

## MINUTES

**STATE OF NORTH CAROLINA  
COUNTY OF HENDERSON**

**BOARD OF COMMISSIONERS  
MONDAY, FEBRUARY 1, 2021**

The Henderson County Board of Commissioners met for a regularly scheduled meeting at 5:30 p.m. in the Commissioners' Meeting Room of the Historic Courthouse on Main Street, Hendersonville.

Those present were: Chairman William Lapsley, Vice-Chair Rebecca McCall, Commissioner Mike Edney, Commissioner Daniel Andreotta, Commissioner David Hill, County Manager Steve Wyatt, Assistant County Manager Amy Brantley, Attorney Russ Burrell and Clerk to the Board Teresa Wilson.

Also present were: Finance Director Samantha Reynolds, Director of Business and Community Development John Mitchell, Engineer Marcus Jones, Planning Director Autumn Radcliff, Emergency Management/Rescue Coordinator Jimmy Brissie, Recreation Director Carlene Dixon, HR Director Karen Ensley, Budget Manager Megan Powell, Budget Analyst Sonya Flynn, Project Engineer Natalie Berry, PIO Kathy Finotti – videotaping, Deputies Mike Marsteller and Jeffrey Corn as security.

### CALL TO ORDER/WELCOME

Chairman Lapsley called the meeting to order and welcomed all in attendance.

### INVOCATION

The invocation was provided by Pastor Marc Reynolds of Little River Baptist Church.

### PLEDGE OF ALLEGIANCE

The Pledge of Allegiance to the American Flag was led by Emma Willkie from the Young Naturalist 4-H Club.

### INFORMAL PUBLIC COMMENTS

**Via email** - The Board received comment on the proposed VFW purchase from Dennis Justice.

### DISCUSSION/ADJUSTMENT OF CONSENT AGENDA

*Commissioner McCall made the motion to approve Consent Agenda as presented. All voted in favor and the motion carried.*

CONSENT AGENDA consisted of the following:

#### **Minutes**

Draft minutes were presented for board review and approval of the following meeting(s):

January 20, 2021 - Regularly Scheduled Meeting

Motion:

*I move the Board approves the minutes of January 20, 2021.*

#### **Tax Collector's Report**

The January 21, 2021 report from the office of the Tax Collector is provided for the Board's information.

In accordance with NCGS 105-369, the tax collector must report to the board the total amount of unpaid taxes for the current fiscal year that are liens on real property. Upon receipt of this report the board is directed by statute to order the advertisement of such liens. As instructed by NCGS 105-369, advertisement of tax liens need only be published one-time March 1 through June 30 in a single newspaper of general circulation.

APPROVED: February 17, 2021

## 2020 Annual Tax Billing &amp; Collections Summary as of January 21, 2021

**2020 Beginning Charge: \$86,173,718.04**  
 Discoveries & Imm. Irreg.: \$276,709.77  
 Releases & Refunds: **(\$411,719.78)**  
**Net Charge: \$86,038,708.03**  
 Unpaid Taxes: \$4,118,904.38  
 Amount Collected: \$81,919,803.65  
**Percentage Collected: 95.21%**  
 Through: 21-Jan-2021

**2019 Beginning Charge: \$84,274,124.71**  
 Discoveries & Imm. Irreg.: \$1,254,883.64  
 Releases & Refunds: **(\$966,955.86)**  
**Net Charge: \$84,562,052.49**  
 Unpaid Taxes: \$3,966,409.23  
 Amount Collected: \$80,595,643.26  
**Percentage Collected: 95.31%**  
 Through: 21-Jan-2020

It is recommended that tax year 2020 tax liens be advertised once on March 10 or 17, 2021. Final date selection will be based on staff's timely preparation to meet print deadlines in accordance with Henderson County's legal advertising agreement with *The Hendersonville Lightning*.

Each year as part of the annual Order of Collection, the Tax Collector is authorized, empowered, and commanded to collect the annual taxes as well as continue collection efforts on prior-years' unpaid taxes. Henderson County continues to see high collection rates through fair and equitable tax collection.

Fiscal Year 2020-2021 has yielded \$615,317.47 in revenue to date. This revenue reflects 59.45% of the budgeted goal of \$1,035,000 specific to prior-year tax collection efforts. While each enforced collection action initiated is not always successful, our staff tirelessly works through all available remedies to collect delinquent tax.

Since July 1, 2020, the Tax Collections staff has initiated the following enforced collection actions:

Action Type	# Cases Started in FY2020-2021	Potential Collection FY2020-2021	# Cases Started in FY2019-2020	Potential Collection FY2019-2020
Bank Attachments	10	\$ 15,069	88	\$ 90,936
Wage Garnishments	269	\$ 152,646	211	\$ 73,016
Rent Attachments	0	\$ 0	1	\$ 975
Monies Attachment	26	\$ 42,781	46	\$ 30,786
Debt Setoff	155	\$ 45,728	212	\$ 65,291
Payment Arrangements	135	\$ 349,178	165	\$ 342,449
Foreclosure Actions	13	\$ 21,624	233	\$ 255,864
<b>Total</b>	<b>608</b>	<b>\$ 627,026</b>	<b>956</b>	<b>\$ 859,317</b>

Collection enforcement methods continue to contribute to our goal of keeping collections fair and equitable while also providing additional revenue to the County's annual budget. During the past several years, property tax has been collected sooner, leading to a reduction in the amount of delinquent tax outstanding at the beginning of each fiscal year. In addition to our Collections' staff dedication to enforcing the payment of tax, we believe the current method of collecting tax on motor vehicles and increased annual collections have been beneficial in elevating our collection percentage.

#### 2021.05 Pending Releases and Refunds

The pending releases and refunds have been reviewed by the Assessor. As a result of that review, it is the opinion of the Assessor that these findings are in order. Supporting documentation is on file in the County Assessor's Office.

These pending release and refund requests are submitted for the approval by the Henderson County Board of Commissioners.

<b>Type:</b>	<b>Amount:</b>
Total Taxes Released from the Charge	\$ 3,222.70
Total Refunds as a Result of the Above Releases	\$ 1,793.87

Motion:

*I move the Board approves the Combined Release/Refund Report as presented.*

#### **Notification of Vacancies**

The Notification of Vacancies is being provided for the Board's information. They will appear on the next agenda under "Nominations".

1. Agriculture Advisory Board – 2 vac.  
Positions #2 & 4
2. Animal Services Committee – 4 vac.  
Positions #1, 4, 7 & 8
3. Nursing\Adult Care Home Community Advisory Committee – 1 vac.  
Position #20
4. Recreation Advisory Board – 2 vac.  
Positions #2 & 9

#### **Updated FY21 Solid Waste Fee Schedule**

With support from recent grants from the NC Department of Environmental Quality and the United States Department of Agriculture, Henderson County Environmental Programs is interested in starting a residential backyard compost bin program. The County will subsidize backyard compost bins to sell at \$25 per bin, helping to increase backyard composting among residents. This new program will require the FY21 Solid Waste Fee Schedule to be updated to reflect the fee for the compost bins.

Motion:

*I move the Board approves the updated FY21 Solid Waste Fee Schedule for the backyard compost bin program.*

#### **Van Winkle Law Firm request for refund of deed excise tax**

Attorney Michael M. Thompson has requested, on behalf of The Van Winkle Law Firm, the refund of the sum of Four Hundred Twenty-Nine Dollars (\$429.00) in real property conveyance excise tax ("deed stamps"). The instrument in question was recorded with an incorrect amount of excise tax stamps fee paid. The instrument can be found at Henderson County Book 3602, Page 411, *et al.* These details have been verified by Lee King, Register of Deeds.

Pursuant to N.C. Gen. Stat. §105-228.37, a request for refund of overpayment of real property conveyance excise tax must be made within six months of the date of payment. The payment was made on or about November 5, 2020. A letter to the Board of Commissioners requesting refund is attached, as is an email waiving further notice of your determination in this matter.

If the Board determines that a refund is in order, the refund will be of the amount of the excise tax paid.

Motion:

*I move that the Board grants the refund requested insofar as it conforms to the requirements of N.C. Gen. Stat. §105-228.37(b).*

**Fletcher Fire and Rescue Department, Inc.**

Fletcher Fire and Rescue is considering a truck loan for \$1,033,970. They presented their budget to the Fire and Rescue Advisory Committee on May 12, 2020, discussing purchase of (2) 2020 E-One Custom Typhoon Pumpers. The Loan Amount is \$1,033,970 at an interest rate of 2.75% for 10 years, annual payment of \$116,025.

Fletcher Fire and Rescue will hold a public hearing to discuss the loan agreement on February 2, 2021 at 6:00 pm at their department.

As part of the budget process the Fire & Rescue Advisory Committee has unanimously approved the truck loan.

Fletcher Fire and Rescue respectfully requests the Board of Commissioners to sign the enclosed letter for financing with REV Financial Services & ITS (assigned).

**Motion:**

*I move the Board approves the letter to REV Financial Services & ITS (assigned) on behalf of Fletcher Fire & Rescue.*

**2021.06 Tax Collector's Report – Order Advertising Taxes**

The February Tax Collector's report (required by N.C. Gen. Stat. §105-369(a)) is presented for the Board's information. Among the data presented is the amount of delinquencies for the 2020 tax year.

N.C. Gen. Stat. §105-369(a) requires the Board to order each February the publication of the tax lien notification to delinquent taxpayers for previous tax year.

In February of each year, the tax collector must report to the governing body the total amount of unpaid taxes for the current fiscal year that are liens on real property. A county tax collector's report is due the first Monday in February, and a municipal tax collector's report is due the second Monday in February. Upon receipt of the report, the governing body must order the tax collector to advertise the tax liens.

**Motion:**

*I move the Board enter the proposed Order directing the Tax Collector to advertise the delinquent real property tax liens for 2020, and further moved to direct the Tax Collector to publish such advertisement pursuant to the General Statutes.*

**DISCUSSION/ADJUSTMENT OF DISCUSSION AGENDA**

*Commissioner Edney made the motion to adopt the discussion agenda moving closed session after the consent agenda. All voted in favor and the motion carried.*

**CLOSED SESSION**

The Board is requested to go into Closed Session for the following reason:

1. Pursuant to N.C. Gen. Stat. § 143-318.11(a)(3) to consult with an attorney employed or retained by the public body in order to preserve the attorney-client privilege between the attorney and the public body, which privilege is hereby acknowledged.
2. Pursuant to N.C. Gen. Stat. § 143-318.11(a)(6) to consider the qualifications, competence, performance, character, fitness, conditions of appointment, or conditions of initial employment of an individual public officer or employee or prospective public officer or employee; or to hear or investigate a complaint, charge, or grievance by or against an individual public officer or employee.

*Commissioner Edney made the motion that the Board go into closed session pursuant to N.C. Gen. Stat. §143-318.11(a)(3) & (6), for the reasons set out in the Request for Board Action in the Board's agenda packet. All voted in favor and the motion carried.*

**DISCUSSION – OLD BUSINESS****MAINTENANCE, REPAIR, TECHNOLOGY AND SECURITY PROJECTS**

Amy Brantley stated at the Board's January 20, 2021 meeting, the Henderson County Public Schools and Blue Ridge Community College presented proposals for their Maintenance, Repair, Technology and Security Projects for the remainder of FY21. Those requests are as follows:

**Henderson County Public Schools**

Upward Elementary School - Main Entrance/Cafeteria Renovation	\$702,000
Rugby Middle School - Main Entrance Renovation	\$500,000
Project Empower Chromebooks (FY20)	\$300,000
Project Empower Chromebooks (FY21)	\$300,000
* Contingency \$200,000 – Not Recommended for Approval	\$0
<b>TOTAL HCPS MRTS</b>	<b>\$1,802,000</b>

**Blue Ridge Community College**

Henderson Building – Welding Booth, Ventilation System, Recoat Roof	\$161,340
Killian Building – Replace Chiller	\$125,000
Sink Building – Replace Piping on Air Handling Units	\$ 30,000
Flat Rock Building – Restroom Renovation	\$ 35,555
<b>TOTAL BRCC MRTS</b>	<b>\$351,895</b>

*Commissioner McCall made the motion that the Board approves the Budget Amendments, appropriating available MRTS Fund Balance and additional sales tax revenues for FY21. All voted in favor and the motion carried.*

**2045 COUNTY COMPREHENSIVE PLAN (CCP) CONTINUED DISCUSSION**

John Mitchell stated in May 2019, the Board of Commissioners adopted a resolution to extend the County Comprehensive Plan (CCP) through 2023. In October of 2019, the overall process was identified including the need for a consultant to assist staff with the development of the 2045 CCP. The adopted FY21 budget provided half of the necessary funding to hire a consultant with the remaining funding to be approved in FY22.

In October of 2020, the BOC was provided with an update on the CCP process and the release of the RFP for a consultant. The RFP deadline was October 22, 2020 and a total of 7 proposals were received. The selection committee reviewed the proposals and the top 3 firms (Housel Lavigne, Stewart and Clarion) were interviewed and references were verified.

In December, the Board received an update on the consultant selection process, including a copy of the top three proposals. The Board requested staff provide a cost overview of the CCP process options at its February 1<sup>st</sup>, 2021 meeting.

Autumn Radcliff stated staff has worked on a cost comparison for completing the CCP in-house versus hiring a consultant. In 2004 the Planning Department had 9 employees and 6 planners. The approximate cost then was \$204,000. Currently the Planning Department has 5 employees and 4 planners, and many additional projects. Even if the CCP is done in-house, it would be necessary to contract portions of the project out to consultants. The total cost now is estimated at \$245,000.

John Mitchell stated the County has high quality staff within the Planning Department. He feels current staff can accomplish the CCP with possible small overtime costs only. Seventy-Five Thousand Dollars has been budgeted over the last two years budgeting \$150,000 for this project. He feels however utilizing an outside consultant firm would be faster and less expensive.

Steve Wyatt stated there are pros and cons to hiring an outside firm. The Board will receive monthly updates, however, the Board must guide the plan. If the Board is not prepared to make a decision tonight, this item could be placed on the March 17<sup>th</sup> agenda, allowing the Board more time to evaluate the three firms.

Commissioner Andreotta feels the Board could make a decision tonight choosing one of the three firms.

Chairman Lapsley is acceptable with doing the project in-house or hiring a consultant. If we hire a consultant firm, the Board should choose one of the three firms already presented in order to avoid more advertising.

Commissioner McCall feels more value is achieved by hiring a consultant.

*Commissioner Andreotta made the motion that the Board move forward with choosing one of the three firms (Housel Lavigne, Steward or Clarion) as presented. All voted in favor and the motion carried.*

Steve Wyatt requested staff have representatives of each firm attend the February 17<sup>th</sup> meeting. Staff will provide names and numbers of each firm to the Board to allow the Board to reach out to them for questions.

*Chairman Lapsley made the motion to table this item to February 17<sup>th</sup> with the intent to make a decision at that time. All voted in favor and the motion carried.*

#### **DETERMINATION OF WHETHER TO PURCHASE VFW BUILDING**

The Board's due diligence period under its contract with Hedrick-Rhodes Post 5206 Incorporated expires February 12, 2021. The Board is requested to decide whether to move forward with the purchase, or terminate the contract.

Architect Chad Roberson shared information with the Board regarding the four phases of the project. The total cost if done over four years would be \$4.4m. If the project is completed all at once, there would be a \$300,000 savings.

Chairman Lapsley feels other public groups will be wanting to use the facility. He questioned adequate parking. The only parking area available at this time is owned by the Schools, and is in discussion with the City.

Commissioner Edney noted at the August 19, 2020 Board meeting, the School Board came forward with a resolution declaring the Edwards Park property no longer needed for their purposes and at that point and time under the statutes they asked us if we wanted to purchase the property. We made a motion at that time, not knowing anything about the VFW, to decline the opportunity to purchase that property. We now have a substantial change of circumstances that necessitate us moving to rescind that motion, and to go forward with, under the statute, negotiations and discussions with the school board about the county acquiring that property.

*Commissioner Edney made the motion that the Board of Commissioners rescind their motion of August 19, 2020, where the Board declined to acquire the Edward Park property, and that we advise the school board that the Board of Commissioners now have an interest in acquiring the property and enter into discussions*

*with them under the statutes as to the clear market value and/or the negotiated price, for some or all of that property. All voted in favor and the motion carried.*

*Commissioner Edney made the motion that the Board of Commissioners amend their contract with the VFW extending the expiration to March 2, 2021. All voted in favor and the motion carried.*

This item will be included on the March 1<sup>st</sup> agenda for discussion.

## **DISCUSSION – NEW BUSINESS**

### **ANNUAL AUDIT CONTRACT**

Finance Director Samantha Reynolds stated staff is requesting that the Board approve the annual audit contract as required by N.C. General Statute 159-34(a) with Martin Starnes & Associates, CPAs, P.A. for the current fiscal year 2021. Martin Starnes has audited the County's accounts for several years. They have the qualifications, experience and manpower to conduct an audit of our County's size. Their fee to conduct the audit is \$71,450 which is included in the annual budget.

Samantha Reynolds stated no contract has been signed. This is the third year of a three-year agreement. The company has not changed, however the teams used by this company have changed over the years. Changing companies at this point is possible but would slow the process down.

Steve Wyatt suggested continuing this year with Martin Starnes & Associates, P.A., and start the process for a new firm in November 2021.

Chairman Lapsley feels after 14 years, it is time to change auditors.

*Commissioner Edney made the motion that the Board approves the annual audit contract as required by N.C. G. S. 159-34(a) with Martin Starnes & Associates, CPAs, P.A. for the fiscal year ending June 30, 2021, and further moved to start a new process for next year in November. All voted in favor and the motion carried.*

### **NOMINATIONS**

Chairman Lapsley opened the floor for nominations.

#### **1. Asheville Regional Housing Consortium – 1 vac.**

There were no nominations at this time and this item was rolled to the next meeting.

#### **2. Cemetery Advisory Committee – 2 vac.**

There were no nominations at this time and this item was rolled to the next meeting.

#### **3. Henderson County Transportation Advisory Committee – 1 vac.**

Chairman Lapsley nominated Jay Egolf for position #2.

*Chairman Lapsley made the motion to accept the appointment of Jay Egolf to position #2 by acclamation. All voted in favor and the motion carried.*

#### **4. Henderson County Zoning Board of Adjustment – position swap**

A request was received to switch positions of Hillard Staton and Robert Pierce. Both members have agreed to the switch of positions.

*Chairman Lapsley made the motion to switch positions #1 & #6, placing Hillard Staton in position #6, an alternate position, and placing Robert Pierce in position #1, a regular position. All voted in favor and the motion carried.*

**5. Henderson Tourism Development Authority – position verification**

Chairman Lapsley informed the Board that position #9 on the Henderson Tourism Development Authority was filled months ago by the Chamber of Commerce with David Adams. This position requires someone who actively promotes tourism in Henderson County. The Authority is unsure if Mr. Adams qualifies for the position.

*Chairman Lapsley made the motion that the Board suspends the appointment until further notice to verify if David Adams qualifies for the position. All voted in favor and the motion carried.*

**6. Hendersonville Business Advisory Committee – 1 vac.**

There were no nominations at this time and this item was rolled to the next meeting.

**7. Hendersonville City Zoning Board of Adjustment – 2 vac.**

Commissioner McCall nominated Candi Guffey for position #2.

*Chairman Lapsley made the motion to accept the appointment of Candi Guffey to position #2 by acclamation. All voted in favor and the motion carried.*

**8. Hendersonville Planning Board – 2 vac.**

Commissioner McCall nominated Candi Guffey for position #1.

*Chairman Lapsley made the motion to accept the appointment of Candi Guffey to position #1 by acclamation. All voted in favor and the motion carried.*

**9. Hendersonville Water & Sewer Advisory Committee – 1 vac.**

Commissioner Andreotta nominated Andrew Riddle for position #10.

*Chairman Lapsley made the motion to accept the appointment of Andrew Riddle to position #10 by acclamation. All voted in favor and the motion carried.*

**10. Juvenile Crime Prevention Council – 2 vac.**

There were no nominations at this time and this item was rolled to the next meeting.

**11. Laurel Park Planning Board – 1 vac.**

There were no nominations at this time and this item was rolled to the next meeting.

**12. Mountain Valleys Resource Conservation and Development Program – 1 vac.**

There were no nominations at this time and this item was rolled to the next meeting.

**13. Nursing/Adult Care Home Community Advisory Committee – 13 vac.**

There were no nominations at this time and this item was rolled to the next meeting.

**14. WCCA Board of Directors (Western Carolina Community Action) – 1 vac.**

There were no nominations at this time and this item was rolled to the next meeting.

**COMMISSIONER UPDATES**

Commissioner updates include current and ongoing items of interest in the County and allow commissioners an opportunity to bring the full Board up to date on issues that occur between meetings. Commissioners may also use this opportunity to report on related committee work and assignments.

Topics for this meeting are as follows:

**Etowah Walking Trail – Budget Amendment - Vice-Chair McCall – 2020.07**

At the Board's January 20, 2021 meeting, there was discussion of the walking trail at Etowah Park. It was the consensus of the Board to address the trail condition once the weather allows. The Budget Amendment



provided appropriate funding from the Capital Reserve Fund to be used for the walking trail repairs.

*Commissioner McCall made the motion that the Board approves a Budget Amendment, transferring \$80,000 from the Capital Reserve Fund to repair the walking trail. All voted in favor and the motion carried.*

**24-Hour Ambulance at Fletcher Fire Department - Commissioner Andreotta**

Currently the Fletcher Fire Department does not have housing capacity for a crew of both male and female members, and therefore provides only 12-Hour Ambulance Service. Commissioner Andreotta requests the Board direct staff to hire an architect to work on plans and pricing to add an addition to Fletcher Fire Department in order to house both a female and male staff person with the intention of providing 24-Hour Ambulance service.

*Commissioner Andreotta made the motion that the Board direct staff hire an architect to submit plans and pricing to add on the required addition to Fletcher Fire Department necessary to house both male and female personnel. All voted in favor and the motion carried.*

Steve Wyatt stated staff will contact our Architect of Record tomorrow and have them reach out to the Fletcher Fire Department. Staff will also negotiate a contract of some time to offset the cost with the Fletcher Fire Department.

**GENERAL ASSEMBLY UPDATES**

General Assembly updates include current and ongoing items of interest to the County related to the North Carolina General Assembly. Steve Wyatt stated nothing specific to local government is going on right now that he has seen. The Legislative Goals list has been completed and more information will come soon.

**COUNTY MANAGER'S REPORT**

The County Manager provided the Board of Commissioners with a brief update concerning any issues that should be brought to the attention of the Board.

Steve Wyatt shared 12,559 vaccines have been given at the four sites in Henderson County. Staff is working with the state for more certainty of upcoming vaccines. The number of vaccines we will receive has gone down to possibly 300. All of North Carolina is in the same situation.

**ADJOURN**

*Commissioner Andreotta made the motion to adjourn at 7:15 p.m. All voted in favor and the motion carried.*

Attest:

\_\_\_\_\_  
Teresa L. Wilson, Clerk to the Board

\_\_\_\_\_  
William Lapsley, Chairman

# Henderson County Board of Commissioners

1 Historic Courthouse Square • Suite 1 • Hendersonville, NC 28792  
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**William G. Lapsley**  
Chairman  
**Rebecca K. McCall**  
Vice-Chairman



**J. Michael Edney**  
**Daniel J. Andreotta**  
**David H. Hill**

February 1, 2021

Darlene Burgess, Assessor  
HENDERSON COUNTY ASSESSOR'S OFFICE  
200 N. Grove Street, Suite 102  
Hendersonville, N. C. 28792

Dear Mrs. Burgess:

Attached please find tax release requests in the amount of \$3,222.70 and tax refund requests in the amount of \$1,793.87 reviewed at the Henderson County Board of Commissioners' Meeting on Monday, February 1, 2021. All releases and refunds were approved.

Sincerely,

A handwritten signature in blue ink, appearing to read 'William Lapsley', is written over the word 'Sincerely,'. The signature is fluid and cursive, with a large loop at the end.

William Lapsley, Chairman

Enclosures (1)

**REQUEST FOR BOARD ACTION**

**HENDERSON COUNTY  
BOARD OF  
COMMISSIONERS**

**MEETING DATE:** February 1, 2021  
**SUBJECT:** Pending Releases & Refunds  
**PRESENTER:** Darlene Burgess, Tax Administrator  
**ATTACHMENT:** Yes  
1. Pending Release/Refund Combined Report

**SUMMARY OF REQUEST:**

The attached pending releases and refunds have been reviewed by the Assessor. As a result of that review, it is the opinion of the Assessor that these findings are in order. Supporting documentation is on file in the County Assessor's Office.

These pending release and refund requests are submitted for the approval by the Henderson County Board of Commissioners.

<b>Type:</b>	<b>Amount:</b>
Total Taxes Released from the Charge	\$ 3,222.70
Total Refunds as a Result of the Above Releases	\$ 1,793.87

**BOARD ACTION REQUESTED:**

The Board is requested to approve this pending release and refund report as presented.

**Suggested Motion:**

*I move the Board approve the Combined Release/Refund Report as presented.*

# NCPTS Pending Release/Refund Report. Wednesday, January 20, 2021\*

OWNER	ABSTRACT	NOTE	VALUE CHANGE	ADJ. NUMBER	USER ID	SITUS ADDRESS	TAX DISTRICT	LEVY TYPE	BILLED	PAID	RELEASE	REFUND
GORE, RONALD S.	0003085270-2020-2020-0000	UNREGISTERED VEHICLES SOLD IN 2019.	(\$16,027)	7550	HSALTER	39 LAUGHTER COUNTRY LN HENDERSONVILLE NC 28792	COUNTY	TAX	\$93.62	\$0.00	\$89.91	\$0.00
								LATE LIST FEE	\$9.36	\$0.00	\$8.99	\$0.00
							EDNEYVILLE FIRE	TAX	\$19.19	\$0.00	\$18.43	\$0.00
								LATE LIST FEE	\$1.92	\$0.00	\$1.84	\$0.00
							TOTAL:		\$20.27	\$119.17	\$0.00	
	<b>OWNER TOTAL:</b>		<b>(\$16,027)</b>							<b>ABSTRACT TOTAL:</b>	<b>\$119.17</b>	<b>\$0.00</b>
KILPATRICK, WILLIAM D.	0003091629-2020-2020-0000	BOAT TRAILER SOLD 10/24/19.	(\$498)	7546	HSALTER	168 SNOWY EGRET WAY HENDERSONVILLE NC 28792	COUNTY	TAX	\$2.79	\$0.00	\$2.79	\$0.00
								LATE LIST FEE	\$0.28	\$0.00	\$0.28	\$0.00
								TOTAL:			\$3.07	\$0.00
												\$0.00
	<b>OWNER TOTAL:</b>		<b>(\$498)</b>							<b>ABSTRACT TOTAL:</b>	<b>\$3.07</b>	<b>\$0.00</b>
KIRSCHBAUM, DALE E	0003098018-2020-2020-0000	MANUFACTURED HOME IS REAL PROPERTY ON PARCEL 9959118 AND NOT PERSONAL PROPERTY.	(\$20,000)	7557	RIONES	264 OLD MOUNTAIN PAGE RD SALUDA NC 28773	COUNTY	TAX	\$112.20	\$0.00	\$112.20	\$0.00
								LATE LIST FEE	\$11.22	\$0.00	\$11.22	\$0.00
							REAVEN ROCK/SALUDA FIRE	TAX	\$23.00	\$0.00	\$23.00	\$0.00
								LATE LIST FEE	\$2.30	\$0.00	\$2.30	\$0.00
							TOTAL:			\$148.72	\$0.00	
	<b>OWNER TOTAL:</b>		<b>(\$20,000)</b>							<b>ABSTRACT TOTAL:</b>	<b>\$148.72</b>	<b>\$0.00</b>
KNEISLEY, MATTHEW	0002590127-2020-2020-0000	UTILITY TRAILER SOLD 11/27/2019.	(\$13,064)	7561	HSALTER	1604 DIXIE LN HENDERSONVILLE NC 28739	COUNTY	TAX	\$81.00	\$6.40	\$73.29	\$0.00
								LATE LIST FEE	\$0.00	\$0.00	\$0.00	\$0.00
							VALLEY HILL FIRE	TAX	\$14.44	\$1.14	\$13.06	\$0.00
								LATE LIST FEE	\$0.00	\$0.00	\$0.00	\$0.00
							TOTAL:			\$13.06	\$0.00	
	<b>OWNER TOTAL:</b>		<b>(\$13,064)</b>							<b>ABSTRACT TOTAL:</b>	<b>\$86.35</b>	<b>\$0.00</b>
KNEISLEY, MATTHEW	0003099538-2020-2020-0000	MANUFACTURED HOME DOUBLE BILLED ON ABSTRACTS 3099538 AND 3096404. ABSTRACT 3099538 VOIDED.	(\$29,800)	7553	RIONES	140 L 62 JAYMAR PARK DR HENDERSONVILLE NC 28792	COUNTY	TAX	\$167.18	\$0.00	\$167.18	\$0.00
								LATE LIST FEE	\$16.72	\$0.00	\$16.72	\$0.00
							EDNEYVILLE FIRE	TAX	\$34.27	\$0.00	\$34.27	\$0.00
								LATE LIST FEE	\$3.43	\$0.00	\$3.43	\$0.00
							TOTAL:			\$37.70	\$0.00	
	<b>OWNER TOTAL:</b>		<b>(\$29,800)</b>							<b>ABSTRACT TOTAL:</b>	<b>\$221.60</b>	<b>\$0.00</b>

\*Adjustments submitted for approval on or before

# NCPTS Pending Release/Refund Report. Wednesday, January 20, 2021\*

OWNER	ABSTRACT	NOTE	VALUE CHANGE	ADJ. NUMBER	USER ID	SITUS ADDRESS	TAX DISTRICT	LEVY TYPE	BILLED	PAID	RELEASE	REFUND
L3HARRIS TECHNOLOGIES, INC.	0003099865-2020-2020-0000	BUSINESS PERSONAL PROPERTY IS LOCATED IN BUNCOMBE COUNTY.	(\$165,175)	7562	KDECKARD	GREEN RIVER FIRE	COUNTY	TAX	\$926.63	\$926.63	\$926.63	\$926.63
								LATE LIST FEE	\$0.00	\$0.00	\$0.00	\$0.00
								TOTAL:	\$148.66	\$148.66	\$148.66	\$148.66
								LATE LIST FEE	\$0.00	\$0.00	\$0.00	\$0.00
								TOTAL:	\$0.00	\$0.00	\$0.00	\$0.00
								TOTAL:	\$1,075.29	\$1,075.29	\$1,075.29	\$1,075.29
OWNER TOTAL:			(\$165,175)									
LAUGHTER, ERIC ARNOLD	0003092962-2020-2020-0000	UNREGISTERED VEHICLE DOUBLE BILLED ON ABSTRACTS 3092962 AND 2130486. ABSTRACT 3092962 VOIDED.	(\$870)	7551	HSALTER	136 HOLLY SPRINGS RD ETOWAH NC 28729	COUNTY	TAX	\$4.88	\$4.88	\$4.88	\$4.88
								LATE LIST FEE	\$0.49	\$0.49	\$0.49	\$0.49
								TOTAL:	\$1.00	\$1.00	\$1.00	\$1.00
								LATE LIST FEE	\$0.10	\$0.10	\$0.10	\$0.10
								TOTAL:	\$1.10	\$1.10	\$1.10	\$1.10
								TOTAL:	\$6.47	\$6.47	\$6.47	\$6.47
								TOTAL:	\$1,367.72	\$1,367.72	\$1,367.72	\$1,367.72
OWNER TOTAL:			(\$870)									
LYDA, JAMES HERSHEL	0002811636-2019-2019-0000	PARCEL SPLIT AND MANUFACTURED HOME LOT VALUE APPLIED TO BOTH PARCELS IN ERROR. REMOVED FROM CHILD PARCEL FOR 2019.	(\$44,000)	7559	WCRUMPLER	99 HERBERT DR FLAT ROCK NC 28731	COUNTY	TAX	\$1,367.72	\$1,367.72	\$246.84	\$246.84
								LATE LIST FEE	\$0.00	\$0.00	\$0.00	\$0.00
								TOTAL:	\$316.94	\$316.94	\$246.84	\$246.84
								LATE LIST FEE	\$0.00	\$0.00	\$0.00	\$0.00
								TOTAL:	\$0.00	\$0.00	\$0.00	\$0.00
								TOTAL:	\$57.20	\$57.20	\$57.20	\$57.20
								TOTAL:	\$304.04	\$304.04	\$304.04	\$304.04
OWNER TOTAL:			(\$44,000)									
0002811636-2020-2020-0000		PARCEL SPLIT AND MANUFACTURED HOME LOT VALUE APPLIED TO BOTH PARCELS IN ERROR. REMOVED FROM CHILD PARCEL FOR 2020.	(\$44,000)	7560	WCRUMPLER	99 HERBERT DR FLAT ROCK NC 28731	COUNTY	TAX	\$1,367.72	\$1,367.72	\$246.84	\$246.84
								LATE LIST FEE	\$0.00	\$0.00	\$0.00	\$0.00
								TOTAL:	\$316.94	\$316.94	\$246.84	\$246.84
								LATE LIST FEE	\$0.00	\$0.00	\$0.00	\$0.00
								TOTAL:	\$0.00	\$0.00	\$0.00	\$0.00
								TOTAL:	\$57.20	\$57.20	\$57.20	\$57.20
								TOTAL:	\$304.04	\$304.04	\$304.04	\$304.04
OWNER TOTAL:			(\$88,000)									
LYDA, RONALD GLENN	0003096139-2020-2020-0000	MOTOR VEHICLE IS REGISTERED WITH THE DMV.	(\$1,000)	7547	HSALTER	86 VINEWOOD LN HENDERSONVILLE NC 28792	COUNTY	TAX	\$8.27	\$8.27	\$5.61	\$5.61
								LATE LIST FEE	\$0.00	\$0.00	\$0.00	\$0.00
								TOTAL:	\$1.70	\$1.70	\$5.61	\$5.61
								LATE LIST FEE	\$0.00	\$0.00	\$0.00	\$0.00
								TOTAL:	\$0.00	\$0.00	\$0.00	\$0.00
								TOTAL:	\$1.15	\$1.15	\$1.15	\$1.15
								TOTAL:	\$6.76	\$6.76	\$6.76	\$6.76
OWNER TOTAL:			(\$1,000)									

\*Adjustments submitted for approval on or before

# NCPTS Pending Release/Refund Report: Wednesday, January 20, 2021\*

OWNER	ABSTRACT	NOTE	VALUE CHANGE	ADJ. NUMBER	USER ID	SITUS ADDRESS	TAX DISTRICT	LEVY TYPE	BILLED	PAID	RELEASE	REFUND
MCMINN, EDWARD DAMON	0003094362-2020-2020-0000	UNREGISTERED VEHICLE DOUBLE BILLED ON SAME ABSTRACT.	(\$4,350)	7552	HSALTER	1253 LOCUST GROVE RD HENDERSONVILLE NC 28792	COUNTY	TAX	\$48.81	\$48.81	\$24.40	\$24.40
								LATE LIST FEE	\$4.88	\$4.88	\$2.44	\$2.44
								TOTAL:	\$10.44	\$10.44	\$26.84	\$26.84
								TAX	\$1.04	\$1.04	\$5.22	\$5.22
								LATE LIST FEE	\$1.04	\$1.04	\$5.22	\$5.22
	TOTAL:	\$5.74	\$5.74	\$32.58	\$32.58							
	<b>OWNER TOTAL:</b>		<b>(\$4,350)</b>							<b>\$32.58</b>		<b>\$32.58</b>
MOORE & SON SITE CONTRACTORS, INC.	0003098413-2020-2020-0000	PARCEL CREATED IN ERROR. PARCEL SHOULD BE RETIRED.	(\$2,900)	7549	PCARVER	0 NO ADDRESS ASSIGNED MILLS RIVER NC 28759	COUNTY	TAX	\$16.27	\$0.00	\$0.00	\$0.00
								LATE LIST FEE	\$0.00	\$0.00	\$0.00	\$0.00
								TOTAL:	\$16.27	\$0.00	\$0.00	\$0.00
								TAX	\$0.00	\$0.00	\$0.00	\$0.00
								LATE LIST FEE	\$0.00	\$0.00	\$0.00	\$0.00
	TOTAL:	\$0.00	\$0.00	\$0.00	\$0.00							
	<b>OWNER TOTAL:</b>		<b>(\$2,900)</b>							<b>\$16.27</b>		<b>\$16.27</b>
NICHOLSON, FURMAN RAY	0000402117-2020-2020-0000	CLERICAL ERROR ON VALUE FOR UNREGISTERED VEHICLE.	(\$1,575)	7554	SMORROW	314 STANLEY HAVEN LN UNINCORPORATED	COUNTY	TAX	\$34.64	\$34.64	\$8.84	\$8.84
								LATE LIST FEE	\$3.46	\$3.46	\$0.88	\$0.88
								TOTAL:	\$6.18	\$6.18	\$9.72	\$9.72
								TAX	\$0.62	\$0.62	\$1.58	\$1.58
								LATE LIST FEE	\$0.62	\$0.62	\$1.74	\$1.74
	TOTAL:	\$11.46	\$11.46	\$11.46	\$11.46							
	<b>OWNER TOTAL:</b>		<b>(\$1,575)</b>							<b>\$11.46</b>		<b>\$11.46</b>
OWENS, BRIAN K	0003021823-2020-2020-0000	WATERCRAFT SOLD 6/12/2019.	(\$1,131)	7558	HSALTER	6663 BREVARD RD ETOWAH NC 28729	COUNTY	TAX	\$166.23	\$166.23	\$6.34	\$6.34
								LATE LIST FEE	\$16.62	\$16.62	\$0.63	\$0.63
								TOTAL:	\$34.08	\$34.08	\$6.97	\$6.97
								TAX	\$0.00	\$0.00	\$1.30	\$1.30
								LATE LIST FEE	\$0.00	\$0.00	\$0.13	\$0.13
	TOTAL:	\$3.41	\$3.41	\$1.43	\$1.43							
	<b>OWNER TOTAL:</b>		<b>(\$1,131)</b>							<b>\$8.40</b>		<b>\$8.40</b>
TUCKER MATERIALS INC	0000283171-2020-2020-0000	CLERICAL ERROR ON VALUE FOR BUSINESS PERSONAL PROPERTY.	(\$9,489)	7563	KDECKARD	215 OLD AIRPORT RD FLETCHER NC 28732	COUNTY	TAX	\$901.10	\$901.10	\$53.23	\$53.23
								LATE LIST FEE	\$0.00	\$0.00	\$0.00	\$0.00
								TOTAL:	\$53.23	\$53.23	\$53.23	\$53.23
								TAX	\$0.00	\$0.00	\$0.00	\$0.00
								LATE LIST FEE	\$0.00	\$0.00	\$0.00	\$0.00
	TOTAL:	\$53.23	\$53.23	\$53.23	\$53.23							
	<b>OWNER TOTAL:</b>		<b>(\$9,489)</b>							<b>\$53.23</b>		<b>\$53.23</b>
WELLS FARGO EQUIPMENT FINANCE	0003099945-2020-2020-0000	UNREGISTERED VEHICLE DOUBLE BILLED ON ABSTRACTS 3099945 AND 3100353. ABSTRACT 3099945 VOIDED.	(\$129,894)	7545	SMORROW	85 MORNINGSIDE LN HENDERSONVILLE NC 28792	COUNTY	TAX	\$728.71	\$728.71	\$728.71	\$0.00
								LATE LIST FEE	\$72.87	\$72.87	\$0.00	\$0.00
								TOTAL:	\$801.58	\$801.58	\$0.00	\$0.00
								TAX	\$0.00	\$0.00	\$0.00	\$0.00
								LATE LIST FEE	\$0.00	\$0.00	\$0.00	\$0.00
	TOTAL:	\$801.58	\$801.58	\$0.00	\$0.00							
	<b>OWNER TOTAL:</b>		<b>(\$129,894)</b>							<b>\$801.58</b>		<b>\$801.58</b>

\*Adjustments submitted for approval on or before

# NCPTS Pending Release/Refund Report. Wednesday, January 20, 2021 \*

OWNER	ABSTRACT	NOTE	VALUE CHANGE	ADJ. NUMBER	USER ID	SITUS ADDRESS	TAX DISTRICT	LEVY TYPE	BILLED	PAID	RELEASE	REFUND
WHITMIRE, RONNIE	0003098046-2020-2020-0000	MANUFACTURED HOME IS REAL PROPERTY ON PARCEL 300945 AND NOT PERSONAL PROPERTY. PERSONAL PROPERTY ABSTRACT VOIDED.	(\$3,500)	7548	MHANEY	2496 FRUITLAND RD HENDERSONVILLE NC 28792	COUNTY	TAX	\$19.64	\$0.00	\$19.64	\$0.00
							EDNEYVILLE FIRE	LATE LIST FEE	\$0.00	\$0.00	\$0.00	\$0.00
								TOTAL:	\$4.03	\$0.00	\$4.03	\$0.00
								LATE LIST FEE	\$0.00	\$0.00	\$0.00	\$0.00
								TOTAL:	\$4.03	\$0.00	\$4.03	\$0.00
								ABSTRACT TOTAL:		\$23.67	\$23.67	\$0.00
								GRAND TOTALS:		\$5,222.70	\$5,222.70	\$1,793.87

\*Adjustments submitted for approval on or before

# Henderson County Board of Commissioners

1 Historic Courthouse Square • Suite 1 • Hendersonville, NC 28792  
Phone (828) 697-4808 • Fax (828) 692-9855 • [www.hendersoncountync.gov](http://www.hendersoncountync.gov)

**William G. Lapsley**  
Chairman  
**Rebecca K. McCall**  
Vice-Chairman



**J. Michael Edney**  
**Daniel J. Andreotta**  
**David H. Hill**

February 1, 2021

REV Financial Services & ITS (assigned)  
245 South Executive Drive  
Suite 100  
Brookfield, WI 53005

Re: Loan Agreement between REV Financial Services & ITS (assigned) and Fletcher Fire & Rescue Department, Inc.

Dear Sirs:

I am Chairman of the County Commissioners of Henderson County. This letter is to advise you that Fletcher Fire & Rescue Department, Inc., is a qualified Fire Department assigned to protect a specific Fire District within this County.

In addition, a special ad valorem (fire tax) is assessed on the real property owners of this district. Said tax is to be used exclusively to provide equipment, facilities, and training as is necessary to provide fire protection for said district. Said funds may also be used to upgrade equipment as the need arises. This tax is collected by the County and disbursed by the Finance Office to the Fire Department on a regular basis by the County Finance Officer. The Fire Department is operated and managed by the Board of Directors of the Fire Department and the Officers of said Department. The Department is currently meeting the requirements of their fire service contract.

The Fire Department has made us aware of their intention to acquire new capital assets through a loan transaction with your firm. Please be advised that the County has no objection to this transaction.

Sincerely,

  
William G. Lapsley, Chairman  
Henderson County Board of Commissioners



STATE OF NORTH CAROLINA  
COUNTY OF HENDERSON COUNTY

BEFORE THE HENDERSON COUNTY  
BOARD OF COMMISSIONERS

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IN THE MATTER OF THE ADVERTISEMENT OF TAX LIENS

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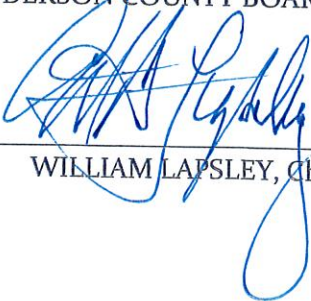
ORDER

Having received the report of the Henderson County Tax Collector dated February 1, 2020, which report indicates that there exist unpaid taxes for Tax Year 2020 of \$4,118,904.38, it appears to the Board of Commissioners of Henderson County and the Board so finds that it is appropriate and necessary to advertise, pursuant to N.C. Gen. Stat. §105-369, the Tax Liens on Real Property for Failure to Pay Taxes.

WHEREFORE, IT IS ORDERED that the Henderson County Tax Collector proceed to advertise the tax liens pursuant to N.C. Gen. Stat. §105-369.

Unanimously adopted, this 1<sup>st</sup> day of February 2021.

HENDERSON COUNTY BOARD OF COMMISSIONERS

By:   
WILLIAM LAPSLEY, Chairman

Attest:

  
TERESA L. WILSON, Secretary to the Board



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

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

January 21, 2021

Samantha Reynolds, Finance Director  
Henderson County  
113 North Main Street  
Hendersonville, NC 28793

You have requested that we audit the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Henderson County, NC, as of June 30, 2021, and for the year then ended, and the related notes, which collectively comprise Henderson County's basic financial statements as listed in the table of contents.

In addition, we will audit the entity's compliance over major federal and State award programs for the period ended June 30, 2021. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audits will be conducted with the objectives of our expressing an opinion on each opinion unit and an opinion on compliance regarding the entity's major federal and State award programs.

Accounting principles generally accepted in the United States of America require that certain supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by accounting principles generally accepted in the United States of America. This RSI will be subjected to certain limited procedures but will not be audited:

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

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

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

#### **Schedule of Expenditures of Federal and State Awards**

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

The following additional information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information:

- Introductory information
- Statistical section

We will make reference to the component unit auditor's audit of the Henderson County Hospital Corporation in our report on your financial statements.

#### **Data Collection Form**

Prior to the completion of our engagement, we will complete the sections of the Data Collection Form that are our responsibility. The form will summarize our audit findings, amounts and conclusions. It is management's responsibility to submit a reporting package including financial statements, Schedule of Expenditures of Federal and State Awards, summary schedule of prior audit findings and corrective action plan along with the Data Collection Form to the Federal Audit Clearinghouse. The financial reporting package must be text searchable, unencrypted, and unlocked. Otherwise, the reporting package will not be accepted by the Federal Audit Clearinghouse. We will assist you in the electronic submission and certification. You may request from us copies of our report for you to include with the reporting package submitted to pass-through entities.

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

## **Audit of the Financial Statements**

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements.

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. If appropriate, our procedures will therefore include tests of documentary evidence that support the transactions recorded in the accounts, tests of the physical existence of inventories, and the direct confirmation of cash, investments, and certain other assets and liabilities by correspondence with creditors and financial institutions. As part of our audit process, we will request written representations from your attorneys, and they may bill you for responding. At the conclusion of our audit, we will also request certain written representations from you about the financial statements and related matters.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance (whether caused by errors, fraudulent financial reporting, misappropriation of assets, detected abuse, or violations of laws or governmental regulations) may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS and *Government Auditing Standards* of the Comptroller General of the United States of America. Please note that the determination of abuse is subjective and *Government Auditing Standards* does not require auditors to detect abuse.

In making our risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit. Our responsibility as auditors is, of course, limited to the period covered by our audit and does not extend to any other periods.

We will issue a written report upon completion of our audit of Henderson County's basic financial statements. Our report will be addressed to the governing body of Henderson 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, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

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

## **Audit of Major Program Compliance**

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

The Uniform Guidance and the State Single Audit Implementation Act require that we also plan and perform the audit to obtain reasonable assurance about whether the entity has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major federal and state award programs. Our procedures will consist of determining major federal and state programs and performing the applicable procedures described in the U.S. Office of Management and Budget *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the entity's major programs. The purpose of those procedures will be to express an opinion on the entity's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance and the State Single Audit Implementation Act.

Also, as required by the Uniform Guidance and the State Single Audit Implementation Act, we will perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each of the entity's major federal and state award programs. However, our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report.

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

## **Management's Responsibilities**

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

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
3. For identifying, in its accounts, all federal and state awards received and expended during the period and the federal and State programs under which they were received, including federal awards and funding increments received prior to December 26, 2014 (if any), and those received in accordance with the Uniform Guidance (generally received after December 26, 2014);
4. For maintaining records that adequately identify the source and application of funds for federal and state funded activities;
5. For preparing the Schedule of Expenditures of Federal and State Awards (including notes and noncash assistance received) in accordance with the Uniform Guidance and State Single Audit Implementation Act;
6. For the design, implementation, and maintenance of internal control over federal and state awards;

7. For establishing and maintaining effective internal control over federal and state awards that provides reasonable assurance that the nonfederal and nonstate entity is managing federal and state awards in compliance with federal and state statutes, regulations, and the terms and conditions of the federal and state awards;
8. For identifying and ensuring that the entity complies with federal and state statutes, regulations, and the terms and conditions of federal and state award programs and implementing systems designed to achieve compliance with applicable federal and state statutes, regulations and the terms and conditions of federal and state award programs;
9. For disclosing accurately, currently and completely the financial results of each federal and state award in accordance with the requirements of the award;
10. For identifying and providing report copies of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented;
11. For taking prompt action when instances of noncompliance are identified;
12. For addressing the findings and recommendations of auditors, for establishing and maintaining a process to track the status of such findings and recommendations and taking corrective action on reported audit findings from prior periods and preparing a summary schedule of prior audit findings;
13. For following up and taking corrective action on current year audit findings and preparing a corrective action plan for such findings;
14. For submitting the reporting package and data collection form to the appropriate parties;
15. For making the auditor aware of any significant contractor relationships where the contractor is responsible for program compliance;
16. To provide us with:
  - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, and relevant to federal and state award programs, such as records, documentation, and other matters;
  - b. Additional information that we may request from management for the purpose of the audit; and
  - c. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.
17. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current period(s) under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole;
18. For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
19. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
20. For informing us of any known or suspected fraud affecting the entity involving management, employees with significant role in internal control and others where fraud could have a material effect on compliance;
21. For the accuracy and completeness of all information provided;
22. For taking reasonable measures to safeguard protected personally identifiable and other sensitive information; and
23. For confirming your understanding of your responsibilities as defined in this letter to us in your management representation letter.

With regard to the supplementary information referred to above (including the Schedule of Expenditures of Federal and State Awards), you acknowledge and understand your responsibility (a) for the preparation of the supplementary information in accordance with the applicable criteria, (b) to provide us with the appropriate written representations regarding supplementary information, (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information, and (d) to present the supplementary information

with the audited basic financial statements, or if the supplementary information will not be presented with the audited basic financial statements, to make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

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

We will perform the following nonattest services:

- Draft of financial statements and footnotes
- GASB 34 conversion entries
- Preparation of auditor portion of Data Collection Form

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

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

Our responsibilities and limitations of the engagement are as follows:

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

#### **Other**

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

If you intend to publish or otherwise reproduce the basic financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

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

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

### Provisions of Engagement Administration and Fees

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

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

Our fees for these services are as follows:

Audit Fee	\$ 60,150
Financial Statement Drafting	11,300
Other Non-Attest Services	-
	<u>\$ 71,450</u>
<b>Additional Fees:</b>	
Charge per major program over five (5)	<u>\$ 3,000</u>

Our invoices for these fees will be rendered in four installments as work progresses and are payable upon presentation. In accordance with our firm policies, work may be suspended if your account becomes overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for non-payment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our reports. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

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

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

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

#### *Changing Laws and Regulations*

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

#### *Incorrect Accounting Methods or Errors in Client Records*

We base our fee estimates on the expectation that client accounting records are in order so that our work can be completed using our standard testing and accounting procedures. However, should we find numerous



errors, incomplete records, or the application of incorrect accounting methods, we will have to perform additional work to make the corrections and reflect those changes in the financial statements.

#### *Failure to Prepare for the Engagement*

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

#### *Starting and Stopping Our Work*

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

Our fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our fees for such services range from \$75-\$300 per hour.

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

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

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

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

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

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

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

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

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

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

Respectfully,


*Martin Starnes & Associates, CPAs, P.A.*

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

RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of Henderson County by:

Name: William G. Lapsky   
Title: CHAIRMAN BOARD OF COUNTY COMMISSIONERS  
Date: 2/1/2021

The of and	Governing Board Board of Commissioners
	Primary Government Unit (or charter holder) Henderson County, NC
	Discretely Presented Component Unit (DPCU) (if applicable) N/A

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

and	Auditor Name Martin Starnes & Associates, CPAs, P.A.
	Auditor Address 730 13th Avenue Dr. SE, Hickory, NC 28602

*Hereinafter referred to as Auditor*

for	Fiscal Year Ending	Audit Report Due Date
	06/30/21	10/31/21

*Must be within four months of FYE*

hereby agree as follows:

1. The Auditor shall audit all statements and disclosures required by U.S. generally accepted auditing standards (GAAS) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit(s). The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion shall be rendered in relation to (as applicable) the governmental activities, the business- type activities, the aggregate DPCUs, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types).

2. At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with GAAS. 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 requires a federal single audit performed under the requirements found in Subpart F of the Uniform Guidance (§200.501), it is recommended that the Auditor and Governmental Unit(s) jointly agree, in advance of the execution of this contract, which party is responsible for submission of the audit and the accompanying data collection form to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512).

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

3. If an entity is determined to be a component of another government as defined by the group audit standards, the entity's auditor shall make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.
4. This contract contemplates an unmodified opinion being rendered. If during the process of conducting the audit, the Auditor determines that it will not be possible to render an unmodified opinion on the financial statements of the unit, the Auditor shall contact the LGC Staff to discuss the circumstances leading to that conclusion as soon as is practical and before the final report is issued. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.
5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, 2018 revision, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he/she has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of the most recent peer review report to the Governmental Unit(s) and the Secretary of the LGC prior to the execution of an audit contract. Subsequent submissions of the report are required only upon report expiration or upon auditor's receipt of an updated peer review report. If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit(s) without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.  
  
If the audit engagement is not subject to *Government Accounting Standards* or if financial statements are not prepared in accordance with U.S. generally accepted accounting principles (GAAP) and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment to this contract or in an amendment.
6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to LGC Staff within four months of fiscal year end. If it becomes necessary to amend 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 GAAS include a review of the Governmental Unit's (Units') systems of internal control and accounting as same relate to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor shall make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his/her findings, together with his recommendations for improvement. That written report shall include all matters defined as "significant deficiencies and material weaknesses" in AU-C 265 of the *AICPA Professional Standards (Clarified)*. The Auditor shall file a copy of that report with the Secretary of the LGC.
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 (Units') records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.
9. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit(s) until the invoice has been approved by the Secretary of the LGC. (This also includes any progress billings.)(G.S. 159-34 and 115C-447) All invoices for Audit work shall be submitted in PDF format to the Secretary of the LGC for approval. The invoice marked 'approved' with approval date shall be returned to

the Auditor to present to the Governmental Unit(s) for payment. This paragraph is not applicable to contracts for audits of hospitals.

10. In consideration of the satisfactory performance of the provisions of this contract, the Governmental Unit(s) shall pay to the Auditor, upon approval by the Secretary of the LGC if required, the fee, which includes any costs the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (federal and state grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts. This does not include fees for any pre-issuance reviews that may be required by the NC Association of CPAs (NCACPA) Peer Review Committee or NC State Board of CPA Examiners (see Item 13).

11. If the Governmental Unit(s) has/have outstanding revenue bonds, the Auditor shall submit to LGC Staff, either in the notes to the audited financial statements or as a separate report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor shall submit to LGC Staff simultaneously with the Governmental Unit's (Units') audited financial statements any other bond compliance statements or additional reports required by the authorizing bond documents, unless otherwise specified in the bond documents.

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

13. If the audit firm is required by the NC State Board, the NCACPA Peer Review Committee, or the Secretary of the LGC to have a pre-issuance review of its audit work, there shall be a statement in the engagement letter indicating the pre-issuance review requirement. There also shall be a statement that the Governmental Unit(s) shall not be billed for the pre-issuance review. The pre-issuance review shall be performed prior to the completed audit being submitted to LGC Staff. The pre-issuance review report shall accompany the audit report upon submission to LGC Staff.

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

15. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the

Secretary of the LGC, this contract may be modified or amended to include the increased time, compensation, or both as may be agreed upon by the Governing Board and the Auditor.

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

17. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit(s), shall be attached to this contract, and except for fees, work, and terms not related to audit services, shall be incorporated by reference as if fully set forth herein as part of this contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract shall take precedence. Engagement letter terms that conflict with the contract are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item 28 of this contract. Engagement letters containing indemnification clauses shall not be accepted by LGC Staff.

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

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

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

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

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

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

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

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

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

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

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

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

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

29. Information based on the audited financial statements shall be submitted to the Secretary for the purpose of identifying Financial Performance Indicators and Financial Performance Indicators of Concern.

30. Applicable to charter school contracts only: No indebtedness of any kind incurred or created by the charter school shall constitute an indebtedness of the State or its political subdivisions, and no indebtedness of the charter school shall involve or be secured by the faith, credit, or taxing power of the State or its political subdivisions.

31. 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).

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

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

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



**FEEES FOR AUDIT SERVICES**

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

Financial statements were prepared by:  Auditor  Governmental Unit  Third Party

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

<b>Name:</b>	<b>Title and Unit / Company:</b>	<b>Email Address:</b>
Samantha Reynolds, CPA	Finance Director, Henderson County	sreynolds@hendersoncountync.gov

OR Not Applicable  (Identification of SKE Individual not applicable for GAAS-only audit or audits with FYEs prior to June 30, 2020.)

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

3. 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 billings for the last annual audit of the unit submitted to the Secretary of the LGC. Should the 75% cap provided below conflict with the cap calculated by LGC Staff based on the billings on file with the LGC, the LGC calculation prevails. All invoices for services rendered in an audit engagement as defined in 20 NCAC .0503 shall be submitted to the Commission for approval before any payment is made. Payment before approval is a violation of law. (This paragraph not applicable to contracts and invoices associated with audits of hospitals).

**PRIMARY GOVERNMENT FEES**

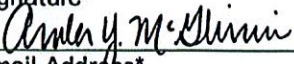
Primary Government Unit	Henderson County, NC
Audit Fee	\$ See fee section of engagement letter
<b>Additional Fees Not Included in Audit Fee:</b>	
Fee per Major Program	\$ See fee section of engagement letter
Writing Financial Statements	\$ See fee section of engagement letter
All Other Non-Attest Services	\$ N/A
<b>75% Cap for Interim Invoice Approval</b> <i>(not applicable to hospital contracts)</i>	\$ 53,587.50

**DPCU FEES (if applicable)**

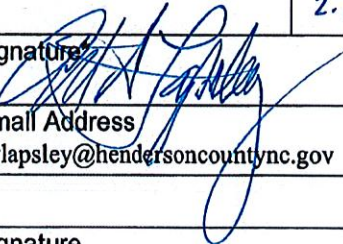
Discretely Presented Component Unit	N/A
Audit Fee	\$
<b>Additional Fees Not Included in Audit Fee:</b>	
Fee per Major Program	\$
Writing Financial Statements	\$
All Other Non-Attest Services	\$
<b>75% Cap for Interim Invoice Approval</b> <i>(not applicable to hospital contracts)</i>	\$

**SIGNATURE PAGE**

**AUDIT FIRM**

Audit Firm* Martin Starnes & Associates, CPAs, P.A.	
Authorized Firm Representative (typed or printed)* Amber Y. McGhinnis	Signature* 
Date* 01/21/21	Email Address* amcghinnis@martinstarnes.com

**GOVERNMENTAL UNIT**


Governmental Unit* Henderson County, NC	
Date Primary Government Unit Governing Board Approved Audit Contract* (G.S.159-34(a) or G.S.115C-447(a))	2.1.2021
Mayor/Chairperson (typed or printed)* William Lapsley, Chairman	Signature* 
Date 2/1/2021	Email Address wlapsley@hendersoncountync.gov

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

**GOVERNMENTAL UNIT – PRE-AUDIT CERTIFICATE**

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

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

Primary Governmental Unit Finance Officer* (typed or printed) Samantha Reynolds, CPA, Finance Director	Signature* 
Date of Pre-Audit Certificate* 2.2.2021	Email Address* sreynolds@hendersoncountync.gov

**SIGNATURE PAGE – DPCU**  
(complete only if applicable)

**DISCRETELY PRESENTED COMPONENT UNIT**

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

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

**DPCU – PRE-AUDIT CERTIFICATE**

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

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

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

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

PRINT