clarifications of existing policy.
 - v. Provide technical assistance and training in areas where quality control, monitoring or data indicates a lack of correct application of law, rule or policy.
- b. Compliance Monitoring:
- i. Evaluate county compliance with applicable federal and state laws, rules and policies.
 - ii. Provide feedback to counties with recommended changes when necessary.
 - iii. Monitor county compliance with federal and state law, rule and policy.
 - iv. Monitor all financial resources related to the provision of social services programs covered by this MOU are utilized by the county in compliance with applicable federal and state laws.
- c. Data Submission:
- i. Maintain and review data submitted by counties pursuant to the mandatory performance requirements.
 - ii. Provide counties with reliable data (related to accuracy and timeliness of programs in accordance with state and federal program guidelines. This includes but is not limited to processing applications and recertification, quality control standards, program statistics and fiscal information.
 - iii. The Department shall be responsible for the maintenance and functionality of its information systems utilized in the statewide administration of social services programs covered by this MOU.
- d. Communication:
- i. Provide counties with clarification or explanation of law, rule or policy governing social services programs when necessary or as requested.
 - ii. Disseminate policy on social services programs and provide counties with timely information on any updates to policy.
 - iii. Provide timely information to counties on any changes to federal law or policy made known to the Department.
 - iv. Provide counties with a timely response to requests for technical assistance or guidance.
 - v. Maintain all policies covering social services programs in a central, accessible location. Policies will be updated, to the extent possible, in advance of the effective date of any new policies or policy changes.
 - vi. Provide counties with an opportunity to submit questions, concerns and feedback related to the administration of social services programs to the Department and provide County a timely response to such communication.
 - vii. Communicate proactively with the County Director of Social Services on matters that affect social services programs covered under this MOU.

- viii. Communicate directly with the County Manager, Governing Boards, and the County Director of Social Services on matters including but not limited to, corrective action, and significant changes to law, rule and policy that impact the administration of social services programs covered by this MOU.
- e. Inter-agency Coordination:
 - i. Provide guidance to counties in the event they are unable to reach a resolution on a conflict of interest that arises related to the provision of social services programs covered by this MOU.
 - ii. Provide guidance for county DSS personnel on federal and state Emergency Management, mass shelter, Business Continuity Plan (BCP) and Continuity of Operations Plan (COOP) requirements.
 - iii. Coordinate with and communicate to county DSS agencies available and required training opportunities associated with DSS Mass Shelter, BCP and COOP responsibilities.
 - iv. Assist and support counties as needed in implementation of operational functions of mass shelter operations and as needed during other emergencies as they arise.
- (5) The Department shall timely meet all of its responsibilities contained in this MOU. "Timely" shall be defined consistent with timeliness requirements set forth in relevant statute, regulation, policy. Where timeliness is not otherwise defined, "timely" shall mean within a reasonable time under the circumstances.

14.0 Responsibilities of the County

The County hereby agrees that its responsibilities under this MOU are as follows:

- (1) The County shall adhere to the mandated performance requirements for each social services program as identified in Attachments I through X.
- (2) The County shall comply with the following administrative responsibilities
 - a. Staff Requirements and Workforce Development:
 - i. The personnel, including new hires and existing staff, involved in the County's provision of social services programs covered by this MOU shall complete all required and necessary training, which is documented as required by federal and state law and policy.
 - b. Compliance:
 - i. Perform activities related to its social services programs in compliance with all applicable federal and State laws, rules, regulations and policies. Nothing contained herein is intended to, nor has the effect of superseding or replacing state law, rules or policy related to social services programs.
 - ii. Develop and implement internal controls over financial resources related to the County's social services programs to ensure that all financial resources are used in compliance with applicable federal and state laws.
 - iii. Provide and adhere to corrective action plans as required based on monitoring findings and the Single Audit.
 - c. Data Submission:
 - i. Maintain accurate, thorough records of all social services programs covered by this MOU, in particular, records related to the mandated performance requirements that can be accessed for the purpose of data collection, service provision, monitoring or consultation

- ii. Ensure reliable data entry into state systems utilized for the administration of social services programs covered under this MOU.
 - iii. Provide, upon request, data to the state for the purpose of, but not limited to, conducting monitoring, case file reviews, error analysis and quality control.
 - iv. Utilize data to understand the performance of their county and to conduct analysis and implement changes where needed if measures are not being accomplished.
- d. Communication:
- i. Respond and provide related action in a timely manner to all communications received from the Department.
 - ii. Provide timely information on all matters that have a potential negative impact on the social services programs they administer, including but not limited to, litigation risks (not including child welfare cases governed by Chapter 7B or adult services cases governed by Chapter 35A or 108A), network and computer issues, or data breaches.
 - iii. Provide timely information regarding temporary or permanent changes to the Social Services Governing Board. or the County Social Services Director, including retirements, separations, or any leave of absences greater than two calendar weeks.
- e. Inter-agency Cooperation:
- i. Ensure that county social services personnel complete required training and are prepared to engage in Disaster Management, mass shelter, BCP and COOP operations.
 - ii. Ensure that all plans and systems are in place to meet potential disaster (natural, technical, otherwise) response requirements.
 - iii. Engage with DHHS, state Emergency Management and local leadership in associated efforts.
 - iv. Assist or operate mass shelter operations or other required disaster management responsibilities.
- (3) The County shall timely meet all its responsibilities contained in this MOU. "Timely" shall be defined consistent with timeliness requirements set forth in relevant statute, regulation, policy or as otherwise required by the Department. If timeliness is not otherwise defined, "timely" shall mean within a reasonable time under the circumstances.

15.0 Data Security and Reporting

Data Security: The County shall adopt and apply data privacy and security requirements to comply with all applicable federal, state, department and local laws, regulations, and rules. To the extent that the Department and the county have already entered into one or more data privacy agreements covering all or any portion of the work to be performed under this MOU, the Parties hereby adopt and incorporate such agreements by reference into this MOU as if fully set forth herein.

Duty to Report: The County shall report all privacy and security incidents related to the provision of social services programs covered by the MOU to the Department's Contract Administrator and the Privacy and Security Office within twenty-four (24) hours after the privacy and security incident is first discovered, provided that the County shall report a breach involving Social Security Administration data or Internal Revenue Service data within one (1) hour after the incident is first discovered. During the performance of this MOU, the County is to notify the Department contract administrator of any contact by the federal Office for Civil Rights (OCR) received by the County related to the provision of social services programs

covered by the MOU. In case of a privacy and security incident, the County, including any subcontractors or agents it retains, shall fully cooperate with the Department.

16.0 Miscellaneous

Choice of Law: The validity of this MOU and any of its terms or provisions, as well as the rights and duties of the parties to this MOU, are governed by the laws of North Carolina. The Parties, by signing this MOU, agrees and submits, solely for matters concerning this MOU, to the exclusive jurisdiction of the courts of North Carolina and agrees, solely for such purpose, that the exclusive venue for any legal proceedings shall be Wake County, North Carolina. The place of this MOU and all transactions and agreements relating to it, and their situs and forum, shall be Wake County, North Carolina, where all matters, whether sounding in contract or tort, relating to the validity, construction, interpretation, and enforcement shall be determined.

Amendment: This MOU may not be amended orally or by performance. Any amendment must be made in written form and executed by duly authorized representatives of the Department and the County. The Parties agree to obtain any necessary approvals, if any, for any amendment prior to such amendment becoming effective. Also, the Parties agree that legislative changes to state law shall amend this MOU by operation of law to the extent affected thereby.

Effective Date: This MOU shall become effective July 1, 2018 and shall continue in effect until June 30, 2019.

Signature Warranty: Each individual signing below warrants that he or she is duly authorized by the party to sign this MOU and to bind the party to the terms and conditions of this MOU.

Camden County

BY: _____
Name
TITLE: BOC Chairman
County: Camden
DATE: _____
Witness: _____

BY: Clarann C. Mansfield
Name
TITLE: DSS Board Chair
County: Camden
DATE: 6-18-18
Witness: [Signature]

North Carolina Department of Health and Human Services

BY: _____
Secretary, Department of Health and Human Services
DATE: _____

Attachment: Memorandum of Understanding - Dept. of Health & Human Services (2082 : Memorandum of Understanding - DHHS)

**ATTACHMENT I — MANDATED PERFORMANCE REQUIREMENTS:
Child Welfare - CPS Assessments**

	Performance Measure	Authority for the performance measure
1	The County will initiate 95% of all screened-in reports within required time frames	NC General statute 7B.302; 10A NCAC 70A .0105; Chapter VIII: Child Protective Services, Section 1408 - Investigative & Family Assessments
2	For all children who were victims of maltreatment during a twelve month period, no more than 9% received a subsequent finding of maltreatment	CFSR; Safety Outcome 1: Children are, first and foremost, protected from abuse and neglect.

**ATTACHMENT II— MANDATED PERFORMANCE REQUIREMENTS:
Child Welfare - Foster Care**

	Performance Measure	Authority for the performance measure
1	The County will document permanency goals for 95% of foster youth within 60 days of a child entering custody or for whom the county has placement authority.	1201 Child Placement Services - Chapter VIII Case Reviews: B-Required Time Frames for Case Reviews
2	The County will ensure that 95% of all foster youth have face-to-face visits by the social worker each month.	1201, Chapter V., Out of Home Placement Family Services Improvement Act of 2006 (Public Law 109-288) Title IV B

The below system performance measures require county and state level system collaboration and improvements to successfully meet targets.

	System Performance Measure	Authority for the system performance measure
1	The County will provide leadership for ensuring that 41% of children who enter foster care in a 12-month period are discharged to permanency within 12 months of entering foster care. DHHS will work with each county to identify growth targets.	CFSR: Permanency Outcome 1: Children have permanency and stability in their living situations.
2	The County will provide leadership for ensuring that of children who enter foster care in a 12-month period who were discharged within 12 months to reunification, kinship care, guardianship, or adoption, no more than 8.3% re-enter foster care within 12 months of their discharge. DHHS will work with each county to identify growth targets.	CFSR: Safety Outcome 1: Children are, first and foremost protected from abuse and neglect
3	The County will provide leadership for ensuring that of all children who enter foster care in a 12-month period in the county, the rate of placement moves per 1000 days of foster care will not exceed 4.1%. DHHS will work with each county to identify growth targets.	1201 Child Placement Services - Chapter IV Placement Decision Making: C-Maintaining One Single Stable Foster Care Placement CFSR: Permanency Outcome 1: Children have permanency and stability in their living situations.

**ATTACHMENT III— MANDATED PERFORMANCE REQUIREMENTS:
Child Support**

	Performance Measure	Authority for the performance measure
1	The county will achieve its given annual percentage of paternities established for children born out of wedlock.	Section 342. "FEDERAL AND STATE REVIEWS AND AUDITS," of PRWORA, Section 454 of Title IV-D of the Social Security Act; 42 U.S.C. 658a. P.L. 105-200 NCGS 110- 129.1 Chapter B, Topic 09, Section B - Incentives Overview, Section C - Performance Factors and Incentives
2	The county will achieve its given annual percentage of child support cases that are under an order.	Section 342. "FEDERAL AND STATE REVIEWS AND AUDITS," of PRWORA, Section 454 of Title IV-D of the Social Security Act; 42 U.S.C. 658a. P.L. 105-200 NCGS 110- 129.1 Chapter B, Topic 09, Section B - Incentives Overview, Section C - Performance Factors and Incentives
3	The county will achieve its given annual percentage of current child support paid.	Section 342. "FEDERAL AND STATE REVIEWS AND AUDITS," of PRWORA, Section 454 of Title IV-D of the Social Security Act; 42 U.S.C. 658a. P.L. 105-200 NCGS 110- 129.1 Chapter B, Topic 09, Section B - Incentives Overview, Section C - Performance Factors and Incentives
4	The county will achieve its given annual percentage of cases that received a payment towards arrears.	Section 342. "FEDERAL AND STATE REVIEWS AND AUDITS," of PRWORA, Section 454 of Title IV-D of the Social Security Act; 42 U.S.C. 658a. P.L. 105-200 NCGS 110- 129.1 Chapter B, Topic 09, Section B - Incentives Overview, Section C - Performance Factors and Incentives
5	The county will meet its annual goal of total child support collections.	Section 342. "FEDERAL AND STATE REVIEWS AND AUDITS," of PRWORA, Section 454 of Title IV-D of the Social Security Act; 42 U.S.C. 658a. P.L. 105-200 NCGS 110- 129.1 Chapter B, Topic 09, Section B - Incentives Overview, Section C - Performance Factors and Incentives

**ATTACHMENT IV— MANDATED PERFORMANCE REQUIREMENTS:
Energy Programs**

	Performance Measure	Authority for the performance measure
1	The County will process 95% of Crisis Intervention Program (CIP) applications within one (1) business day for applicants with no heat or cooling source.	Energy Program Manual Section 400.03 d Federal Requirement 42 USC8621-8630 NC State Rule 10A N.C.A.C ch. 71V
2	The County will process 95% of Crisis Intervention Program (CIP) applications within two (2) business days of the application date for applicants who have a heat or cooling source.	NC Energy Programs Manual Section 400.03 A.2.d. Federal Requirement 42 USC8621 -8630 NC State Rules 10A N.C.A.C ch. 71V

**ATTACHMENT V— MANDATED PERFORMANCE REQUIREMENTS:
Work First**

	Performance Measure	Authority for the performance measure
1	The County will collect documentation from 50% of all Work-Eligible individuals that demonstrates completion of the required number of hours of federally countable work activities.	Work First Manual Section 001 Manual Section 003 TANF State Plan FFY 2016 - 2019 NC GS 108A-27.2(10) NC GS 108A-27.6(1) NC GS 108A-27.13(a) NC GS 108A-27.14(a) NC GS 108A-27.14(b)
2	The County will collect documentation from 90% of two-parent families with Work Eligible individuals that verifies that they have completed the required number of hours of federally countable work activities.	Work First Manual Section 001 Work First Manual Section 003 TANF State Plan FFY 2016 - 2019 NC GS 108A-27.2(10) NC GS 108A-27.6(1) NC GS 108A-27.13(a) NC GS 108A-27.14(a) NC GS 108A-27.14(b)
3	The County will process 100% Work First applications within 45 days of receipt.	Work First Manual Section 104 TANF State Plan FFY 2016 - 2019 NC GS 108A-31
4	The County will process 100% Work First recertifications no later than the last day of the current recertification period.	Work First Manual Section 104 TANF State Plan FFY 2016 - 2019 NC GS 108A-31

**ATTACHMENT VI— MANDATED PERFORMANCE REQUIREMENTS:
Food and Nutrition Services**

	Performance Measure	Authority for the performance measure
1	The County will process 95% of expedited FNS applications within 4 calendar days from the date of application.	FNS Manual Section 315 FNS_AL_1-2015 Federal Requirement 7 CFR 273.2
2	The County will process 95% of regular FNS applications within 25 days from the date of application.	FNS Manual Section 315 FNS_AL_1-2015 Federal Requirement 7 CFR 273.2
3	The County will ensure that 95% of FNS recertifications are processed on time, each month.	FNS Manual Section 425 Federal requirement 7 CFR 273.2
4	The County will ensure that 100% of Program Integrity claims are established within 180 days of the date of discovery.	FNS Manual Section 800 Federal Requirement 7 CFR 273.18

**ATTACHMENT VII— MANDATED PERFORMANCE REQUIREMENTS:
Adult Protective Services (APS)**

	Performance Measure	Authority for the performance measure
1	The County will complete 95% of APS evaluations involving allegations of abuse or neglect within 30 days of the report.	NCGS § 108A-103 (d) (4)
2	The County will complete 85% of APS evaluations involving allegations of exploitation within 45 days of the report.	NCGS § 108A-103 (d) (4)

Attachment: Memorandum of Understanding - Dept. of Health & Human Services (2082 : Memorandum of Understanding - DHHS)

**ATTACHMENT VIII— MANDATED PERFORMANCE REQUIREMENTS:
Special Assistance (SA)**

	Performance Measure	Authority for the performance measure
1	The County will process 85% of Special Assistance for the Aged (SAA) applications within 45 calendar days of the application date.	10A NCAC 71P .0604; SA Policy 3110 II. D. 2.
2	The County will process 85% of Special Assistance for the Disabled (SAD) applications within 60 calendar days of the application date.	10A NCAC 71P .0604; SA Policy 3110 II. D. 2.

Attachment: Memorandum of Understanding - Dept. of Health & Human Services (2082 : Memorandum of Understanding - DHHS)

ATTACHMENT IX— MANDATED PERFORMANCE REQUIREMENTS:
Child Care Subsidy

	Performance Measure	Authority for the performance measure
1	The County will process 95% of Child Care Subsidy applications within 30 calendar days of the application date.	North Carolina Subsidized Child Care Assistance policy

Attachment: Memorandum of Understanding - Dept. of Health & Human Services (2082 : Memorandum of Understanding - DHHS)

ATTACHMENT X— CORRECTIVE ACTION

The following steps for corrective action covering this MOU do not impact or change any Program Improvement Plan or Corrective Action Plan between the Department and a County or County Department of Social Services that is in effect as of July 1, 2018.

Further, the Department will not take any action towards developing a Performance Improvement Plan or Corrective Action Plan related to the performance requirements contained within this MOU for a County or County Department of Social Services until January 1, 2019.

1. Non-Compliance with performance requirements or terms of the MOU

- a. In the event a County Department of Social Services (County DSS)** fails to satisfy a performance requirement for three consecutive months or fails to comply with a term of this MOU, the Department will provide the County DSS with written notification identifying the relevant performance requirement or term and how the County DSS failed to satisfy it.
- b. Upon receipt of notification, the County DSS shall promptly provide the Department with written acknowledgment of receipt.
- c. If the County DSS does not agree that it failed to satisfy the performance requirement or comply with the terms of the MOU, it shall set forth, in writing, the basis for its disagreement. If the County DSS believes its failure to adhere to a mandated performance requirement or term of this MOU is due in whole or in part upon the failure of the Department to meet any of its responsibilities under this MOU or other external factors (i.e., limited court dates, continuances, etc.), the County DSS shall set forth in writing how the failure of the Department or external factors to meet its responsibility to the County DSS significantly contributed to the inability of the County DSS to meet the mandated performance standard or other term of this MOU. This notice shall be received by the Department, along with all supporting documentation, within 10 business days of the County DSS' receipt of the Department's written notification of non-compliance.
- d. If written notice is received in accordance with subsection (c) of this section, the Department will provide the appropriate division director with the all documentation received. Following a review of all documentation, the division director will provide the county with a decision to proceed in developing the performance improvement plan or to rescind the notice of non-compliance.

2. Performance Improvement Plan

- a. The County DSS and Department shall work together to develop a performance improvement plan to address the non-compliance. The Parties will consider and address the County DSS's written disagreement with the identified non-compliance, if any, in the development of the performance improvement plan.
- b. The performance improvement plan shall include, at a minimum:
 - i. The role and responsibility of DHHS in providing support to the County DSS to address the non-compliance.
 - ii. The specific actions the County DSS will take to address the non-compliance and ensure ongoing compliance.

- c. The performance improvement plan shall be signed by the Department and the County DSS Director. A copy of the performance improvement plan will be sent to the chair of the DSS Governing Board.

3. Continued Non-Compliance

- a. In the event a County DSS continues to fail to satisfy a performance requirement or comply with the terms of the MOU for an extended period of time and is not meeting the terms of the performance improvement plan, the County DSS and the Department will enter into a corrective action plan, not to exceed a period of twelve months. An extended period of time is defined as three consecutive months, or five months out of a twelve-month period measured beginning with the first month after which the performance improvement plan is signed.
- b. The corrective action plan shall include, at a minimum:
 - i. A strategy to ensure regular supervisory oversight of the social services program at issue;
 - ii. A detailed strategy to ensure the issue central to the non-compliance is addressed and corrected;
 - iii. A strategy to ensure program and case documentation is both sufficient and completed within time frames prescribed by law, rule or policy; and
 - iv. A plan for the continuous review of the corrective activities by both the County Director of Social Services, the County DSS Governing Board, and the Department.
- c. The corrective action plan will be signed by the Department and the County DSS Director. A copy of the corrective action plan will be sent to the Chair of the DSS Governing Board, the County Manager, and the Chair of the Board of County Commissioners.

4. Failure to Complete Corrective Action Plan/Urgent Circumstances

- a. In the event a County DSS fails to complete the corrective action plan or otherwise fails to comply with the terms of the corrective action plan, the Department may exercise its authority under the law, and this MOU, to withhold federal and/or state funding.
- b. In circumstances of continuous extended non-compliance or other urgent circumstances, the Secretary may also exercise her statutory authority to assume control of service delivery in the County pursuant to N.C.G.S. 108A-74.

** In the event the performance requirement or term of the MOU falls outside of the authority of the County DSS, the notification of non-compliance will be sent to the County, and all subsequent steps contained herein shall be followed by the County.



Board of Commissioners
AGENDA ITEM SUMMARY SHEET

Item Number: 4.1
Meeting Date: June 21, 2018

Submitted By: Stephanie Humphries, Finance Director
Finance
Prepared by: Stephanie Humphries

Item Title **FY 17-18 Budget Amendments**

Attachments: 17-18-BA032 JCPC (DOC)

Summary: Attached Budget Amendments

Recommendation: **Approve**

2017-18-BA032
CAMDEN COUNTY BUDGET AMENDMENT

BE IT ORDAINED by the Governing Board of the County of Camden, North Carolina that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2018.

Section 1. To amend the General Fund as follows:

ACCT NUMBER	DESCRIPTION OF ACCT	AMOUNT	
		INCREASE	DECREASE
Expenses			
106050-502000	Salaries		\$2,101
106050-511000	Telephone/Postage	\$ 97	
106050-526000	Advertising	\$ 52	
106050-567000	Camp	\$1,706	
106050-568000	Restitution	\$ 246	

This Budget Amendment is made to amend grant expenditures for excess appropriated salaries.

This will result in no change to the Contingency of the General Fund.

Balance in Contingency \$6,850.00

Section 2. Copies of this budget amendment shall be furnished to the Clerk to the Governing Board and to the Budget Officer and the Finance Officer for their direction. Adopted this 21st day of June, 2018.

Clerk to Board of Commissioners

Chairman, Board of Commissioners



Board of Commissioners
AGENDA ITEM SUMMARY SHEET

Item Number: 4.2
Meeting Date: June 21, 2018

Submitted By: Karen Davis, Clerk to the Board
Schools
Prepared by: Karen Davis

Item Title **School Budget Amendments**

Attachments: School Budget Amendments (PDF)

Recommendation:
Review and approve.

Budget Amendment

Camden County Schools Administrative Unit


Other Local Current Expense Fund

The Camden County Board of Education at a meeting on the 14th day of June, 2018 passed the following resolution.

Be it resolved that the following amendments be made to the Budget Resolution for the fiscal year ending June 30, 2018.

Code Number	Description of Code	Amount	
		Increase	Decrease
5100	Regular Instructional Programs	991.00	
5800	School Based Support Services.		1,867.00
6400	Technology Support Services	3.00	
6500	Operational Support Services	9,320.00	
6600	Financial/HR Support Services	750.00	
6900	Policy, Leadership Services	3.00	
7100	Community Services	3,791.00	
8100	Pmts to Other Govt Units		3,791.00
Explanation: Increase Revenue for Activity Bus			
	Total Appropriation in Current Budget	\$	456,927.00
	Amount of Increase/Decrease of Above Amendment		9,200.00
	Total Appropriation in Current Amended Budget	\$	466,127.00

Passed by majority vote of the Board of Education of Camden County on the 14th day of June 2018.



 Chairman, Board of Education



 Secretary, Board of Education

We the Board of County Commissioners of Camden County hereby approve the changes in the County School Funds Budget as indicated above, and have made entry of these changes on the minutes of said Board, this _____ day of _____ 20____.

 Chairman, Board of County Commissioners

 Clerk, Board of County Commissioners

Attachment: School Budget Amendments (2080 : School Budget Amendments)

BUDGET AMENDMENT
June 14, 2018

8. Other Local Current Expense Fund

A. We have reviewed this area of the budget and must funds within to meet the needs of the program. We request your approval of the following amendment.

<u>Afterschool Care</u>		
7100.701.333	Field Trips	\$ + 1,941.00
7100.701.451	Pur of Snacks	+ 1,850.00
8100.701.392	Indirect Cots	- <u>3,791.00</u>
Total – Afterschool Care		\$ + .00

B. We have reviewed this area of the budget and must transfer funds within in the program to cover expenses within the program and increase revenue. We request your approval of the following amendment.

<u>Activity Bus</u>		
6550.706.171	Salary - Driver	\$ + 6,000.00
6550.706.172	Overtime Pay	+ 300.00
6550.706.211	Emp Soc Sec Costs	+ 400.00
6550.706.231	Emp Hosp Ins Costs	+ 100.00
6550.706.331	Contracted Transportation	+ 400.00
6550.706.422	Repair Parts	+ <u>2,000.00</u>
Total – Activity Bus		\$ + 9,200.00 =====
4890.706	Revenue – Activity Bus	\$ - 9,200.00 =====

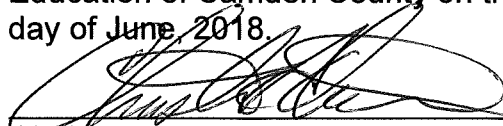
C. We have reviewed this area of the budget and must transfer funds within in the program to cover expenses. We request your approval of the following amendment.

<u>Computer Tech</u>		
5110.905.311	Contracted Services	\$ + 990.00
5110.905.462	Pur of Non-Cap Comp Hdwe	+ 1.00
5810.905.418	Comp Software & Supplies	- 1,867.00
6400.905.461	Pur of Non-Cap Equipment	+ 3.00
6510.905.341	Telecommunications	+ 120.00
6610.905.311	Contracted Services	+ 750.00
6940.905.461	Pur of Non-Cap Equipment	+ <u>3.00</u>
Total – Computer Tech		\$ + .00


Attachment: School Budget Amendments (2080 : School Budget Amendments)

BUDGET AMENDMENT
Other Local Current Expense
June 14, 2018, Page 2

Passed by majority vote of the Board of
Education of Camden County on the 14th
day of June, 2018.



Chairman, Board of Education



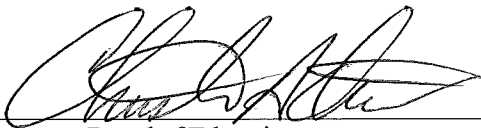
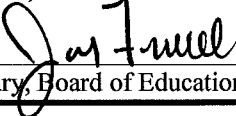
Secretary, Board of Education

Budget Amendment
 Camden County Schools Administrative Unit
 Capital Outlay Fund

The Camden County Board of Education at a meeting on the 14th day of June, 2018, passed the following resolution.

Be it resolved that the following amendments be made to the Budget Resolution for the fiscal year ending June 30, 2018.

Code Number	Description of Code	Amount	
		Increase	Decrease
9100	Category I Projects	169,315.71	
9300	Category III Projects		337.10
Explanation:			
	Total Appropriation in Current Budget	\$	346,617.10
	Amount of Increase / (Decrease) of Above Amendment		+ 168,978.61
	Total Appropriation in Current Amended Budget	\$	515,595.71

Passed by majority vote of the Board of Education of Camden County Schools on the 14 th day of June 2018.  _____ Chairman, Board of Education  _____ Secretary, Board of Education	We the Board of County Commissioners of Camden County hereby approve the changes in the County School Funds Budget as indicated above, and have made entry of these changes in the minutes of said Board, this ____ day of _____ 2____. _____ Chairman, Board of County Commissioners _____ Clerk, Board of County Commissioners
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Attachment: School Budget Amendments (2080 : School Budget Amendments)

BUDGET AMENDMENT
June 14, 2018

4. Capital Outlay Fund

A. We must adjust our budget to reflect funds transferred to cover the cost of within the various projects listed and increase our revenue for a donation received. We request your approval of the following amendment.

Category I Projects

9113.077.529	Paving & Fencing	-	757.00
9115.077.529	Storage Building	+	52.00
9117.077.541	Pur of AC Replacement	+	705.00
9150.079.529	General Contractor	+	<u>169,315.71</u>

Total – Category I Projects \$ + 169,315.71

Category III Projects

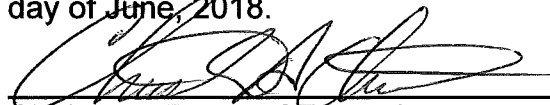
6550.0120.551	Pur of Yellow Bus	\$ -	<u>337.10</u>
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Total – Category III Projects - 337.10
=====

3400.120	State Allocation	\$ +	337.10
4890.079	Donation/Contribution/Private	-	169,315.71

Total – Revenue \$ - 168978.61
=====

Passed by majority vote of the Board of Education of Camden County on the 14th day of June, 2018.


Chairman, Board of Education


Secretary, Board of Education

Attachment: School Budget Amendments (2080 : School Budget Amendments)

Budget Amendment


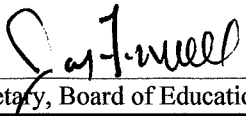
Camden County Schools Administrative Unit

Local Current Expense Fund

The Camden County Board of Education at a meeting on the 14th day of June, 2018 passed the following resolution.

Be it resolved that the following amendments be made to the Budget Resolution for the fiscal year ending June 30, 2018.

Code Number	Description of Code	Amount	
		Increase	Decrease
5100	Regular Instructional Programs	1,687.00	
5200	Special Instructional Programs	6,740.00	
5300	Alternative Instructional Prog.		7,607.00
5400	School Building Administration	432.00	
5800	School Based Support Services		573.00
6300	Alternative Support Services	22.00	
6500	Operational Support Services	2,986.00	
6600	Finance/Personnel Support Serv		411.00
6900	Policy, Ldrshp, & Pub Relations		1,076.00
7100	Community Services		2,200.00
Explanation:			
	Total Appropriation in Current Budget	\$ 2,815,470.00	
	Amount of Increase/Decrease of Above Amendment		.00
	Total Appropriation in Current Amended Budget	\$ 2,815,470.00	

<p>Passed by majority vote of the Board of Education of Camden County on the 14th day of June 2018.</p>  <p>Chairman, Board of Education</p>  <p>Secretary, Board of Education</p>	<p>We the Board of County Commissioners of Camden County hereby approve the changes in the County School Funds Budget as indicated above, and have made entry of these changes on the minutes of said Board, this ____ day of _____ 20__.</p> <p>Chairman, Board of County Commissioners</p> <p>Clerk, Board of County Commissioners</p>
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Attachment: School Budget Amendments (2080 : School Budget Amendments)

BUDGET AMENDMENT
June 14, 2018

2. Local Current Expense Fund

- A. We have reviewed this program area and must transfer funds to other programs to cover expenses. We request your approval of the following amendment.

Transportation of Pupils

6550.056.423 Gas/Diesel Fuel	\$ - 4,900.00
6550.056.425 Tires & Tubes	+ <u>4,900.00</u>
 Total – Transportation of Pupils	 \$ + .00

- B. We have reviewed this area of the budget and must transfer fund to other program areas to cover the cost within the local current expense budget. We request your approval of the following amendment.

Operation of Plant

6530.802.321...40 Utilities – Electric	\$ - 9,774.00
6530.802.322...40 Utilities – Natural Gas	+ 2,400.00
6540.802.173...40 Salary – Custodian	- 2,800.00
6540.802.211...40 Emp Soc Sec Costs	- 29.00
6540.802.221...40 Emp Retirement Costs	- 500.00
6540.802.231...40 Emp Hosp Ins Costs	+ 23.00
6540.802.311...40 Contracted Services	+ 2,600.00
6540.802.329...40 Waste Management Services	+ 4,000.00
6540.802.411...40 Supplies & Materials	+ <u>751.00</u>
 Total – Operation of Plant	 \$ - 3,329.00

- C. We have reviewed this area of the budget and must transfer fund to this program areas to cover the costs within the program. We request your approval of the following amendment.

Maintenance of Plant

6580.802.175...50 Salaries – Mtce Workers	\$ - 637.00
6580.802.184...50 Longevity Pay	+ 335.00
6580.802.211...50 Emp Soc Sec Costs	+ 100.00
6580.802.221...50 Emp Retirement Costs	+ 280.00
6580.802.311...50 Contracted Services	- 1,000.00
6580.802.312...50 Workshop Expenses	+ 140.00
6580.802.319...50 Other Prof & Tech Services	- 100.00
6580.802.411...50 Supplies & Materials	+ 860.00
6580.802.422...50 General Maintenance	+ 7,000.00

BUDGET AMENDMENT
Local Current Expense Fund
June 14, 2018, Page 2

6580.802.461...50 Pur of Non-Cap Equipment	-	<u>119.00</u>
Total – Operation of Plant	\$ +	6,859.00

- D. We have reviewed this program area and find that we must transfer funds within this program area to cover the cost of expenses. We request your approval of the following amendment.

Classroom Support

5110.842.315.304 Reproduction Costs	\$ -	1,439.00
5110.842.315.308 Reproduction Costs	+	923.00
5110.842.315.310 Reproduction Costs	-	2,497.00
5110.842.315.312 Reproduction Costs	+	1,513.00
5110.842.315.350 Reproduction Costs	+	61.00
5110.842.333.308 Field Trips	+	4,168.00
5110.842.333.310 Field Trips	-	3,000.00
5110.842.418.310 Comp Software & Supplies	+	<u>271.00</u>

Total – Office of Superintendent \$ + .00

- E. We have reviewed this area of the budget and find that we must transfer funds to other program areas to cover expenses. We request your approval of the following amendment.

At Risk Program

5330.847.198 Salary – Tutor	\$ -	<u>3,530.00</u>
Total – At Risk Program	\$ -	3,530.00

- F. We have reviewed this program area and find that we must transfer funds within this program area to cover the cost of expenses. We request your approval of the following amendment.

Additional Pay

5110.911.181 Supplementary Pay	\$ +	2,070.00
5110.911.211 Emp Sec Costs	-	290.00
5110.911.221 Emp Retirement Costs	-	1,170.00
5120.911.181 Supplementary Pay	+	675.00
5120.911.211 Emp Soc Sec Costs	+	52.00
5210.911.181 Supplementary Pay	+	8,825.00
5210.911.211 Emp Soc Sec Costs	+	470.00

BUDGET AMENDMENT
 Local Current Expense Fund
 June 14, 2018, Page 3

5210.911.221	Emp Retirement Costs	+	1,560.00
5240.911.181	Supplementary Pay	-	3,145.00
5240.911.211	Emp Soc Sec Costs	-	400.00
5240.911.221	Emp Retirement Costs	-	570.00
5330.911.181	Supplementary Pay	-	3,300.00
5330.911.211	Emp Soc Sec Costs	-	255.00
5330.911.221	Emp Retirement Costs	-	522.00
5410.911.181	Supplementary Pay	+	445.00
5410.911.211	Emp Soc Sec Costs	+	45.00
5410.911.221	Emp Retirement Costs	+	3.00
54110.911.231	Emp Hosp Ins Costs	-	107.00
5420.911.211	Emp Soc Sec Costs	-	6.00
5420.911.221	Emp Retirement Costs	+	52.00
5810.911.181	Supplementary Pay	-	1,200.00
5810.911.211	Emp Soc Sec Costs	-	91.00
5810.911.221	Emp Retirement Costs	-	221.00
5840.911.181	Supplementary Pay	+	750.00
5840.911.211	Emp Soc Sec Costs	+	450.00
5840.911.221	Emp Retirement Costs	-	261.00
6300.911.221	Emp Retirement Costs	+	22.00
6550.911.181	Supplementary Pay	-	250.00
6580.911.180	Bonus Pay	-	635.00
6580.911.181	Supplementary Pay	+	375.00
6580.911.211	Emp Soc Sec Costs	-	94.00
6580.911.221	Emp Retirement Costs	+	60.00
6620.911.180	Bonus Pay	-	411.00
6940.911.180	Bonus Pay	-	726.00
7100.911.180	Bonus Pay	-	2,100.00
7100.911.211	Emp Soc Sec Costs	-	100.00

Total – Additional Pay \$ + .00

- G. We have reviewed this program area and find that we must transfer funds within this program area to cover the cost of expenses. We request your approval of the following amendment.

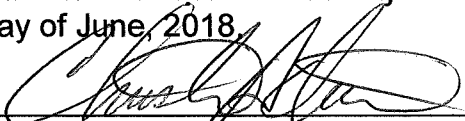
Staff Development

5110.912.311	Contracted Services	\$ +	350.00
6940.912.312	Workshop Expenses	-	350.00

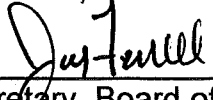
Total – Staff Development \$ + .00

BUDGET AMENDMENT
Local Current Expense Fund
June 14, 2018, Page 4

Passed by majority vote of the Board of
Education of Camden County on the 14th
day of June, 2018.



Chairman, Board of Education



Secretary, Board of Education

Attachment: School Budget Amendments (2080 : School Budget Amendments)



Board of Commissioners
AGENDA ITEM SUMMARY SHEET

Item Number: 4.3
Meeting Date: June 21, 2018

Submitted By: Stephanie Humphries, Finance Director
Finance
Prepared by: Stephanie Humphries

Item Title **Water & Sewer Capital Reserve Fund**

Attachments: Water & Sewer CAPITAL RESERVE FUND
RESOLUTION 18-19
(DOCX)

Summary: Creation of the Capital Reserve Fund for collection of System Development Fees as required by general statutes.

Recommendation: Approve

RESOLUTION No. #####
CAPITAL RESERVE FUND RESOLUTION

WHEREAS, there is a need in Camden County to provide funds for future capital projects related to its combined water and wastewater system, and to make debt service payments on existing debt related to past capital projects for its water and wastewater system, and WHEREAS, NCGS 159-18 authorizes the creation of a capital reserve fund, and WHEREAS, NCGS 162A, Art. 8 requires that all system development fee proceeds be accounted for in a capital reserve fund,

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD THAT

Section 1. The Governing Board hereby creates a Capital Reserve Fund for the purpose of funding the following capital projects related to the county's water and wastewater system:

Wastewater Treatment Plant. The existing plant on Hwy 158 is designed to serve 50,000 gpd expandable to 100,000 to meet current and projected future requirements. The estimated cost of the project is \$4.2 million The County expects to complete the project in 2020, and intends to appropriate approximately \$4.2 million of system development fee, county contribution and loan revenues to the CRF and Capital Project Fund for this purpose. It will use future system development fee collections to make debt service payments on the loan.

The 2018-2019 appropriation from the budget ordinance to the CRF of SDF proceeds for this purpose is \$26,750.

Construction of new water wells. Estimated to be 0.650 million gallons, this new tank is planned for the distribution system at a cost of \$500,000. Construction of the tank is expected in FY 2024-25. The county anticipates funding 90 percent of the cost of the tank with system development fee proceeds. The remaining cost will be funded through existing fund balance in the water fund.

The 2018-2019 appropriation from the budget ordinance to the CRF is \$25,000.

Water Membrane New Membranes are estimated to be needed every 5 years at a cost of \$101,250. Installation of the membrane is expected in FY 2023. The county anticipates funding 100 percent of the cost of the tank with contributions from the Water Enterprise Fund.

The 2018-2019 appropriation from the budget ordinance to the CRF for this purpose is \$20,250.

R/O Plant Upgrades. The existing plant is designed to serve 100,000 gpd. The estimated cost of the upgrade project is \$2.2 million The County expects to complete the project in 2025, and intends to appropriate approximately \$2.2 million of system development fee, county contribution and loan revenues to the CRF and Capital Project Fund for this purpose. It will use future system development fee collections to make debt service payments on the loan.

The 2018-2019 appropriation from the budget ordinance to the CRF for this purpose is \$19,800.

Section 2. This CRF shall remain effective until all the above-listed projects, and any projects added in the future, are completed. The CRF may be amended by the governing board as needed to add additional appropriations, modify or eliminate existing capital projects, and/or add new capital projects.

Section 3. This Resolution shall become effective and binding upon its adoption.

Adopted this [day] of [month year].

Signature(s)

**CAMDEN COUNTY BOARD OF COMMISSIONERS
and Serving as the Governing Board of the South Camden Water & Sewer District**

Clayton D. Riggs, Chair

George T. White, Vice-Chairman

ATTEST:

Karen Davis
Clerk to the Board

Attachment: Water & Sewer CAPITAL RESERVE FUND RESOLUTION 18-19 (2078 : Water & Sewer Capital Reserve Fund)



CAMDENCOUNTY

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Board of Commissioners AGENDA ITEM SUMMARY SHEET

Item Number: 4.4
Meeting Date: June 21, 2018

Submitted By: Stephanie Humphries, Finance Director
Finance
Prepared by: Stephanie Humphries

Item Title **2018-2019 Property & Liability/Workers Compensation Insurance**

Attachments: NCACC Risk Management Works Compensation (PDF)

Summary: Acknowledge Insurance Rates provided

Recommendation: Consent Agenda/Accept rates as Proposed



NCACC Risk Management Pools Workers Compensation

RENEWAL ESTIMATE JULY 1, 2018 TO JULY 1, 2019

Quoted on: **5/10/2018**

Member: **CAMDEN COUNTY**

Limits Coverage A : Workers Compensation: Statutory
Coverage B: Employer's Liability: \$2,000,000

Class Code	Description	Annual Remuneration	Modified Rate	Modified Contribution
7520	WATERWORKS OPERATIONS	\$304,598	4.738	\$14,433
7580	SEWAGE DISPOSAL PLANT OP & DRIVER	\$83,487	3.285	\$2,743
7720	SHERIFF'S DEPT. OFFICERS & DRIVERS	\$766,028	4.352	\$33,339
8017	STORE: RETAIL NOC	\$116,364	1.923	\$2,237
8810	CLERICAL	\$961,408	0.386	\$3,713
8810x	CLERICAL -DSS - N/A	\$380,551	0.386	\$1,470
8831	HOSPITAL VETERINARY & DRIVERS	\$17,069	1.693	\$289
9015	BUILDINGS - NOC	\$143,658	4.931	\$7,084
9102	PARK NOC ALL EMPLOYEES/DRIVERS	\$148,598	3.018	\$4,484
9410	MUNICIPAL TOWNSHIP COUNTY OR STATE EMPLOYEES NOC	\$313,080	2.530	\$7,921
9410x	MUNICIPAL TOWNSHIP COUNTY OR STATE EMPLOYEES NOC	\$168,479	2.530	\$4,263
9063	YMCA, YWCA - ALL EMPLOYEES AND CLERICAL	\$78,979	1.086	\$858
9999	VOLUNTEERS (NCACC designated class)	\$3,090	43.586	\$1,347
251	IRRIGATION WORKS OPERATIONS & DRIVERS	\$36,102	5.659	\$2,043
9402	STREET CLEANING & DRIVERS	\$830	8.281	\$69
Total Estimated Payroll		\$3,522,321		

2018-2019 Contribution: \$86,293

Please return this document with your signed proposal.

Attachment: NCACC Risk Management Works Compensation (2074 : 2018-2019 Property & Liability/Workers Compensation Insurance)



NCACC Risk Management Pools Liability and Property

County or Entity: CAMDEN COUNTY					
RENEWAL ESTIMATE		JULY 1, 2018 TO JULY 1, 2019		Date of Quote 5/10/18	
Coverage	Contract Limit	Deductible	Renewal Exposure		Contribution
Property	Insured Values	\$1,000	Total Property Values	\$20,611,860	31,088
		\$1,000	Total Inland Marine Values	\$751,037	1,133
		Total			\$32,221
General Liability	\$2,000,000	\$0 1000	Population (County)	10,359	2,924
			Payroll (Entity)	\$0	0
			Number of EMTs	0	0
		Total			\$2,924
Automobile Liability Excess Auto Liability Physical Damage Replacement Cost	\$2,000,000 Actual Cash Value \$0	\$0 1000	Total # of Vehicles (Liability)	77	19,404
					0
		\$1,000	Total # of Vehicles (PD)	80	10,290
			Value of Selected Veh.	\$0	\$0
Total			\$29,694		
Crime	\$250,000	\$1,000	Money on Premises	1	\$968
			Great than \$250,000	0	\$0
			Total		
Public Officials Liability	\$2,000,000	\$5,000	Population (County)	10,359	3,350
			Payroll (Entity)	\$0	0
			Total		
Law Enforcement Liability	\$2,000,000	\$5,000	Class A Employees	18	10,452
			Class B Employees	3	970
			Class C Employees	4	441
			Total		
Employment Practices Liability	\$2,000,000	\$5,000	Population (County)	10,359	2,559
			Payroll (Entity)	\$0	0
			Total		
Cyber Liability	\$1,000,000	\$5,000	Population (County)	Total	included
			Payroll (Entity)	Total	included
Annual Estimated Contribution					\$83,579

Please return this document with your signed proposal.

82,454

Attachment: NCACC Risk Management Works Compensation (2074 : 2018-2019 Property & Liability/Workers Compensation Insurance)



NCACC Risk Management Pools Liability and Property

Please return this form with your confirmation indicating your deductible choices. If we do not receive the completed form, we will process your renewal using the standard deductibles (shown in bold, italics type).

CAMDEN COUNTY

LIABILITY AND PROPERTY DEDUCTIBLE OPTIONS

JULY 1, 2018 to JULY 1, 2019

COVERAGE	X	DEDUCTIBLE	COVERAGE	X	DEDUCTIBLE
Property	<input checked="" type="checkbox"/>	<i>\$1,000</i>	Inland Marine		<i>\$1,000</i>
		\$2,500			\$2,500
		\$5,000			\$5,000
		\$10,000			\$10,000
		\$25,000			\$25,000
		\$50,000			\$50,000
		\$75,000			\$75,000
		\$100,000			\$100,000
Coastal county members only -- You may select a 2% Wind Deduct.		Your proposal includes the standard deductible for wind coverage for all property exposures. To accept a 2% wind deductible for the savings shown in your proposal, check the block at the left.			
Crime	<input checked="" type="checkbox"/>	<i>\$1,000</i>	General Liability		<i>\$0</i>
		\$2,500			\$500
		\$5,000		<input checked="" type="checkbox"/>	\$1,000
		\$10,000			\$2,500
		\$25,000			\$5,000
		\$50,000			\$10,000
		\$75,000			\$25,000
		\$100,000			\$50,000
Automobile Liability		<i>\$0</i>	Auto Phy. Damage	<input checked="" type="checkbox"/>	<i>\$1,000</i>
		\$500			\$2,500
	<input checked="" type="checkbox"/>	\$1,000			\$5,000
		\$2,500			\$10,000
		\$5,000			\$25,000
		\$10,000			\$50,000
		\$25,000			\$75,000
		\$50,000			\$100,000
Law Enforcement	<input checked="" type="checkbox"/>	<i>\$5,000</i>	Public Officials	<input checked="" type="checkbox"/>	<i>\$5,000</i>
		\$10,000			\$10,000
		\$25,000			\$25,000
		\$50,000			\$50,000
		\$75,000			\$75,000
		\$100,000			\$100,000
Employment Practices	<input checked="" type="checkbox"/>	<i>\$5,000</i>	Boiler and Machinery Coverage		
		\$10,000	* The deductible for Boiler and Machinery is \$1,000 for Direct Damage and 24 hours for Indirect Damage at the request of the reinsurer. Other options are not available for Boiler & Machinery.		
		\$25,000			
		\$50,000			
		\$75,000			
		\$100,000			

Please return this document with your signed proposal.

Attachment: NCACC Risk Management Works Compensation (2074 : 2018-2019 Property & Liability/Workers Compensation Insurance)



**NCACC Risk Management Pools
Liability and Property**

JULY 1, 2018 TO JULY 1, 2019		County or Entity:		CAMDEN COUNTY		Quoted on:		5/10/2018	
Renewal Estimate	Deductible Adjustment Options	Per Occurrence	Deductibles	\$5,000	\$10,000	\$25,000	\$50,000	\$75,000	\$100,000
PROPERTY	\$500	\$1,000	\$2,500	\$5,000	\$10,000	\$25,000	\$50,000	\$75,000	\$100,000
	\$0	\$0	\$1,772	\$3,544	\$5,596	\$8,549	\$10,819	\$12,124	\$13,119
INLAND MARINE	\$0	\$0	\$27	\$57	\$100	\$186	\$276	\$351	\$406
GENERAL LIABILITY	\$132	\$213	\$298	\$377	\$471	\$646	\$807	\$936	\$1,047
AUTO LIABILITY	\$524	\$912	\$1,649	\$2,348	\$3,240	\$4,560	\$5,530	\$6,190	\$6,636
AUTO PHYSICAL DAMAGE	\$0	\$0	\$1,492	\$2,768	\$3,931	\$4,795	\$5,145	\$5,320	\$5,392
CRIME	\$0	\$0	\$23	\$48	\$85	\$159	\$236	\$300	\$347
PUBLIC OFFICIALS LIAB.	\$0	\$0	\$0	\$0	\$131	\$389	\$657	\$827	\$935
LAW ENFORCEMENT LIAB.	\$0	\$0	\$0	\$0	\$463	\$1,376	\$2,325	\$2,930	\$3,310
EMPLOYMENT PRACTICES LIA	\$0	\$0	\$0	\$0	\$72	\$228	\$394	\$496	\$581

Please return this document with your signed proposal.



Board of Commissioners
AGENDA ITEM SUMMARY SHEET

Consent Agenda

Item Number: 4.5
Meeting Date: June 21, 2018

Submitted By: Stephanie Humphries, Finance Director
Finance
Prepared by: Stephanie Humphries

Item Title **2017-2018 Audit Contracts**

Attachments: 17-18 Camden County (PDF)
17-18 Engagement Letter - Single (PDF)
17-18 Camden County TDA (PDF)
17-18 Engagement Letter TDA (PDF)

Summary: Contracts with Thompson, Price, Scott, Adams for County & TDA
Audits of 2017-2018 Fiscal Year

Recommendation: **Approve Contracts**

CONTRACT TO AUDIT ACCOUNTS

Of _____
Primary Government Unit

Discretely Presented Component Unit (DPCU) if applicable

On this _____ day of _____,

Auditor: _____ Auditor Mailing Address: _____

_____ Hereinafter referred to as The Auditor

and _____ (Governing Board(s)) of _____
(Primary Government)

and _____: hereinafter referred to as the Governmental Unit(s), agree as follows:
(Discretely Presented Component Unit)

1. The Auditor shall audit all statements and disclosures required by accounting principles generally accepted in the United States of America (GAAP) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit (s) for the period beginning _____, _____, and ending _____, _____. 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).
2. At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with auditing standards generally accepted in the United States of America. The Auditor shall perform the audit in accordance with *Government Auditing Standards* if required by the State Single Audit Implementation Act, as codified in G.S. 159-34. If required by OMB *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance) and the State Single Audit Implementation Act, the Auditor shall perform a Single Audit. This audit and all associated audit documentation may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit 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). **County and Multi-County Health Departments:** The Office of State Auditor (OSA) will require Auditors of these Governmental Units to perform agreed upon procedures (AUPs) on eligibility determination on certain programs. Both Auditor and Governmental Unit agree that Auditor shall complete and report on these AUPs on Eligibility Determination as required by OSA and in accordance with the instructions and timeline provided by OSA.
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 unqualified opinion being rendered. If during the process of conducting the audit the Auditor determines that it will not be possible to render an unqualified opinion on the financial statements of the unit, the Auditor shall contact the SLGFD 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.

Attachment: 17-18 Camden County (2017-2018 Audit Contracts)

Contract to Audit Accounts (cont.)

 Primary Government Unit

 Discretely Presented Component Unit (DPCU) if applicable

5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, 2011 revisions, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of their most recent peer review report regardless of the date of the prior peer review report to the Governmental Unit and the Secretary of the LGC prior to the execution of the audit contract. **If the audit firm received a peer review rating other than pass**, the Auditor shall not contract with the Governmental Unit without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.

If the audit engagement is not subject to Government Accounting Standards or if financial statements are not prepared in accordance with GAAP and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment.

6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to the SLGFD within four months of fiscal year end.
Audit report is due on _____, _____. If it becomes necessary to amend this due date or the audit fee, an amended contract along with a written explanation of the delay shall be submitted to the Secretary of the LGC for approval.
7. It is agreed that generally accepted auditing standards include a review of the Governmental Unit's systems of internal control and accounting as same 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 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.
8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. **Invoices for services rendered under these contracts shall not be paid by the Governmental Unit until the invoice has been approved by the Secretary of the LGC.** (This also includes any progress billings.) [G.S. 159-34 and 115C-447] All invoices for Audit work shall be submitted in PDF format to the Secretary of the LGC for approval. The invoices shall be sent via upload through the current portal address: <http://nctreasurer.slgfd.leapfile.net> Subject line should read "Invoice – [Unit Name]". The PDF invoice marked 'approved' with approval date shall be returned by email to the Auditor to present to the Governmental Unit for payment. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.
9. In consideration of the satisfactory performance of the provisions of this contract, the Primary Government shall pay to the Auditor, upon approval by the Secretary of the LGC, the fee, which includes any cost 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. (**Note: Fees listed on Fees page.**) 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 #12).
10. If the Governmental Unit has outstanding revenue bonds, the Auditor shall submit to the SLGFD either in the notes to the audited financial statements or as a separate report, a calculation demonstrating compliance with the revenue

Contract to Audit Accounts (cont.)

 Primary Government Unit

 Discretely Presented Component Unit (DPCU) if applicable

bond rate covenant. Additionally, the Auditor shall submit to the SLGFD simultaneously with the Governmental Unit's audited financial statements any other bond compliance statements or additional reports required by the authorizing bond documents, unless otherwise specified in the bond documents.

11. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, but not be limited to, the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the Governmental Unit 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 as soon as practical after the close of the fiscal year end.
12. 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 shall not be billed for the pre-issuance review. The pre-issuance review shall be performed **prior** to the completed audit being submitted to the SLGFD. The pre-issuance review report shall accompany the audit report upon submission to the SLGFD.
13. The Auditor shall electronically submit the report of audit to the SLGFD as a text-based PDF file when (or prior to) submitting the invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the SLGFD by any interested parties. **Any subsequent revisions to these reports shall be sent to the Secretary of the LGC along with an Audit report Reissuance form.** 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 without subsequent consent of the Auditor. If the SLGFD determines that corrections need to be made to the Governmental Unit's financial statements, those corrections shall be provided within three days of notification unless another deadline is agreed to by the SLGFD.

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

The SLGFD's process for submitting contracts, audit reports and invoices is subject to change. Auditors shall use the submission process in effect at the time of submission. The most current instructions will be found on our website: <https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx>

14. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Secretary of the LGC, this contract may be varied or changed to include the increased time, compensation, or both as may be agreed upon by the Governing Board and the Auditor.
15. If an approved contract needs to be amended for any reason, the change shall be made in writing, on the Amended LGC-205 contract form and pre-audited if the change includes a change in audit fee. 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 through the audit contract portal to the Secretary of the LGC for approval. The portal address to upload the amended contract is <http://nctreasurer.slgfd.leapfile.net> No change to the audit contract shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.

Contract to Audit Accounts (cont.)

 Primary Government Unit

 Discretely Presented Component Unit (DPCU) if applicable

16. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit shall be attached to the contract, and by reference here becomes part of the 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 #23 of this contract. Engagement letters containing indemnification clauses shall not be accepted by the SLGFD.
17. Special provisions should be limited. Please list any special provisions in an attachment.
18. A separate contract should not be made for each division to be audited or report to be submitted. If a DPCU is subject to the audit requirements detailed in the Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not to be issued and the DPCU is included in the primary government audit, the DPCU shall be named along with the parent 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.
19. The contract shall be executed, pre-audited, physically signed by all parties including Governmental Unit and the Auditor and then submitted in PDF format to the Secretary of the LGC. The current portal address to upload the contractual documents is <http://nctreasurer.slgfd.leapfile.net>. Electronic signatures are not accepted at this time. Included with this contract are instructions to submit contracts and invoices for approval as of November 2017. These instructions are subject to change. Please check the NC Treasurer's web site at <https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx> for the most recent instructions.
20. 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.**
21. 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.
22. **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.
23. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted: (See Item #16 for clarification).
-
-

SIGNATURE PAGES FOLLOW FEES PAGE

Contract to Audit Accounts (cont.) _____
Primary Government Unit

Discretely Presented Component Unit (DPCU) if applicable

FEES – PRIMARY GOVERNMENT

AUDIT: \$ _____

WRITING FINANCIAL STATEMENTS: \$ _____

ALL OTHER NON-ATTEST SERVICES: \$ _____

For all non-attest services the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and *Governmental Auditing Standards* (as applicable). Bookkeeping and other non-attest services necessary to perform the audit shall be included under this contract. However, bookkeeping assistance shall be limited to the extent that the Auditor is not auditing his or her own work or making management decisions. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience necessary to oversee the services and accept responsibility for the results of the services. 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. The Auditor shall maintain written documentation of his or her compliance with these standards in the audit work papers.

Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees above. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year audit fee.

The 75% cap for interim invoice approval for this audit contract is \$ _____
** NA if there is to be no interim billing

FEES – DPCU (IF APPLICABLE)

AUDIT: \$ _____

WRITING FINANCIAL STATEMENTS: \$ _____

ALL OTHER NON-ATTEST SERVICES: \$ _____

For all non-attest services the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and *Governmental Auditing Standards* (as applicable). Bookkeeping and other non-attest services necessary to perform the audit shall be included under this contract. However, bookkeeping assistance shall be limited to the extent that the Auditor is not auditing his or her own work or making management decisions. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience necessary to oversee the services and accept responsibility for the results of the services. 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. The Auditor shall maintain written documentation of his or her compliance with these standards in the audit work papers.

Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees above. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year audit fee.

The 75% cap for interim invoice approval for this audit contract is \$ _____
** NA if there is to be no interim billing

Attachment: 17-18 Camden County (2049 : 2017-2018 Audit Contracts)

Contract to Audit Accounts (cont.)

Primary Government Unit

Discretely Presented Component Unit (DPCU) if applicable

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

Audit Firm Signature:

Name of Audit Firm

By Authorized Audit firm representative name: Type or print

Signature of authorized audit firm representative

Date

Email Address of Audit Firm

Governmental Unit Signatures:

Name of Primary Government
By Mayor / Chairperson: Type or print name and title

Signature of Mayor/Chairperson of governing board
Date

By Chair of Audit Committee - Type or print name

Signature of Audit Committee Chairperson

Date

** If Governmental Unit has no audit committee, mark this section "N/A"

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

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.

By Primary Government Unit Finance Officer: Type or print name

Primary Government Finance Officer Signature

Date (Pre-audit Certificate must be dated.)

Email Address of Finance Officer

Date Primary Government Governing Body Approved Audit Contract - G.S. 159-34(a)

Please provide us the most current email addresses available as we use this information to update our contact database

Attachment: 17-18 Camden County (2049 : 2017-2018 Audit Contracts)

Contract to Audit Accounts (cont.)

Primary Government Unit

Discretely Presented Component Unit (DPCU) if applicable

**** This page to only be completed by Discretely Presented Component Units If Applicable ****

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

DPCU Governmental Unit Signatures:

Name of Discretely Presented Component Unit

By _____

DPCU Board Chairperson: Type or print name and title

Signature of Chairperson of DPCU governing board

Date _____

By _____

Chair of Audit Committee - Type or print name

Signature of Audit Committee Chairperson **

Date _____

*** If Governmental Unit has no audit committee, mark this section "N/A"*

PRE-AUDIT CERTIFICATE: Required by G.S. 159-28

(a)

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.

By _____

DPCU Finance Officer:

Type or print name

DPCU Finance Officer Signature

Date _____

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

Email Address of Finance Officer

Date DPCU Governing Body Approved Audit Contract - G.S. 159-34(a)

*****Please provide us the most current email addresses available as we use this information to update our contact database*****

Attachment: 17-18 Camden County (2049 : 2017-2018 Audit Contracts)

Contract to Audit Accounts (cont.)

 Primary Government Unit

 Discretely Presented Component Unit (DPCU) if applicable

Steps to Completing the Audit Contract

1. Complete the header information – If a DPCU is subject to the audit requirements found in the Local Government Budget and Fiscal Control Act and a separate report is being issued for that DPCU, a separate audit contract for the DPCU is required. If a separate report is not being issued for the DPCU – it is being included in the Primary Government’s audit – the DPCU shall be named with the Primary Government on the audit contract for the Primary Government. The Board Chairperson of the DPCU shall sign the audit contract in addition to the elected leader of the Primary Government.
2. Item No. 1 – Complete the period covered by the audit
3. Item No. 6 – Fill in the audit due date. For Governmental Unit (s), the contract due date can be no later than 4 months after the end of the fiscal year, even though amended contracts may not be required until a later date.
4. Item No. 8 – If the process for invoice approval instructions changed, the Auditor should make sure he and his administrative staff are familiar with the current process. Instructions for each process can be found at the following link. <https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx>
5. Item No. 9 – Please note that the new fee section has been moved to page 5.
6. Item No. 16 – Has the engagement letter been attached to the contract that is being submitted to SLGFD?
 - a. Do the terms and fees specified in the engagement letter agree with the Audit 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.”*
 - b. Does the engagement letter contain an indemnification clause? **The audit contract shall not be approved if there is an indemnification clause – refer to LGC Memo # 986.**
7. Complete the fee section for BOTH the Primary Government and the DPCU (if applicable) on the fees page; please note:
 - The cap on interim payments is 75% of the current audit fee for services rendered if the contracted fee amount is a fixed amount. If any part of the fee is variable, interim payments are limited to 75% of the prior year’s total audit fee. If the contract fee is partially variable, we shall compare the authorized interim payment on the contract to 75% of last year’s actual approved total audit fee amount according to our records. There is a report of audit fees paid by each governmental unit on our web site: https://www.nctreasurer.com/slg/lfm/audit_acct/Pages/default.aspx select “audit fees”

Please call or email Lorna Hodge at 919-814-4299 lorna.hodge@nctreasurer.com if you have any questions about the fees on this list.

 - For variable fees for services, are the hourly rates or other rates clearly stated in detail? If issued separately in an addendum, has the separate page been acknowledged in writing by the Governmental Unit?

Contract to Audit Accounts (cont.)

Primary Government Unit

Discretely Presented Component Unit (DPCU) if applicable

- For fees for services that are a combination of fixed and variable fees, are the services to be provided for the fixed portion of the fee clearly stated? Are the hourly rates or other rates clearly stated for the variable portion of the fee? (Note: See previous bullet point regarding variable fees.)
 - If there is to be no interim billing, please indicate N/A instead of leaving the line blank.
8. Signature Area – There are now 2 Signature Pages: one for the Primary Government and one for the DPCU. Please only send the page(s) that are applicable to your Unit of Government and do not include the instructions pages. Make sure all signatures have been obtained, and properly dated. **The contract shall be approved by Governing Boards pursuant to G.S. 159-34(a).** If this contract includes the audit for a DPCU that is a Public Authority that falls under the Local Government Budget and Fiscal Control Act, it shall be named in this contract and the Board Chairperson of the DPCU also shall sign the contract in the area indicated. If the DPCU is filing a separate audit, a separate audit contract is required for that DPCU.
9. Please place the date the Primary Government’s Governing Board and the DPCU’s Governing Board (if applicable) approved the audit contract in the space provided.
- a. Please make sure that you provide email addresses for the audit firm and finance officer as these will be used to communicate official approval of the contract.
 - b. Has the pre-audit certificate for the Primary Government (and the DPCU if applicable) been signed and dated by the appropriate party?
 - c. Has the name and title of the Mayor or Chairperson of the Unit’s Governing Board and the DPCU’s Chairperson (if applicable) been typed or printed on the contract and has he/she signed in the correct area directly under the Auditor’s signature?
10. If the Auditor is performing an audit under the yellow book or single audit rules, has year-end bookkeeping assistance been limited to those areas permitted under the revised GAO Independence Standards? Although not required, we encourage Governmental Units and Auditors to disclose the nature of these services in the contract or an engagement letter. Fees for these services should be shown in the space indicated on the fees page.
11. Has the most recently issued peer review report for the audit firm been included with the contract? This is required if the audit firm has received a new peer review report that has not yet been forwarded to us. The audit firm is only required to send the most current Peer Review report to us once – not multiple times.
12. After all the signatures have been obtained and the contract is complete, please convert the contract and all other supporting documentation to PDF. **When submitting for approval combine and send the documents as one PDF file to include the Audit contract, any applicable addendums, the engagement letter and Peer Review Report.** Submit these documents using the most current submission process which can be obtained at the NC Treasurer’s web site
<https://www.nctreasurer.com/slg/Audit%20Forms%20and%20Resources/Instructions%20for%20Contract%20Submission.pdf>
13. If an audit cannot be completed by the due date, the Auditor or Governmental Unit shall file an Amended Contract form (Amended LGC-205). This form shall be signed by the Governmental Unit representative and the Auditor. The explanation for the delay in completing the audit is part of this contract amendment form and shall be provided. The parties that signed the original audit contract shall sign the amended contract form as well. If the signing representatives are unable to sign the amended contract, please include an explanation for this in the submitted amended contract form.



Thompson, Price, Scott, Adams & Co., P.A.
 4024 Oleander Drive Suite 3
 Wilmington, North Carolina 28403
 Telephone (910) 791-4872
 Fax (910) 395-4872

January 1, 2018

Camden County
 P.O. Box 190
 117 North NC 343
 Camden, NC 27921

We are pleased to confirm our understanding of the services we are to provide Camden County for the year ended June 30, 2018. We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of Camden County as of and for the year ended June 30, 2018. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Camden County's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Camden County's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) Net Pension Asset/Liability RSI
- 3) OPEB

We have also been engaged to report on supplementary information other than RSI that accompanies Camden County's financial statements. We will subject the following supplementary

information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole:

- 1) Schedule of expenditures of federal awards.
- 2) Budget to actual schedules
- 3) Individual Fund Statements
- 4) Supporting Schedules and Combining Fund Statements

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on—

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act

Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to Commissioners of Camden County. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations,

contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

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

As required by the Uniform Guidance, we will perform tests of controls over compliance 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 major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Camden County’s compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of Camden County’s major programs. The purpose of these procedures will be to express an opinion on Camden County’s compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Other Services

We will also assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes of Camden County in conformity with U.S. generally accepted

accounting principles and the Uniform Guidance based on information provided by you. This nonaudit service do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of expenditures of federal awards, and related notes services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for (1) establishing and maintaining effective internal controls, including internal controls over federal awards, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

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

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3)

others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review on the date of the audit report.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

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

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this

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

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards, and related notes, financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

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

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

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

The audit documentation for this engagement is the property of Thompson, Price, Scott, Adams and Co., PA and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to cognizant agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of

the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Thompson, Price, Scott, Adams & Co., PA personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the cognizant agency. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately July 1, 2018 and to issue our reports no later than October 31, 2018. Gregory S. Adams is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services is stated in the LGC approved contract. Any additional work out of the normal scope of the audit will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.). Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

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

Very truly yours,

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., PA

RESPONSE:

This letter correctly sets forth the understanding of Camden County.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____

Attachment: 17-18 Engagement Letter - Single (2049 : 2017-2018 Audit Contracts)

CONTRACT TO AUDIT ACCOUNTS

Of _____
Primary Government Unit

Discretely Presented Component Unit (DPCU) if applicable

On this _____ day of _____,

Auditor: _____ Auditor Mailing Address: _____

_____ Hereinafter referred to as The Auditor

and _____ (Governing Board(s)) of _____
(Primary Government)

and _____: hereinafter referred to as the Governmental Unit(s), agree as follows:
(Discretely Presented Component Unit)

1. The Auditor shall audit all statements and disclosures required by accounting principles generally accepted in the United States of America (GAAP) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit (s) for the period beginning _____, _____, and ending _____, _____. 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).
2. At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with auditing standards generally accepted in the United States of America. The Auditor shall perform the audit in accordance with *Government Auditing Standards* if required by the State Single Audit Implementation Act, as codified in G.S. 159-34. If required by OMB *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance) and the State Single Audit Implementation Act, the Auditor shall perform a Single Audit. This audit and all associated audit documentation may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit 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). **County and Multi-County Health Departments:** The Office of State Auditor (OSA) will require Auditors of these Governmental Units to perform agreed upon procedures (AUPs) on eligibility determination on certain programs. Both Auditor and Governmental Unit agree that Auditor shall complete and report on these AUPs on Eligibility Determination as required by OSA and in accordance with the instructions and timeline provided by OSA.
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 unqualified opinion being rendered. If during the process of conducting the audit the Auditor determines that it will not be possible to render an unqualified opinion on the financial statements of the unit, the Auditor shall contact the SLGFD 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.

Attachment: 17-18 Camden County TDA (2049 : 2017-2018 Audit Contracts)

Contract to Audit Accounts (cont.)

 Primary Government Unit

 Discretely Presented Component Unit (DPCU) if applicable

5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, 2011 revisions, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of their most recent peer review report regardless of the date of the prior peer review report to the Governmental Unit and the Secretary of the LGC prior to the execution of the audit contract. **If the audit firm received a peer review rating other than pass**, the Auditor shall not contract with the Governmental Unit without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.

If the audit engagement is not subject to Government Accounting Standards or if financial statements are not prepared in accordance with GAAP and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment.

6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to the SLGFD within four months of fiscal year end.
Audit report is due on _____, _____. If it becomes necessary to amend this due date or the audit fee, an amended contract along with a written explanation of the delay shall be submitted to the Secretary of the LGC for approval.
7. It is agreed that generally accepted auditing standards include a review of the Governmental Unit's systems of internal control and accounting as same 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 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.
8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. **Invoices for services rendered under these contracts shall not be paid by the Governmental Unit until the invoice has been approved by the Secretary of the LGC.** (This also includes any progress billings.) [G.S. 159-34 and 115C-447] All invoices for Audit work shall be submitted in PDF format to the Secretary of the LGC for approval. The invoices shall be sent via upload through the current portal address: <http://nctreasurer.slgfd.leapfile.net> Subject line should read "Invoice – [Unit Name]. The PDF invoice marked 'approved' with approval date shall be returned by email to the Auditor to present to the Governmental Unit for payment. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.
9. In consideration of the satisfactory performance of the provisions of this contract, the Primary Government shall pay to the Auditor, upon approval by the Secretary of the LGC, the fee, which includes any cost 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. (**Note: Fees listed on Fees page.**) 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 #12).
10. If the Governmental Unit has outstanding revenue bonds, the Auditor shall submit to the SLGFD either in the notes to the audited financial statements or as a separate report, a calculation demonstrating compliance with the revenue

Contract to Audit Accounts (cont.)

 Primary Government Unit

 Discretely Presented Component Unit (DPCU) if applicable

bond rate covenant. Additionally, the Auditor shall submit to the SLGFD simultaneously with the Governmental Unit's audited financial statements any other bond compliance statements or additional reports required by the authorizing bond documents, unless otherwise specified in the bond documents.

11. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, but not be limited to, the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the Governmental Unit 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 as soon as practical after the close of the fiscal year end.
12. 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 shall not be billed for the pre-issuance review. The pre-issuance review shall be performed **prior** to the completed audit being submitted to the SLGFD. The pre-issuance review report shall accompany the audit report upon submission to the SLGFD.
13. The Auditor shall electronically submit the report of audit to the SLGFD as a text-based PDF file when (or prior to) submitting the invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the SLGFD by any interested parties. **Any subsequent revisions to these reports shall be sent to the Secretary of the LGC along with an Audit report Reissuance form.** 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 without subsequent consent of the Auditor. If the SLGFD determines that corrections need to be made to the Governmental Unit's financial statements, those corrections shall be provided within three days of notification unless another deadline is agreed to by the SLGFD.

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

The SLGFD's process for submitting contracts, audit reports and invoices is subject to change. Auditors shall use the submission process in effect at the time of submission. The most current instructions will be found on our website: <https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx>

14. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Secretary of the LGC, this contract may be varied or changed to include the increased time, compensation, or both as may be agreed upon by the Governing Board and the Auditor.
15. If an approved contract needs to be amended for any reason, the change shall be made in writing, on the Amended LGC-205 contract form and pre-audited if the change includes a change in audit fee. 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 through the audit contract portal to the Secretary of the LGC for approval. The portal address to upload the amended contract is <http://nctreasurer.slgfd.leapfile.net> No change to the audit contract shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.

Contract to Audit Accounts (cont.)

 Primary Government Unit

 Discretely Presented Component Unit (DPCU) if applicable

16. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit shall be attached to the contract, and by reference here becomes part of the 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 #23 of this contract. Engagement letters containing indemnification clauses shall not be accepted by the SLGFD.
17. Special provisions should be limited. Please list any special provisions in an attachment.
18. A separate contract should not be made for each division to be audited or report to be submitted. If a DPCU is subject to the audit requirements detailed in the Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not to be issued and the DPCU is included in the primary government audit, the DPCU shall be named along with the parent 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.
19. The contract shall be executed, pre-audited, physically signed by all parties including Governmental Unit and the Auditor and then submitted in PDF format to the Secretary of the LGC. The current portal address to upload the contractual documents is <http://nctreasurer.slgfd.leapfile.net>. Electronic signatures are not accepted at this time. Included with this contract are instructions to submit contracts and invoices for approval as of November 2017. These instructions are subject to change. Please check the NC Treasurer's web site at <https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx> for the most recent instructions.
20. 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.**
21. 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.
22. **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.
23. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted: (See Item #16 for clarification).
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SIGNATURE PAGES FOLLOW FEES PAGE

Contract to Audit Accounts (cont.) _____

Primary Government Unit

Discretely Presented Component Unit (DPCU) if applicable

FEES – PRIMARY GOVERNMENT

AUDIT: \$ _____

WRITING FINANCIAL STATEMENTS: \$ _____

ALL OTHER NON-ATTEST SERVICES: \$ _____

For all non-attest services the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and *Governmental Auditing Standards* (as applicable). Bookkeeping and other non-attest services necessary to perform the audit shall be included under this contract. However, bookkeeping assistance shall be limited to the extent that the Auditor is not auditing his or her own work or making management decisions. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience necessary to oversee the services and accept responsibility for the results of the services. 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. The Auditor shall maintain written documentation of his or her compliance with these standards in the audit work papers.

Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees above. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year audit fee.

The 75% cap for interim invoice approval for this audit contract is \$ _____

**** NA if there is to be no interim billing**

FEES – DPCU (IF APPLICABLE)

AUDIT: \$ _____

WRITING FINANCIAL STATEMENTS: \$ _____

ALL OTHER NON-ATTEST SERVICES: \$ _____

For all non-attest services the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and *Governmental Auditing Standards* (as applicable). Bookkeeping and other non-attest services necessary to perform the audit shall be included under this contract. However, bookkeeping assistance shall be limited to the extent that the Auditor is not auditing his or her own work or making management decisions. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience necessary to oversee the services and accept responsibility for the results of the services. 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. The Auditor shall maintain written documentation of his or her compliance with these standards in the audit work papers.

Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees above. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year audit fee.

The 75% cap for interim invoice approval for this audit contract is \$ _____

**** NA if there is to be no interim billing**

Attachment: 17-18 Camden County TDA (2049 : 2017-2018 Audit Contracts)

Contract to Audit Accounts (cont.)

Primary Government Unit

Discretely Presented Component Unit (DPCU) if applicable

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

Audit Firm Signature:

Name of Audit Firm

By Authorized Audit firm representative name: Type or print

Signature of authorized audit firm representative

Date

Email Address of Audit Firm

Governmental Unit Signatures:

Name of Primary Government By Mayor / Chairperson: Type or print name and title

Signature of Mayor/Chairperson of governing board Date

By Chair of Audit Committee - Type or print name

Signature of Audit Committee Chairperson **

Date

** If Governmental Unit has no audit committee, mark this section "N/A"

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

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.

By Primary Government Unit Finance Officer: Type or print name

Primary Government Finance Officer Signature

Date (Pre-audit Certificate must be dated.)

Email Address of Finance Officer

Date Primary Government Governing Body Approved Audit Contract - G.S. 159-34(a)

Please provide us the most current email addresses available as we use this information to update our contact database

Attachment: 17-18 Camden County TDA (2049 : 2017-2018 Audit Contracts)

Contract to Audit Accounts (cont.)

Primary Government Unit

Discretely Presented Component Unit (DPCU) if applicable

**** This page to only be completed by Discretely Presented Component Units If Applicable ****

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

DPCU Governmental Unit Signatures:

Name of Discretely Presented Component Unit

By _____

DPCU Board Chairperson: Type or print name and title

Signature of Chairperson of DPCU governing board

Date _____

By _____

Chair of Audit Committee - Type or print name

Signature of Audit Committee Chairperson **

Date _____

*** If Governmental Unit has no audit committee, mark this section "N/A"*

PRE-AUDIT CERTIFICATE: Required by G.S. 159-28

(a)

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.

By _____

DPCU Finance Officer:

Type or print name

DPCU Finance Officer Signature

Date _____

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

Email Address of Finance Officer

Date DPCU Governing Body Approved Audit Contract - G.S. 159-34(a)

*****Please provide us the most current email addresses available as we use this information to update our contact database*****

Attachment: 17-18 Camden County TDA (2049 : 2017-2018 Audit Contracts)

Contract to Audit Accounts (cont.)

 Primary Government Unit

 Discretely Presented Component Unit (DPCU) if applicable

Steps to Completing the Audit Contract

1. Complete the header information – If a DPCU is subject to the audit requirements found in the Local Government Budget and Fiscal Control Act and a separate report is being issued for that DPCU, a separate audit contract for the DPCU is required. If a separate report is not being issued for the DPCU – it is being included in the Primary Government’s audit – the DPCU shall be named with the Primary Government on the audit contract for the Primary Government. The Board Chairperson of the DPCU shall sign the audit contract in addition to the elected leader of the Primary Government.
2. Item No. 1 – Complete the period covered by the audit
3. Item No. 6 – Fill in the audit due date. For Governmental Unit (s), the contract due date can be no later than 4 months after the end of the fiscal year, even though amended contracts may not be required until a later date.
4. Item No. 8 – If the process for invoice approval instructions changed, the Auditor should make sure he and his administrative staff are familiar with the current process. Instructions for each process can be found at the following link. <https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx>
5. Item No. 9 – Please note that the new fee section has been moved to page 5.
6. Item No. 16 – Has the engagement letter been attached to the contract that is being submitted to SLGFD?
 - a. Do the terms and fees specified in the engagement letter agree with the Audit 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.”*
 - b. Does the engagement letter contain an indemnification clause? **The audit contract shall not be approved if there is an indemnification clause – refer to LGC Memo # 986.**
7. Complete the fee section for BOTH the Primary Government and the DPCU (if applicable) on the fees page; please note:
 - The cap on interim payments is 75% of the current audit fee for services rendered if the contracted fee amount is a fixed amount. If any part of the fee is variable, interim payments are limited to 75% of the prior year’s total audit fee. If the contract fee is partially variable, we shall compare the authorized interim payment on the contract to 75% of last year’s actual approved total audit fee amount according to our records. There is a report of audit fees paid by each governmental unit on our web site: https://www.nctreasurer.com/slg/lfm/audit_acct/Pages/default.aspx select “audit fees”

Please call or email Lorna Hodge at 919-814-4299 lorna.hodge@nctreasurer.com if you have any questions about the fees on this list.

 - For variable fees for services, are the hourly rates or other rates clearly stated in detail? If issued separately in an addendum, has the separate page been acknowledged in writing by the Governmental Unit?

Contract to Audit Accounts (cont.)

Primary Government Unit

Discretely Presented Component Unit (DPCU) if applicable

- For fees for services that are a combination of fixed and variable fees, are the services to be provided for the fixed portion of the fee clearly stated? Are the hourly rates or other rates clearly stated for the variable portion of the fee? (Note: See previous bullet point regarding variable fees.)
 - If there is to be no interim billing, please indicate N/A instead of leaving the line blank.
8. Signature Area – There are now 2 Signature Pages: one for the Primary Government and one for the DPCU. Please only send the page(s) that are applicable to your Unit of Government and do not include the instructions pages. Make sure all signatures have been obtained, and properly dated. **The contract shall be approved by Governing Boards pursuant to G.S. 159-34(a).** If this contract includes the audit for a DPCU that is a Public Authority that falls under the Local Government Budget and Fiscal Control Act, it shall be named in this contract and the Board Chairperson of the DPCU also shall sign the contract in the area indicated. If the DPCU is filing a separate audit, a separate audit contract is required for that DPCU.
9. Please place the date the Primary Government’s Governing Board and the DPCU’s Governing Board (if applicable) approved the audit contract in the space provided.
- a. Please make sure that you provide email addresses for the audit firm and finance officer as these will be used to communicate official approval of the contract.
 - b. Has the pre-audit certificate for the Primary Government (and the DPCU if applicable) been signed and dated by the appropriate party?
 - c. Has the name and title of the Mayor or Chairperson of the Unit’s Governing Board and the DPCU’s Chairperson (if applicable) been typed or printed on the contract and has he/she signed in the correct area directly under the Auditor’s signature?
10. If the Auditor is performing an audit under the yellow book or single audit rules, has year-end bookkeeping assistance been limited to those areas permitted under the revised GAO Independence Standards? Although not required, we encourage Governmental Units and Auditors to disclose the nature of these services in the contract or an engagement letter. Fees for these services should be shown in the space indicated on the fees page.
11. Has the most recently issued peer review report for the audit firm been included with the contract? This is required if the audit firm has received a new peer review report that has not yet been forwarded to us. The audit firm is only required to send the most current Peer Review report to us once – not multiple times.
12. After all the signatures have been obtained and the contract is complete, please convert the contract and all other supporting documentation to PDF. **When submitting for approval combine and send the documents as one PDF file to include the Audit contract, any applicable addendums, the engagement letter and Peer Review Report.** Submit these documents using the most current submission process which can be obtained at the NC Treasurer’s web site
<https://www.nctreasurer.com/slg/Audit%20Forms%20and%20Resources/Instructions%20for%20Contract%20Submission.pdf>
13. If an audit cannot be completed by the due date, the Auditor or Governmental Unit shall file an Amended Contract form (Amended LGC-205). This form shall be signed by the Governmental Unit representative and the Auditor. The explanation for the delay in completing the audit is part of this contract amendment form and shall be provided. The parties that signed the original audit contract shall sign the amended contract form as well. If the signing representatives are unable to sign the amended contract, please include an explanation for this in the submitted amended contract form.



Thompson, Price, Scott, Adams & Co., P.A.
 4024 Oleander Drive Suite 3
 Wilmington, North Carolina 28403
 Telephone (910) 791-4872
 Fax (910) 395-4872

May 1, 2018

Camden County Tourism Development Authority
 P.O. Box 190
 117 North NC 343
 Camden, NC 27921

We are pleased to confirm our understanding of the services we are to provide Camden County Tourism Development Authority for the year ended June 30, 2018. We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of Camden County Tourism Development Authority as of and for the year ended June 30, 2018. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Camden County Tourism Development Authority's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Camden County Tourism Development Authority's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) Net Pension Asset/Liability RSI
- 3) OPEB

We have also been engaged to report on supplementary information other than RSI that accompanies Camden County Tourism Development Authority's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole:

- 1) Budgetary Comparison Statements
- 2) Combining Statements
- 3) Individual Fund Statements
- 4) Supporting Schedules

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of Camden County Tourism Development Authority and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of Camden County Tourism Development Authority's financial statements. Our report will be addressed to the governing board of Camden County Tourism Development Authority. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that Camden County Tourism Development Authority is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial

audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

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

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our

tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

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

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Camden County Tourism Development Authority's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes of Camden County Tourism Development Authority in conformity with U.S. generally accepted accounting principles based on information provided by you. In addition, we will assist in preparing depreciation schedules and adjusting entries to convert cash basis financial information to accrual. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

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

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

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

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes, depreciation schedule and cash to accrual adjustments, and that you have reviewed and approved the depreciation schedule and cash to accrual adjustments and financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an

individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

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

We will provide copies of our reports to the governmental unit; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Thompson, Price, Scott, Adams & Co., PA and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to cognizant agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Thompson, Price, Scott, Adams & Co., PA personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

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

We expect to begin our audit on approximately July 1, 2018 and to issue our reports no later than October 31, 2018. Gregory S. Adams is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services is stated in the approved audit contract. Any additional work out of the normal scope of the audit will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.). Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work

may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

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

Very truly yours,

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., PA

RESPONSE:

This letter correctly sets forth the understanding of Camden County Tourism Development Authority.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____

Attachment: 17-18 Engagement Letter TDA (2049 : 2017-2018 Audit Contracts)