

**BOARD OF
COMMISSIONERS
REGULAR MEETING
FEBRUARY 19, 2024
5:00 PM**



**R. Jay Foster Hall of
Justice - Womack
Building**

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

Motion to approve the agenda as presented or amended.
 5. Consent Agenda - Motion to approve the consent agenda.
 - A. Approval of the February 5, 2024 Public Hearing and Regular Meeting Minutes.
 - B. Tax Refund Request in the amount of \$4,711.75.
 - C. Polk County GREAT Grant Project, Grantee Progress Report for 4th Quarter 2023.
 - D. Vaya Health Quarterly Financial Reports for the period ending December 31, 2023.
 - E. Sheriffs Department Monthly Activity Report for January 2024.

Motion to approve the Consent Agenda.
 6. Citizen Comments on Agenda Items.
 7. Polk County Schools - Brandon Schweitzer, Ed. D., Director of Operations.
 - A. Public School Building Capital Fund (PSBCF) NC Education Lottery Requests - Polk Central Elementary Paving Project in the amount of \$91,801.**
 - Motion to approve Distribution Request in the amount of \$91,801.**
 - B. Public School Building Repair & Renovation Fund (PSBRRF) NC Education Lottery Requests - Polk Central Elementary Roofing Project in the amount of \$129,310.**
 - Motion to approve the Distribution Request in the amount of \$129,310.**

8. Proposed updated Polk County Watershed Ordinance amendments, as requested by North Carolina Environmental Quality, Water Supply Watershed Program. The Public Hearing for this item was held on February 5, 2024 - Cathy Ruth, Polk County Planning and Economic Development Director.

Motion to approve the proposed Polk County Watershed Ordinance amendments.

9. Renew the Foothills North Carolina Consortium Joint Cooperation Agreement for Home Investment Partnership Act, Home Investment in Affordable Housing - Cathy Ruth, Polk County Planning and Economic Development Director.

Motion to approve the agreement.

10. Radio Tower/Systems Update - Sheriff Wright and Jeremy Gregg, Director Polk County E-911 Communications.

11. Discussion and approval of the 2024/2025 Budget Calendar - Sandra Hughes, Finance Director.

Motion to approve the 2024/2025 Budget Calendar.

12. Proposed FY 2024 Audit Contract with Martin Starnes and Associates - Sandra Hughes, Finance Director.

Motion to approve the FY 2024 audit contract.

13. Citizen Comments on Non-Agenda Items.

14. Volunteer Board Application

A. Applications for Consideration: Garry Bradley - Recreation Advisory Board.

15. Chairman and Commissioner Comments.

16. Adjournment

POLK COUNTY BOARD OF COMMISSIONERS

AGENDA ITEM

February 19, 2024 Regular Meeting

Agenda Item#: A.

ATTACHMENTS:

Description	Type	Upload Date
Draft Minutes	Cover Memo	2/12/2024

POLK COUNTY BOARD OF COMMISSIONERS
Public Hearings and Regular Meeting
February 5, 2024 - 5:00 PM
R. Jay Foster Hall of Justice - Womack Building
Columbus, NC
MINUTES

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

1. Public Hearing

A. Call to Order the Public Hearing - Chairman Yoder. The purpose of the Public Hearing was to receive citizen input on the proposed text amendment by a citizen to add Automobile, truck, farm equipment & farm implement sales and service to the Neighborhood Commercial Zoning District as a permitted use.

B. Citizen Comments.

One citizen spoke during public comment period.

C. Commissioner Comments.

The Commissioners discussed the difference between Special Use and Permitted Use and the potential impact this request could make on the entire Neighborhood Commercial zoning district if approved as a permitted use.

D. Adjourn Public Hearing.

Commissioner Moore moved to adjourn the Public Hearing, seconded by Commissioner Beiler and the motion .
Absent: Melton

E. Call to Order the Public Hearing - Chairman Yoder. The purpose of the Public Hearing was to receive citizen input on the proposed updated Polk County Watershed Ordinance amendments, as requested by North Carolina Environmental Quality, Water Supply Watershed Program.

F. Citizen Comments.

One citizen spoke during citizen comment and requested that the vote on this item be tabled until the next meeting to allow the citizens more time to review the document.

G. Commissioner Comments.

The Commissioners discussed the request to table the vote for this item until the February 19th meeting.

H. Adjourn Public Hearing.

Commissioner Overholt moved to adjourn the Public Hearing, seconded by Commissioner Beiler and the motion carried unanimously.
Absent: Melton

2. Call to Order the Regular Meeting - Chairman Yoder.

3. Invocation - Chairman Yoder.

4. Pledge of Allegiance - Commissioner Moore.

5. Approval of Agenda

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

Commissioner Beiler moved to approve the agenda as presented, seconded by Commissioner Moore and the motion carried unanimously.
Absent: Melton

6. Consent Agenda - Motion to approve the Consent Agenda.

A. Approval of January 16, 2024 Regular Meeting Minutes.

B. Tax Refund Request in the amount of \$435.55.

C. NCDOT Drug and Alcohol Policy for Polk County Transportation Authority.

Commissioner Moore moved to approve the consent agenda, seconded by Commissioner Overholt and the motion carried unanimously.
Absent: Melton

7. Citizen Comments on Agenda Items.

There were none.

8. Proposed text amendment by a citizen to add Automobile, truck, farm equipment & farm implement sales and service to the Neighborhood Commercial Zoning District as a permitted use - Cathy Ruth, Polk County Planning and Economic Development Director.

There was further discussion on the difference between Special Use and Permitted Use.

Commissioner Overholt moved to confirm the request is consistent with the Polk County 20/20 Vision Comprehensive Plan, and further moves to enact the text amendment as a Special Use as recommended by the Polk County Planning Board and incorporating the Planning Board's Consistency statement,

seconded by Commissioner Moore and the motion carried unanimously.
Absent: Melton

9. Proposed updated Polk County Watershed Ordinance amendments, as requested by North Carolina Environmental Quality, Water Supply Watershed Program - Polk County Planning and Economic Development Director.

During the Public Comment period of the Public Hearing, a request was made by a citizen to table the vote to allow citizens more time to read through the ordinance in case there were items they did oppose. Attorney Berg explained that if the vote is tabled until the February 19, 2024 meeting, and there are portions of the update to the Watershed Ordinance that citizens do not agree with, there are no actions the Board can take to rectify that. The updates are state mandated. Commissioner Moore moved to table the vote until the February 19, 2024 Board of Commissioners Meeting, seconded by Commissioner Overholt and the motion carried unanimously.
Absent: Melton

10. Polk County Schools - Brandon Schweitzer, Ed. D., Director of Operations.

A. Request to transfer \$187,141 from the County's Capital Reserve Account to reimburse Polk County Schools for Capital Expenses.

Motion to approve the budget amendment in the amount of \$187,141.

Dr. Schweitzer, Polk County Schools, presented a multi-part submittal to request the transfer of \$187,141 from the County's Capital Reserve account to reimburse Polk County School's for capital expenses paid to date.

Commissioner Beiler moved to approve the budget amendment in the amount of \$187,141, seconded by Commissioner Moore and the motion carried unanimously.
Absent: Melton

11. Polk County Board of Elections Building Update - Cliff Marr, Elections Director.

Cliff Marr, Elections Director, reported that an open house and ribbon cutting was held earlier to present the new elections building to the public. He went on to thank the Commissioners and county departments involved with the renovation.

12. Citizen Comments on Non-Agenda Items.

There were none.

13. Volunteer Board Applications

A. Applications for Consideration: Lisa Krolak - Planning Board (White Oak Township); Brian Metcalf - Fire Rescue Advisory Committee; Stephen King, Gwendolyn Ryan, Neal Waldrop - Recreation Advisory Board.

Commissioner Beiler moved to approve the applications as presented, seconded by Commissioner Overholt and the motion carried unanimously.
Absent: Melton

14. Chairman and Commissioner Comments.

The commissioners collectively thanked those in attendance.
Absent: Melton

15. Closed Session

A. Commissioner Moore moved to go into closed session for the purpose of personnel, seconded by Commissioner Overholt and the motion carried unanimously.

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

Upon returning to open session Commissioner Moore moved to approve the appointment of a relative by blood to Sheirff Wright, as a part-time as needed employee at the Polk County Sheriffs Department pursuant to N.C.G.S 153A-103, seconded by Commissioner Overholt and the motion carried unanimously.
Absent: Melton

16. Adjournment

Commissioner Moore moved to adjourn, seconded by and the motion carried unanimously.
Absent: Melton

Attest:

POLK COUNTY BOARD OF
COMMISSIONERS

Kristy A Tipton
Clerk to the Board

Myron Yoder
Chairman

Memorandum

To: Polk County Board of Commissioners

From: Melissa O'Loughlin, Polk County Tax Administrator

Date: 11/29/2023

Re: Request Refund and Release of Taxes

<u>Taxpayer</u>	<u>Amount</u>	<u>Reason</u>
Quain Stott	4711.75	105-381 (a)(1)(a) A tax imposed through clerical error
		105-381 (a)(1)(b) An illegal tax

request for refund of 2020-a portion 2023 and release of balance of 2023
Parcel was being double taxed as part of another parcel for 2020-2023

TOTAL: \$4,711.75

POLK COUNTY BOARD OF COMMISSIONERS

AGENDA ITEM

February 19, 2024 Regular Meeting

Agenda Item#: C.

ATTACHMENTS:

Description	Type	Upload Date
Progress Report	Cover Memo	2/14/2024

GREAT GRANT PROGRAM (FEDERALLY FUNDED)

Grantee Construction Period Progress Report Form

This report will be publicly posted. In addition to public posting, this report may be shared with the U.S. Department of Treasury, other federal or state agencies/departments/legislators, and/or local governments. The grantee shall make every attempt to complete this report without inclusion of confidential or proprietary information. If inclusion of confidential or proprietary information is necessary, the grantee must clearly identify what information is confidential and provide a redacted report in a separate document.

SECTION A - PROJECT INFORMATION

A.1. Grantee Name: Spectrum Southeast

A.2. Project Contact Completing this Form: Joe Prater **A.3. Title:** Dir. State Govt Affairs

A.4. Primary Phone: 919-882-4715 **A.5. Email:** joe.prater@charter.com

A.6. Reporting Period

A.6.1. 10-01-2023
From: _____
(date)

A.6.2. To: 12-31-2023
_____ (date)

Contract Information

A.7. Grant Agreement#: 2000066940

A.8. Project Title: 2022 NC Great

A.9. Project County: Polk

A.10. Technology Type: Fiber

UPLOAD PROGRESS REPORTS TO
EBS.NC.GOV

SECTION B - PROJECT UPDATES

Please provide progress updates on the categories below.

B.1. Design/Engineering:

Please provide a *rough* estimate of how much of the design/engineering work has been completed for the total project by checking one of the options below. Note any significant updates or challenges with the design/engineering work planned under this project.

- ☐ Less than 25% complete
- ☒ 25-75% complete
- ☐ 75-99.9% complete
- ☐ 100% complete

Significant updates and/or challenges, if any:

Initial route walkouts are 100% complete. Local Charter employees are 95% complete with field verification and those projects are submitted for final design. Final designs are nearly 80% complete and approved. No issues experienced at this time.

B.2. Securing Assets:

Please list of any of the following items (including but not limited to the source, agency, or department) anticipated as necessary to complete this project and a brief update (such as "pending submission," "submitted on [date], pending approval," or "approved") on any progress securing these items: rights-of-way; easements; other land; access to poles and completion of make-ready work. Note any challenges you are having that may significantly impact your project design.

RESPONSE:

Local field crews have requested nearly 80% of the total project's permit request to the vendors. Vendor will work with the permitting agencies to determine individual engineering needs and application standards before submitting. No issues experienced at this time.

B.3. Materials/Supplies:

Please provide an update on the status of materials/supplies being purchased for the project. Note any anticipated significant challenges or delays in this process.

RESPONSE:

Not Started - material orders will take place after design is final

B.4. Staffing/Contractors:

Please provide an update on progress with staffing/labor for the project. Note any significant updates or challenges in this area. Please note whether design/engineering and construction labor is primarily in-house or contractors by selecting the relevant bullet point.

Staffing/labor update or challenges:

All staff and contractors are in place

Design/Engineering:

- ☒ Primarily In-House Staff
- ☐ Primarily Contractors
- ☐ Both

Construction/Installation:

- ☐ Primarily In-House Staff
- ☒ Primarily Contractors
- ☐ Both

B.5. Construction:

Please provide miles of fiber installed to date as specified below.

	Number of Miles
B.5.1. Length of aerial distribution cable	
B.5.2. Length of buried distribution cable	
B.5.3. Length of aerial Middle Mile* cable	
B.5.4. Length of buried Middle Mile* cable	

***Middle Mile Cable: Must facilitate last-mile service towards specific end-users. Eligible projects do not include middle mile, backhaul, and other similar projects not directed at broadband service to end users.**

B.6. Project Expenditures:

Provide the total expenditures for all eligible expenditures as identified in Exhibit B of the grant agreement for the reporting period and cumulative to date. Provide any justifications for expenditures in excess, or reasonably anticipated to be in excess, of budget amounts.

B.6.1. Project Expense Category	B.6.2. Total Project Budget Amount	B.6.3. Total Expenditures for Reporting Period	B.6.4. Total Expenditures Cumulative to Date
Easements	0.00		
Materials	3,537,229		
Construction/Installation	5,459,501		
Testing	0.00		
Engineering	206,775		
Lease/Collocations Fees (one-time fees)	0.00		
Other (add as needed)	2,880,691		

B.6.5. Justification:

Other includes \$620K for Permitting and \$2.3M for Make Ready. Reporting numbers are revised from Q3 reporting as accounting process has changed. Prior reports included accruals, and current and future reporting will only reflect actuals.

SECTION C - OTHER

C.1. Note any other significant items in relation to successful completion of this project – successes, challenges, or general progress to note, including any additional items related to construction/deployment/installations.

RESPONSE:

SECTION D - PROVISION OF SERVICE

D.1. Is service available yet from the grantee to any GREAT locations (potential subscribers) within this project?

☐ YES
☒ NO

If yes, please provide numbers below:

	<u>Quantity</u>
D.1.a. GREAT Households with broadband available from grantee:	
D.1.b. GREAT business locations with broadband available from grantee:	
D.1.c. GREAT Community Anchor Institution ("CAI") locations with broadband available from grantee:	

GRANTEES ARE REQUIRED TO REPORT ONLY ON GREAT GRANT LOCATIONS. DO NOT SUBMIT ADDITIONAL LOCATIONS OUTSIDE OF THE CONTRACTED GREAT GRANT AGREEMENT. IF ADDITIONAL LOCATIONS ARE INCLUDED THE REPORT WILL BE RETURNED TO THE GRANTEE.

SECTION E - FOR PROJECTS WITH TOTAL COST MORE THAN \$10 MILLION

For projects with a total cost of more than \$10M, please also complete and submit **GREAT Grant Program (Federal) Grantee Construction Period Progress Report Form Exhibit E**. Total cost means the sum of the GREAT grant award, the grantee's matching funds and any matching funds provided by a county or other third party.

Exhibit E should not be completed if the total project cost does not exceed \$10 million.

SECTION F - COMPLETION OF CONSTRUCTION/DEPLOYMENT PHASE OF PROJECT

If you have completed the entire construction/deployment phase of this GREAT grant, and made service available to all required GREAT grant locations, please indicate below:

- No (all construction/deployment has been completed and service availability to all locations is complete.)

For grantees indicating completion of the construction/deployment phase of the project, the final report form will be provided for completion by the grantee.

The final report form will include questions around service provision, speeds available, data caps, and grantees will be required to submit address data to confirm that service is available to all locations required by the GREAT grant.

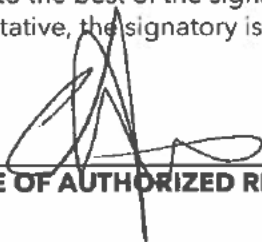
Broadband access is considered available if service can be provided to the GREAT location(s) immediately or within 10 business days upon request and without cost to the customer other than standard connection fees.

Once the final report is submitted to the NCDIT Broadband Infrastructure Office, deliverables will be verified by the office. Upon verification, grantees will move to the maintenance/monitoring period of the GREAT grant.

SECTION G - GRANTEE CERTIFICATION & ATTESTATION

Broadband Provider (ISP) Certification and Attestation

The undersigned representative of the grantee certifies that the information in this progress report is true, correct, and complete to the best of the signatory's knowledge and belief. The signatory further certifies that as authorized representative, the signatory is authorized to file this progress report.



SIGNATURE OF AUTHORIZED REPRESENTATIVE

01/10/2024

Date

Charles Agius, Region Vice President, South

POLK COUNTY BOARD OF COMMISSIONERS

AGENDA ITEM

February 19, 2024 Regular Meeting

Agenda Item#: D.

ATTACHMENTS:

Description	Type	Upload Date
Cover Letter	Cover Memo	2/1/2024
Fiscal Monitoring Report	Cover Memo	2/1/2024
Spendable Cash	Cover Memo	2/1/2024



January 31, 2024

RE: Vaya Health Quarterly Report to the Counties for Period Ending December 31, 2023

Dear County Representatives:

Enclosed you will find a financial update for Vaya Health for the most recent quarter ending December 31, 2023. Included in this email are the following documents:

- Fiscal Monitoring Report
- Total Spendable Cash Report, which provides greater clarity of cash availability after meeting accounts payable and IBNR obligations. Note that this is a more conservative calculation than the State solvency metric which does not allow for certain working capital needs. Also note that a significant amount of cash (\$103M) is restricted for Medicaid Risk Reserve and may be spent only in the case of insolvency to pay claims for providers.

Please note that the prior year figures being reported for June 30, 2023 now reflect final audited figures.

The budgeted figures for the current fiscal year reflect the “original” approved annual budget which was prepared under the assumption that Tailored Plan would go live on October 1, 2023. Vaya is in the process of revising the annual budget due to the delay of Tailored Plan and to adjust for some cost containment efforts which will be reflected in a budget revision that is scheduled to be presented to the Vaya Board for approval in the upcoming quarter.

Over the upcoming quarters, management will continue the high-quality focused health care management of our regional population in the 31 counties served by Vaya, prepare to onboard and serve Rockingham County, and continue to strategically prepare for the new Tailored Plan which is planned for July 1, 2024.

Should you have any additional questions or comments, please do not hesitate to contact me via email (larry.hill@vayahealth.com) or phone (828-225-2785, Ext. 4743).

Sincerely,

Larry E. Hill
Executive VP and CFO, Vaya Health

Fiscal Monitoring Report

LME / MCO NAME:	VAYA HEALTH	FOR THE PERIOD ENDING:	December 31, 2023
# of month in the fiscal year (July = 1, August = 2, . . . , June = 12) =====>	6		

	(1)	(2)	(3)	(4)	(5)	(6)
	PRIOR YEAR		CURRENT YEAR 2023-2024			
	2022-2023			ACTUAL	BALANCE	ANNUALIZED
	BUDGET	ACTUAL	BUDGET	YR-TO-DATE	(Col. 3-4)	PERCENTAGE
1. REPORT OF BUDGET VS. ACTUAL						
REVENUE						
Interest Earned	3,045,000	3,078,158	3,000,000	1,515,468	1,484,532	101.03%
IGT Cardinal Income	0	-	3,500,000	-	3,500,000	-
Appropriation of Fund Balance	-	-	-	-	-	-
Other Local	9,133,521	12,030,905	1,216,988	4,032,750	(2,815,762)	662.74%
Total Local Funds	12,178,521	15,109,062	7,716,988	5,548,218	2,168,770	143.79%
County Appropriations (by County, includes ABC Funds):						
Alexander County	50,000	50,000	50,000	25,000	25,000	100.00%
Alleghany County	109,709	60,000	60,000	10,000	50,000	33.33%
Ashe County	189,566	189,566	189,566	94,783	94,783	100.00%
Avery County	89,600	89,600	89,600	44,800	44,800	100.00%
Buncombe County	600,000	600,000	600,000	300,000	300,000	100.00%
Caswell County	99,150	-	-	-	-	0.00%
Caldwell County	121,138	125,206	121,138	62,406	58,732	103.03%
Chatham County	413,450	419,109	430,450	201,103	229,347	93.44%
Cherokee County	75,000	75,000	75,000	37,500	37,500	100.00%
Clay County	15,000	15,000	15,000	7,500	7,500	100.00%
Franklin County	118,600	120,663	142,600	54,850	87,750	76.93%
Graham County	6,000	6,000	6,000	3,000	3,000	100.00%
Granville County	116,846	120,207	130,846	59,765	71,081	91.35%
Haywood County	112,000	106,050	112,000	56,624	55,376	101.12%
Henderson County	528,612	528,612	528,612	264,306	264,306	100.00%
Jackson County	123,081	123,081	123,081	61,541	61,541	100.00%
Macon County	106,623	106,623	106,623	53,312	53,312	100.00%
Madison County	30,000	30,000	30,000	15,000	15,000	100.00%
McDowell County	67,856	67,856	67,856	33,928	33,928	100.00%
Mitchell County	18,000	18,000	18,000	9,000	9,000	100.00%
Person County	143,383	150,295	151,483	178,327	(26,844)	235.44%
Polk County	79,491	79,208	79,491	40,701	38,790	102.40%
Rowan County	492,000	492,000	492,000	246,000	246,000	100.00%
Stokes County	9,000	-	18,000	4,529	13,471	50.32%
Swain County	30,000	26,613	30,000	14,581	15,419	97.21%
Transylvania County	99,261	99,261	99,261	49,631	49,631	100.00%
Vance County	170,099	175,594	194,099	85,761	108,338	88.37%
Watauga County	171,194	171,194	171,194	85,597	85,597	100.00%
Wilkes County	237,612	235,244	237,612	118,244	119,368	99.53%
Yancey County	26,000	26,000	26,000	13,000	13,000	100.00%
Total County Funds	4,448,271	4,305,982	4,395,512	2,230,788	2,164,724	101.50%
DMH/DD/SAS State and Federal Funding	137,545,040	124,963,356	108,330,754	56,968,683	51,362,071	105.18%
DHB Capitation Funding (Medicaid)	703,280,060	665,821,154	963,653,041	371,801,218	591,851,823	77.16%
DHB Risk Reserve Funding (Medicaid)	11,000,000	10,924,519	-	2,659,298	(2,659,298)	-
All Other State/Federal Funds	3,375,000	3,439,200	2,775,000	2,171,066	603,934	156.47%
Total State, Federal and Medicaid Funds	855,200,100	805,148,229	1,074,758,795	433,600,265	641,158,530	102.66%
TOTAL REVENUE	871,826,893	824,563,273	1,086,871,296	441,379,270	645,492,024	81.22%
EXPENDITURES:						
Administration	162,388,544	165,449,726	170,796,437	79,894,720	90,901,717	93.56%
LME Provided Services (Service Support)	3,713,228	3,640,645	4,047,341	1,849,333	2,198,008	91.39%
Provider Payments (State Funds)	88,125,526	86,272,918	86,119,902	43,637,783	42,482,119	101.34%
Provider Payments (Federal Funds)	42,391,358	29,675,650	15,933,208	11,087,609	4,845,599	139.18%
Provider Payments (County Funds)	4,448,271	4,051,730	4,395,512	1,613,879	2,781,633	73.43%
Provider Payments (Medicaid)	569,741,445	560,502,644	804,648,390	313,875,427	490,772,963	78.02%
Permanent Supported Housing and Back at Home Payments	1,018,521	829,236	930,506	446,404	484,102	95.95%
TOTAL EXPENDITURES	871,826,893	850,422,548	1,086,871,296	452,405,154	634,466,141	83.25%
Net Income or (Loss) (from Operations and Risk Reserve)		(25,859,276)		(11,025,884)		
Less Risk Reserve Revenue		(10,924,519)		(2,659,298)		
NET INCOME OR (LOSS) FROM OPERATIONS		(36,783,795)		(13,685,182)		
2. FUND BALANCE						
Restricted Fund Balance for Risk Reserve		100,451,626		103,110,924		
Restricted Fund Balance - State Statute, Prepaids & Investment in Fixed Assets		49,501,072		68,862,032		
Unrestricted Fund Balance (including Board Commitments)		16,530,139		(16,516,004)		
TOTAL FUND BALANCE		166,482,836		155,456,952		
3. CURRENT CASH POSITION						
Current Cash in Bank (Including Risk Reserve)				220,774,990		
Less Risk Reserve Cash				(103,110,924)		
TOTAL OPERATING CASH				117,664,066		*See additional Document
4. ESTIMATED SERVICES INCURRED BUT NOT REPORTED/PAID (IBNR)				56,888,427		

Vaya Health Total Spendable Cash
As of December 31, 2023

Total Operating Cash (Excluding Risk Reserve)	117,664,066
Less Accounts Payable and IBNR	(97,302,865)
Plus Accounts Receivable	38,331,494
Less Annual Leave Payout Liability	(5,531,748)
Less Other Post Employment Benefits Liability	(4,339,000)
	<hr/>
Spendable Cash	48,821,947
	<hr/>

In accordance with G.S. 122C-124.2(e)(3), the Risk Reserve's purpose is to pay outstanding liabilities (unpaid claims) to providers in cases of insolvency and not intended to be used for operating costs. These resources are not available for payment of non-provider claims and may not be accessed by the LME MCO without written consent from DHHS.

POLK COUNTY BOARD OF COMMISSIONERS

AGENDA ITEM

February 19, 2024 Regular Meeting

Agenda Item#: E.

ATTACHMENTS:

Description	Type	Upload Date
Activity Report	Cover Memo	2/12/2024

Suggested Motion:

Motion to approve the Consent Agenda.



Annual Activity Report - January 2024

<i>CALLS FOR SERVICE</i>				
Alarms (Residential/Commercial)	15		Indecent Exposure	1
Animal Complaint/Livestock	108		Intoxicated Person Report/Driver	2
Armed Person	1		Involuntary Commitment/Mental Subject	6
Assault/Abuse	7		Juvenile Complaint	4
Assist FD/EMS/Rescue	16		Larceny Report/Shoplifting	15
Assist Law Enforcement Agency	25		Missing Person Report	3
Assist Motorist/Public	33		911 Follow Up/Hang up	39
Assist Other/Outside Agency	6		Property Damage/Hit & Run	2
Breaking & Entering	3		Property (Recovered/Found/Abandoned)	1
Citizen Contact/Call by Phone	63		Shots Fired (Report/Complaint)	4
Civil Related/Custody Dispute	14		Special Activity/Event	11
Communicating Threats	5		Suicide (Threat/Attempt/Report)	1
Disturbance/Dispute/Fight	6		Suspicious Activity (Person/Vehicle)	61
Domestic Related	13		Traffic Control/C&R Driver	59
Drug Related	3		Trespassing	13
Escort (Funeral/Public)	8		Vandalism	1
Follow-Up Investigation	22		Vehicle Pursuit	1
Fraud/Forgery Report	4		Warrant/Process Service/Search Warrant	91
Harassment/Stalking	3		Welfare Check	20

<i>ANIMAL CONTROL</i>	
Animals Picked up <i>*see notes below</i>	25
Bite Report	5
*21 Dogs, 4 Cats	

<i>LOBBY</i>	
Fingerprinting	42
Telephone Calls	372
In Person	446

<i>ARRESTS</i>	
Misdemeanor	17
Felony	26

<i>OTHER</i>	
Weapons Seized	6
Traffic Stops	298
Citations Issued	77
Charges by Citation	102
Checkpoint	8

<i>CIVIL</i>	
Civil Summons & Complaint	10
Domestic Protection Order	1
Order to Appear/Show Cause-Child Support	3
Other	14
<i>TOTAL</i>	28

<i>SECURITY CHECKS</i>	
Residence	145
Business	1295
Church	380
School	109
<i>TOTAL</i>	1929

<i>DETENTION CENTER</i>	
Inmates Admitted	73

POLK COUNTY BOARD OF COMMISSIONERS

AGENDA ITEM

February 19, 2024 Regular Meeting

Agenda Item#: 7.

ATTACHMENTS:

Description	Type	Upload Date
PSBCF Paving	Cover Memo	2/13/2024
PSBRRF Roofing	Cover Memo	2/13/2024

Suggested Motion:

A. Public School Building Capital Fund (PSBCF) NC Education Lottery Requests - Polk Central Elementary Paving Project in the amount of \$91,801.

Motion to approve Distribution Request in the amount of \$91,801.

B. Public School Building Repair & Renovation Fund (PSBRRF) NC Education Lottery Requests - Polk Central Elementary Roofing Project in the amount of \$129,310.

Motion to approve the Distribution Request in the amount of \$129,310.

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

Approved: _____

Date: _____

County: Polk

Contact Person: Brandon Schweitzer

LEA: Polk County Schools (750)

Title: Director of Operations

Address: PO Box 698 Columbus, NC 28722

Phone: 828-894-1023

Project Title: Polk Central Elementary - Pave rear drive / reseal parking

Location: Polk Central Elementary School (2141 NC-9, Mill Spring, NC 28756)

Type of Facility: Public Elementary School

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

(3) No county shall have to provide matching funds...

(4) A county may use monies in this Fund to pay for school construction projects in local school administrative units and to retire indebtedness incurred for school construction projects.

(5) A county may not use monies in this Fund to pay for school technology needs.

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

Short description of Construction Project: Pave the rear drive behind the school used for Pre-K and reseal the main parking and car line areas.

Estimated Costs:

Purchase of Land _____ \$ _____

Planning and Design Services _____

New Construction _____

Additions / Renovations _____ 91,801.00

Repair _____

Debt Payment / Bond Payment _____

TOTAL _____ \$ 91,801.00

Estimated Project Beginning Date: 7/1/23 Est. Project Completion Date: 8/16/23

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

The County Commissioners and the Board of Education do hereby jointly request approval of the above project, and request release of \$ 91,801.00 from the Public School Building Capital Fund (Lottery Distribution). We certify that the project herein described is within the parameters of G.S. 115C-546.

(Signature — Chair, County Commissioners)



(Signature — Chair, Board of Education)

(Date)

2/12/2024

(Date)

**DISTRIBUTION REQUEST
PUBLIC SCHOOL BUILDING
REPAIR & RENOVATION FUND
NORTH CAROLINA EDUCATION LOTTERY**

DPI USE ONLY

Approved By: _____

Date: _____

Date of Request: 2/12/2024

County: Polk County Contact Person: Brandon Schweitzer
Address: 40 Courthouse St., PO Box 308, Columbus, NC 28722 Title: Director of Operations
LEA: Polk County Schools (750) Phone: 828-894-1023
Address: 125 E. Mills Street., PO Box 638, Columbus, NC 28722 Email: bschweitzer@polkschools.org

Project Title: Polk Central Elementary Cafeteria Roof
Project Address: 2141 NC-9, Mill Spring, NC 28756

Type of Facility: Public Elementary School

The Public School Building Repair & Renovation Fund was established by S.L. 2021-180, Section 4.4.(a1). The purpose of the Fund is to provide revenue to counties for repair and renovation projects. Per G.S. 115C-546.16, counties are to utilize funds for enlargement, improvement, expansion, repair, or renovation of classroom facilities at public school buildings within local school administrative units (LEAs) located in the county. As used in this context, "Public School Buildings" shall include only facilities for individual schools that are used for instructional and related purposes, and does not include administration, maintenance, or other facilities.

Brief Project Description (include est. start/end dates): Installation of secondary roofing system and general roof repairs to cafeteria and adjoining classrooms. Est. Start: 3/1/24 - Est. Completion - 4/1/24.

Estimated Costs:

Planning and Design Services.....	\$	_____
New Construction – Facility Enlargement	\$	_____
New Construction – Addition(s)	\$	_____
Existing Construction – Facility Improvements	\$	_____
Existing Construction – Facility Repairs	\$	_____
Existing Construction – Facility Renovations	\$	129,310.00
TOTAL	\$	129,310.00

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

The County Commissioners and the Board of Education do hereby jointly request approval of the above project, and request the release of \$ 129,310.00 from the Public School Building Repair & Renovation Fund. We certify that the project herein described is within the parameters of G.S. 115C-546.

(Signature – Chair, County Commissioners)

(Date)

(Signature – Chair, Board of Education)

(Date)

PRINT FORM

CLEAR FORM

POLK COUNTY BOARD OF COMMISSIONERS

AGENDA ITEM

February 19, 2024 Regular Meeting

Agenda Item#: 8.

ATTACHMENTS:

Description	Type	Upload Date
Recommendation from Planning Board	Cover Memo	1/31/2024
Proposed Amended Ordinance	Cover Memo	1/31/2024

Suggested Motion:

Motion to approve the proposed Polk County Watershed Ordinance amendments.



To: Polk County Board of Commissioners

From: Planning Board and Staff

Date: November 9, 2023

Re: Polk County Watershed Ordinance

Project History & Analysis

The Planning Board, with support from staff and county attorney, have updated the Polk County Watershed Ordinance according to the North Carolina Department of Environmental Quality.

Proposed Amendments

See attached document.

Plan Consistency

The Planning Board has found that this request is consistent with the Polk County 20/20 Vision Comprehensive Plan, adopted March 15, 2010, amended September 18, 2017:

- a. I.47 As necessary, revise/update the Polk County Ordinances.

Recommendation

The Planning Board does recommend that the Board of Commissioners enact the Polk County Watershed Ordinance.

Votes:

Aye - 6

Nay - 0



Planning Board Chair

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SUMMARY OF CHANGES FROM 1995 TO 2023 ORDINANCE

ARTICLE 100: DEFINITIONS

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ARTICLE 300: SUBDIVISION REGULATIONS

ARTICLE 400: DEVELOPMENT REGULATIONS

ARTICLE 500: PUBLIC HEALTH REGULATIONS

ARTICLE 600: ADMINISTRATION, ENFORCEMENT AND APPEALS

~~SUMMARY OF CHANGES FROM 1995 TO 2023 ORDINANCE~~

~~Organizational Changes~~

~~Definitions section moved from the end to the beginning of the document~~

~~Footnotes moved to the end of the document~~

~~Content Changes~~

~~Some definitions changed to improve clarity and SCM added as definition~~

~~Articles 200 and 300 some minor changes to improve clarity~~

~~Article 400~~

~~— Allowed Not Allowed Use table — improvement over existing regulations and ordinance~~

~~— Density and Built Upon area table taken almost directly from regs, some changes make this section easier to read/understand than previous presentation of this information~~

~~— Density Averaging section added to incorporate 2012 NCGS change~~

~~Articles 500 and 600 some minor changes to improve clarity~~

ARTICLE 100: DEFINITIONS

Section 101. General Definitions.

Agricultural Use. The use of waters for stock watering, irrigation, and other farm purposes.

Balance of Watershed (BW). The area adjoining and upstream of the critical area in a WS-II and WS-III water supply watershed. The "balance of watershed" is comprised of the entire land area contributing surface drainage to the stream, river, or reservoir where a water supply intake is located.

Best Management Practices (BMP). A structural or nonstructural management-based practice used singularly or in combination to reduce nonpoint source inputs to receiving waters in order to achieve water quality protection goals.

Buffer. An area of natural or planted vegetation through which stormwater runoff flows in a diffuse manner so that the runoff does not become channelized and which provides for infiltration of the runoff and filtering of pollutants. The buffer is measured landward from the normal pool elevation of impounded structures and from the bank of each side of streams or rivers.

Building. Any structure having a roof supported by columns or by walls, and intended for shelter, housing or enclosure of persons, animals, or property. The connection of two (2) buildings by means of an open porch, breezeway, passageway, carport, or other such open structure, with or without a roof, shall not be deemed to make them one building.

Built-upon area. Built-upon area means impervious surface and partially impervious surface to the extent that the partially impervious surface does not allow water to infiltrate through the surface and into the subsoil. "Built-upon area" does not include a slatted deck; the water area of a swimming pool; a surface of number 57 stone, as designated by the American Society for Testing and Materials, laid at least four inches thick over a geotextile fabric; a trail as defined in G.S. 113A-85 that is either unpaved or paved as long as the pavement is porous with a hydraulic conductivity greater than 0.001 centimeters per second (1.41 inches per hour); or landscaping material, including, but not limited to, gravel, mulch, sand, and vegetation, placed on areas that receive pedestrian or bicycle traffic or on portions of driveways and parking areas that will not be compacted by the weight of a vehicle, such as the area between sections of pavement that support the weight of a vehicle (except as exempted by State law).

Cluster Development. Cluster development means the grouping of buildings in order to conserve land resources and provide for innovation in the design of the project including minimizing stormwater runoff impacts. This term includes nonresidential development as well as single-family residential and multi-family developments. For the purpose of this ordinance, planned unit developments and mixed-use development are considered as cluster development.

Common Plan of Development. Site with multiple lots where there is a single development plan for all of the lots, usually represented by a master plan or a set of declarations of restrict covenants.

Critical Area. The area adjacent to a water supply intake or reservoir where risk associated with pollution is greater than from the remaining portions of the watershed. The critical area is defined as extending either one-half mile from the normal pool elevation of the reservoir in which the intake is located or to the ridge line of the watershed (whichever comes first); or one-half mile upstream from the intake located directly in the stream or river (run-of-the-river), or the ridge line of the watershed (whichever comes first). Local governments may extend the critical area as needed. Major landmarks such as highways or property lines may be used to delineate the outer boundary of the critical area if these landmarks are immediately adjacent to the appropriate outer boundary of one-half mile.

Customary Home Occupations. Any use conducted entirely within a dwelling and carried on by the occupants thereof, which use is clearly incidental and secondary to the use of the dwelling for residential purposes and does not change the character thereof. Provided further that no mechanical equipment is installed or used except as is normally used for domestic or professional purposes, and that not over twenty-five percent (25%) of the total floor space of any structure is used for the occupation. No home occupation shall be conducted in any accessory building except for the storage and service of a vehicle that is driven off site, such as a service repair truck, delivery truck, etc.

Development. Any land disturbing activity which adds to or changes the amount or nature of impervious or partially impervious cover on a land area, or which otherwise decreases the infiltration of precipitation into the soil.

Dwelling Unit. A building, or portion thereof, providing complete and permanent living facilities for one or more persons.

Existing Development. Those projects that are built or that have established a vested right under North Carolina zoning law as of the effective date of this ordinance.

Existing Lot. A lot which is part of a subdivision, a plat of which has been recorded in the Office of the Register of Deeds prior to the adoption of this ordinance, or a lot described by metes and bounds, the

description of which has been so recorded prior to the adoption of this ordinance.

Family. One or more persons occupying a single dwelling unit, provided that unless all members are related by blood or marriage or adoption, no such family shall contain over five persons, but further provided that domestic servants employed or living on the premises may be housed on the premises without being counted as a family or families.

Family Subdivision. Family subdivision means a division of a tract of land: (a) to convey the resulting parcels, with the exception of parcels retained by the grantor, to a relative or relatives as a gift or for nominal consideration, but only if no more than one parcel is conveyed by the grantor from the tract to any one relative; or (b) to divide land from a common ancestor among tenants in common, all of whom inherited by intestacy or by will.

Industrial Development. Any non-residential development that requires an NPDES permit for an industrial discharge and/or requires the use or storage of any hazardous material for the purpose of manufacturing, assembling, finishing, cleaning, or developing any product or commodity.

Landfill. A facility for the disposal of solid waste on land in a sanitary manner in accordance with Chapter 130A Article 9 of the N.C. General Statutes. For the purpose of this ordinance, this term does not include composting facilities.

Lot. A parcel of land that can be transferred separate from other parcels of land.

Major Variance. A variance that is not a Minor Variance as defined in this ordinance.

Minor Variance. A variance from the minimum statewide watershed protection rules that results in a relaxation, by a factor of up to five (5) percent of any buffer, density or built-upon area requirement under the high-density option; or that results in a relaxation, by a factor of up to ten (10) percent, of any management requirement under the low-density option. For variances to a vegetated setback requirement, the percent variation shall be calculated using the footprint of built-upon area proposed to encroach with the vegetated setback divided by the total area of vegetated setback within the project.

Nonconforming Existing Lot. A lot described by a plat or a deed that was recorded prior to the effective date of local watershed protection regulations (or their amendments) that does not meet the minimum lot size or other development requirements of the statewide watershed protection rules.

Non-residential Development. All development other than residential development, agriculture and silviculture.

Perennial Waterbody: A natural or man-made basin, including lakes, ponds, and reservoirs, that stores surface water permanently at depths sufficient to preclude the growth of non-hydrophilic rooted plants.

Plat. A map or plan of a parcel of land which is to be, or has been, subdivided.

Protected Area. The area adjoining and upstream of the critical area of WS-IV watersheds. The boundaries of the protected area are defined as within five miles of and draining to the normal pool elevation of the reservoir or to the ridgeline of the watershed; or within 10 miles upstream and draining to the intake located directly in the stream or river or to the ridgeline of the watershed.

Qualified Individual. A person certified to perform stream determinations by completing and passing the Surface Water Identification Training and Certification (SWITC) course offered by the N.C. Div. of Water Resources at N.C. State University.

Residential Development. Buildings constructed for human habitation such as attached and detached

single-family dwellings, apartment complexes, condominiums, townhouses, cottages, etc. and their associated outbuildings such as garages, storage buildings, gazebos, etc. and customary home occupations.

Residuals. Any solid or semi-solid waste generated from a wastewater treatment plant, water treatment plant or air pollution control facility permitted under the authority of the Environmental Management Commission.

Single Family Residential. Any development where: 1) no building contains more than one dwelling unit, 2) every dwelling unit is on a separate lot, and 3) where no lot contains more than one dwelling unit.

Stormwater Control Measure (SCM). means a permanent structural device that is designed, constructed, and maintained to remove pollutants from stormwater runoff by promoting settling or filtration; or to mimic the natural hydrologic cycle by promoting infiltration, evapo-transpiration, post-filtration discharge, reuse of stormwater, or a combination thereof.

Street (Road). A right-of-way for vehicular traffic which affords the principal means of access to abutting properties.

Structure. Anything constructed or erected, including but not limited to buildings, which requires location on the land or attachment to something having permanent location on the land.

Subdivider. Any person, firm, corporation, or official who subdivides or develops any land deemed to be a subdivision as herein defined.

Subdivision. All divisions of a tract or parcel of land into two (2) or more lots, building sites, or other divisions for the purpose of sale or building development (whether immediate or future) and shall include all division of land involving the dedication of a new street or a change in existing streets; except those exempt from subdivision regulation by GS 160D-802(a)(1) through (a)(5).

Surface Waters: All waters of the State as defined in NCGS 143-212 except underground waters.

Toxic Substance. Any substance or combination of substances (including disease causing agents), which after discharge and upon exposure, ingestion, inhalation, or assimilation into any organism, either directly from the environment or indirectly by ingestion through food chains, has the potential to cause death, disease, behavioral abnormalities, cancer, genetic mutations, physiological malfunctions (including malfunctions or suppression in reproduction or growth), or physical deformities in such organisms or their offspring or other adverse health effects.

Variance. A permission to develop or use property granted by the Watershed Review Board relaxing or waiving a water supply watershed management requirement adopted by the Environmental Management Commission that is incorporated into this ordinance.

Vested Right. The right to undertake and complete the development and use of property under the terms and conditions of an approved site-specific development plan or an approved phased development plan. Refer to the North Carolina General Statutes Section 160D-108 for more information.

Water Dependent Structure. Any structure for which the use requires access to or proximity to or citing within surface waters to fulfill its basic purpose, such as boat ramps, boat houses, docks, and bulkheads. Ancillary facilities such as restaurants, outlets for boat supplies, parking lots and commercial boat storage areas are not water dependent structures.

Watershed. The entire land area contributing surface drainage to a specific point (e.g. the water supply intake) or alternatively, the geographic region within which water drains to a particular river, stream or

body of water.

Watershed Administrator. An official or designated person of ~~[county][town]~~ Polk County responsible for administration and enforcement of this ordinance.

Section 102. Word Interpretation.

For the purpose of this ordinance, certain words shall be interpreted as follows:

Words in the present tense include the future tense.

Words used in the singular number include the plural, and words used in the plural number include the singular, unless the natural construction of the wording indicates otherwise.

The word "person" includes a firm, association, corporation, trust, and company as well as an individual.

The word "structure" shall include the word "building."

The word "lot" shall include the words, "plot," "parcel," or "tract."

The words "shall" and "will" are always mandatory.

ARTICLE 200: AUTHORITY AND GENERAL REGULATIONS

Section 201. Authority and Enactment.

The Legislature of the State of North Carolina has, in Chapter 153A, Article 6, Section 121, General Ordinance Making Power; and in Chapter 143, Article 21, Water and Air Resources, authorized local governments to adopt regulations designed to promote the public health, safety, and general welfare of its citizenry. In addition, GS 160D-926 and G.S. 143-214.5 specifically authorize local governments to enact and enforce water supply watershed management regulations. The Governing Board of Polk County hereby ordains and enacts into law the following articles as the Water Supply Watershed Protection Ordinance of Polk County.¹

Section 202. Jurisdiction.

The provisions of this Ordinance shall apply within the areas designated as a Water Supply Watershed by the N.C. Environmental Management Commission and shall be defined and established on a water supply watershed protection map of Polk County, North Carolina which is adopted simultaneously herewith. The watershed map and all explanatory matter contained thereon accompanies and is hereby made a part of this Ordinance. This Ordinance shall be permanently kept on file in the County of Polk.²

Section 203. Exceptions to Applicability.

(A) Nothing contained herein shall repeal, modify, or amend any Federal or State law or regulation, or any ordinance or regulation pertaining thereto except any ordinance which these regulations specifically replace; nor shall any provision of this Ordinance amend, modify, or restrict any other provisions of the Code of Ordinances of Polk County; however, the adoption of this Ordinance shall and does amend any and all ordinances, resolutions, and regulations in effect in the Polk County at the time of the adoption of this Ordinance that may be construed to impair or reduce the effectiveness of this Ordinance or to conflict with any of its provisions.

(B) It is not intended that these regulations interfere with any easement, covenants, or other agreements between parties. However, if the provisions of these regulations impose greater restrictions or higher standards for the use of a building or land, then the provisions of these regulations shall control.

(C) Existing Development, as defined in this ordinance, is not subject to the requirements of this ordinance.

(D) Expansions to existing development must meet the requirements of this ordinance, except single family residential development or unless expansion is part of common plan of development. In an expansion, the built-upon area of the existing development is not required to be included in the density calculations. Where there is a net increase of built upon area, only the area of net increase is subject to this ordinance. Where existing development is being replaced with new built upon area, and there is net increase of built upon area, only areas of net increase shall be subject to this ordinance.

(E) If a Non-Conforming Existing Lot is not contiguous to any other lot owned by the same party, then that lot shall not be subject to the development restrictions of this ordinance if it is developed for single-family residential purposes

(F) Any lot or parcel created as part of a Family Subdivision after the effective date of these rules shall be exempt from these rules if it is developed for one single-family detached residence and if it is exempt from local subdivision regulation

(G) Any lot or parcel created as part of any other type of subdivision that is exempt from a local subdivision ordinance shall be subject to the land use requirements (including impervious surface requirements) of these rules, except that such a lot or parcel must meet the minimum buffer requirements to the maximum extent practicable.³

(H) An applicant may exceed the density limits in Article 400 if all of the following circumstances apply:

- (1) The property was developed prior to the effective date of the local water supply watershed program.
- (2) The property has not been combined with additional lots after January 1, 2021.
- (3) The property has not been a participant in a density averaging transaction under G.S. 143-214.5(d2).
- (4) The current use of the property is nonresidential.
- (5) In the sole discretion, and at the voluntary election, of the property owner, the stormwater from all of the existing and new built-upon area on the property is treated in accordance with all applicable local government, state, and federal laws and regulations.
- (6) The remaining vegetated buffers on the property are preserved in accordance with the requirements of this Ordinance.

Section 204. Repeal of Existing Watershed Ordinance

This ordinance in part carries forward by re-enactment, some of the **Watershed Ordinance of the Polk County, North Carolina** (adopted by the Board of Commissioners on [date] as amended), and it is not the intention to repeal but rather to re-enact and continue in force such existing provisions so that all rights and liabilities that have accrued thereunder are preserved and may be enforced. All provisions of the Watershed Ordinance which are not re-enacted herein are hereby repealed. All suits at law or in equity and/or all prosecutions resulting from the violation of any ordinance provisions heretofore in effect, which are now pending in any court of this state or of the United States, shall not be abated or abandoned by reason of the adoption of this ordinance, but shall be prosecuted to

their finality the same as if this ordinance had not been adopted; and any and all violations of the existing Watershed Protection Ordinance, prosecutions for which have not yet been instituted, may be hereafter filed and prosecuted; and nothing in this ordinance shall be so construed as to abandon, abate or dismiss any litigation or prosecution now pending and/or which may heretofore have been instituted or prosecuted.

Section 205. Criminal Penalties.

Any person violating any provisions of this Ordinance shall be guilty of a misdemeanor and, upon conviction, shall be punished in accordance with NCGS 14-4. The maximum fine for each offense shall not exceed \$500.00. Each day that the violation continues shall constitute a separate offense.

Section 206. Remedies.

(A) If any subdivision, development and/or land use is found to be in violation of this Ordinance, Polk County Board of Commissioners Governing Board may, in addition to all other remedies available either in law or in equity, institute a civil penalty in the amount of \$100, action or proceedings to restrain, correct, or abate the violation; to prevent occupancy of the building, structure, or land; or to prevent any illegal act, conduct, business, or use in or about the premises. In addition, the N.C. Environmental Management Commission may assess civil penalties in accordance with G.S. 143-215.6A. Each day that the violation continues shall constitute a separate offense.

(B) If the Watershed Administrator finds that any of the provisions of this ordinance are being violated, he shall notify in writing the person responsible for such violation, indicating the nature of the violation, and ordering the action necessary to correct it. He shall order discontinuance of the illegal use of land, buildings, or structures; removal of illegal buildings or structures, or of additions, alterations, or structural changes thereto; discontinuance of any illegal work being done; or shall take any action authorized by this ordinance to ensure compliance with or to prevent violation of its provisions. If a ruling of the Watershed Administrator is questioned, the aggrieved party or parties may appeal such ruling to the Watershed Review Board.

Section 207. Severability.

Should any section or provision of this Ordinance be declared invalid or unconstitutional by any court of competent jurisdiction, the declaration shall not affect the validity of this Ordinance as a whole or any part thereof that is not specifically declared to be invalid or unconstitutional.

Section 208. Effective Date.

This Ordinance shall take effect and be in force on (month, day and year).

ARTICLE 300: SUBDIVISION REGULATIONS.

Section 301. General Provisions.

(A) No subdivision plat of land within the Water Supply Watershed shall be filed or recorded by the Register of Deeds until it has been approved in accordance with the provisions of this Article. Likewise, the Clerk of Superior Court shall not order or direct the recording of a plat if the recording of such plat would conflict with this Article.

(B) The approval of a plat by itself does not constitute or effect the acceptance by Polk County or the public of the dedication of any street or other ground, easement, right-of-way, public utility line, or other public facility shown on the plat and shall not be construed to do so.

(C) All subdivisions shall conform with the mapping requirements contained in GS 47-30.

(D) All subdivisions of land within the jurisdiction of Polk County after the effective date of this ordinance shall require a plat to be prepared, approved, and recorded pursuant to this ordinance. ⁴

Section 302. Subdivision Application and Review Procedures.

(A) All proposed subdivisions shall be reviewed prior to recording with the Register of Deeds by submitting a vicinity map to the Watershed Administrator to determine whether or not the property is located within the designated Water Supply Watershed. Subdivisions that are not within the designated watershed area shall not be subject to the provisions of this ordinance and may be recorded provided the Watershed Administrator initials the vicinity map. Subdivisions within a WS-IV watershed are subject to the provisions of this ordinance only when an erosion and sedimentation plan is required under the provisions of State law or approved local program, unless another stormwater program applies. Local government should always be aware that other post construction requirements may apply even when water supply watershed protection requirements do not. Subdivisions within the designated watershed area shall comply with the provisions of this Article and all other state and local requirements that may apply.

(B) Subdivision applications shall be filed with the Watershed Administrator. The application shall include a completed application form, two (2) copies of the plat, a description of the proposed method of providing stormwater drainage, and supporting documentation deemed necessary by the Watershed Administrator ~~or the Watershed Review Board~~.

(C) The Watershed Administrator shall review the completed application and shall either approve, approve conditionally or disapprove each application. The Watershed Administrator shall take final action within forty-five (45) days of submission of the application. The Watershed Administrator ~~or the Watershed Review Board~~ may provide public agencies an opportunity to review and make recommendations. However, failure of the agencies to submit their comments and recommendations shall not delay action within the prescribed time limit. Said public agencies may include, but are not limited to, the following:

(1) The NCDOT district highway engineer with regard to proposed streets and highways.

(2) The Health Department director with regard to proposed private water system or sewer systems normally approved by Health Department. .

(3) The state Division of Water Resources with regard to proposed sewer systems normally approved by the Division.

(4) The state Division of Energy, Mineral and Land Resources with regard to engineered stormwater controls or stormwater management in general.

(5) The county for subdivisions located in Extraterritorial Jurisdiction (ETJ) of a municipality.

(6) Local government entities responsible for proposed sewer and/or water systems.

(7) Any other agency or official designated by the Watershed Administrator ~~or Watershed Review Board.~~

(D) If the Watershed Administrator approves the application, such approval shall be indicated on both copies of the plat by the following certificate and signed by the Watershed Administrator:

Certificate of Approval for Recording

I certify that the plat shown hereon complies with the Watershed Protection Ordinance and is approved by the Watershed ~~Administrator Review Board~~ for recording in the Register of Deeds office.

Date

Watershed Administrator

NOTICE: This property is located within a Water Supply Watershed – development restrictions may apply.

(E) If the Watershed Administrator disapproves or approves conditionally the application, the reasons for such action shall be stated in writing for the applicant and may be entered in the minutes. The subdivider may make changes and submit a revised plan which shall constitute a separate request for the purpose of review.

(F) As a condition for approval, all subdivision plats shall comply with the requirements for recording of the County Register of Deeds.

(G) The plat shall be recorded within thirty (30) days of approval. The Subdivider shall provide the Watershed Administrator with evidence the plat has been recorded with the Register of Deeds within five (5) working days of recordation.

Section 303. Subdivision Standards and Required Improvements.

(A) All lots shall provide adequate building space in accordance with the development standards contained in Article 400. Lots smaller than the minimum required for residential lots may be developed using built-upon area criteria in accordance with Article 400.

(B) For the purpose of calculating built-upon area, total project area shall include total acreage in the tract on which the project is to be developed.

(C) Stormwater Drainage Facilities: The application shall be accompanied by a description of the proposed method of providing stormwater drainage. The subdivider shall provide a drainage system that diverts stormwater runoff away from surface waters, incorporates Stormwater Control Measures to minimize water quality impacts, and meets any local requirements.

(D) Erosion and Sedimentation Control: The application shall, where required, be accompanied by the Sedimentation and Erosion Control Plan approval by N.C. Division of Energy, Mineral, and Land Resources.

(E) Roads constructed in critical areas and watershed vegetated conveyance areas: Where possible, roads should be located outside of critical areas and watershed vegetated conveyance areas. Roads constructed within these areas shall be designed and constructed to minimize their impact on water quality.

Section 304. Construction Procedures.

(A) No construction or installation of improvements shall commence in a proposed subdivision until a preliminary subdivision plat has been approved.

(B) No building or other permits shall be issued for erection of a structure on any lot not on record at the time of adoption of this Ordinance until all requirements of this Ordinance have been met. The subdivider, prior to commencing any work within the subdivision, shall make arrangements with the Watershed Administrator to provide for adequate inspection.

Section 305. Penalties for Transferring Lots in Unapproved Subdivisions.

Any person who, being the owner or agent of the owner of any land located within the jurisdiction of Polk County, thereafter subdivides his land in violation of this ordinance or transfers or sells land by reference to, exhibition of, or any other use of a plat showing a subdivision of the land before the plat has been properly approved under this ordinance and recorded in the office of the register of deeds, shall be guilty of a misdemeanor. The description by metes and bounds in the instrument of transfer or other document used in the process of selling or transferring land shall not exempt the transaction from this penalty. The Polk County may bring an action for injunction of any illegal subdivision, transfer, conveyance, or sale of land, and the court shall, upon appropriate findings, issue an injunction and order requiring the offending party to comply with this ordinance.

ARTICLE 400: DEVELOPMENT REGULATIONS

Section 401. Establishment of Watershed Areas.

The purpose of this Article is to list and describe the watershed areas herein adopted. ⁵

For purposes of this ordinance Polk County is hereby divided into the following area[s], as appropriate:

WS-I

WS-II-CA (Critical Area)
WS-II-BW (Balance of Watershed)
Big Fall Creek (CA-86 ac, BW-870 ac),
Colt Creek (CA-126 ac, BW-1265 ac),
Fork Creek (CA-181 ac, BW-1169 ac)

WS-III-CA (Critical Area)

WS-III-BW (Balance of Watershed)

Horse Creek (CA-101 ac, BW-241 ac)

WS-IV-CA (Critical Area)

WS-IV-PA (Protected Area)

Broad River (PA-approx. 300 ac)

Big Broad River (PA-3,196 ac)

Green River (Lake Adger) – (CA-3154 ac, BW-17,421 ac)

Section 402. Watershed Areas- Allowed and Not Allowed Uses

Activity/Use	Water Supply Watershed Classification ¹							
	WS-I	WS-II CA	WS-II BW	WS-III CA	WS-III BW	WS-IV CA	WS-IV PA	WS-V
New landfills	No	No	Yes	No	Yes	No	Yes	Yes
New permitted residual land application	No	No	Yes	No	Yes	No	Yes	Yes
New permitted petroleum contaminated soils sites	No	No	Yes	No	Yes	No	Yes	Yes
NPDES General or Individual Stormwater discharges	Yes ^a	Yes	Yes	Yes	Yes	Yes	Yes	Yes
NPDES General Permit Wastewater Discharges pursuant to 15A NCAC 02H .0127	Yes ^a	Yes	Yes	Yes	Yes	Yes	Yes	Yes
NPDES Individual Permit trout farm discharges	Yes ^a	Yes	Yes	Yes	Yes	Yes	Yes	Yes
New NPDES Individual Permit domestic treated wastewater discharge	No	No	No	No	Yes	Yes	Yes	Yes
New NPDES Individual Permit industrial treated wastewater discharge	No	No	No	No ^b	No ^b	Yes	Yes	Yes
Non-process industrial waste	No	No	No	Yes	Yes	Yes	Yes	Yes
New industrial connections and expansions to existing municipal discharge with pretreatment program pursuant to 15A NCAC 02H .0904	No	No	No	No	No	Yes	Yes	Yes
Sewage	No	No ^c	No ^c	No ^c	No ^c	No ^c	No ^c	Yes ^d
Industrial Waste	No	No ^c	No ^c	No ^c	No ^c	No ^c	No ^c	Yes ^d
Other wastes	No	No ^c	No ^c	No ^c	No ^c	No ^c	No ^c	Yes ^d
Groundwater remediation project discharges ^e	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Agriculture ^f	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Silviculture ^g	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Residential Development ^h	No ⁱ	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Non-residential Development ^{hi}	No ⁱ	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Nonpoint Source Pollution ^k	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Animal Operations ^l	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes:

^a Permitted pursuant to 15A NCAC 02B .0104

^b Except non-process industrial discharges are allowed

^c Only allowed if specified in 15A NCAC 02B .0104

^d Not allowed if activity(ies) has/have adverse impact on human health

^e Where no other practical alternative exists

^f In WS-I watersheds and Critical Areas of WS-II, WS-III, and WS-IV watersheds, agricultural activities conducted after 1/1/1993 shall maintain a minimum 10-foot vegetated setback or equivalent control as determined by Soil and Water Conservation Commission along all perennial waters indicated on most recent version of USGS 1:24000 scale (7.5 minute) topographic maps or as determined by local government studies

^g Subject to Forest Practice Guidelines Related to Water Quality (02 NCAC 60C .0100 to .0209) Effective 4/1/2018

^h See density requirements in 15A NCAC 02B .0624

ⁱ See different allowed and not allowed in this table

^j Watershed shall remain undeveloped except for following uses when they cannot be avoided: power transmission lines, restricted access roads, and structures associated with water withdrawal, treatment, and distribution of WS-I waters. Built upon area shall be designed and located to minimize stormwater runoff impact to receiving waters.

^k Nonpoint Source pollution shall not have adverse impact, as defined in 15A NCAC 02H .1002, on use as water supply or any other designated use

^l Deemed permitted, as defined in 15A NCAC 02T .0103 and permitted under 15A NCAC 2H .0217

Section 403. Watershed Areas – Density and Built-Upon Limits.

(A) **PROJECT DENSITY.** The following maximum allowable project densities and minimum lot sizes shall apply to a project according to the classification of the water supply watershed where it is located, its relative location in the watershed, its project density, and the type of development:

Water Supply Classification	Location in the Watershed	Maximum Allowable Project Density or Minimum Lot Size		
		Low Density Development		High Density Development
		Single-family detached residential	Non-residential and all other residential	All types
WS-I	Not Applicable: Watershed shall remain undeveloped except for the following uses when they cannot be avoided: power transmission lines, restricted access roads, and structures associated with water withdrawal, treatment, and distribution of the WS-I water. Built-upon area shall be designed and located to minimize stormwater runoff impact to receiving waters.			
WS-II	Critical Area	1 dwelling unit (du) per 2 acres or 1 du per 80,000 square foot lot excluding roadway right-of-way or 6% built-upon area	6% built-upon area	6 to 24% built-upon area
	Balance of Watershed	1 du per 1 acre or 1 du per 40,000 square foot lot excluding roadway right-of-way or 12% built-upon area	12% built-upon area	12 to 30% built-upon area
WS-III	Critical Area	1 du per 1 acre or 1 du per 40,000 square foot lot excluding roadway right-of-way or 12% built-upon area	12% built-upon area	12 to 30% built-upon area
	Balance of Watershed	1 du per one-half acre or 1 du per 20,000 square foot lot excluding roadway right-of-way or 24% built-upon area	24% built-upon area	24 to 50% built-upon area
WS-IV	Critical Area	1 du per one-half acre or 1 du per 20,000 square foot lot excluding	24% built-upon area	24 to 50% built-upon area

		roadway right-of-way or 24% built-upon area		
	Protected Area	1 du per one-half acre or 1 du per 20,000 square foot lot excluding roadway right-of-way or 24% built-upon; or 3 dus per acre or 36% built-upon areawithout curb and gutter street system	24% built-upon area; or 36% built-upon area without curb and gutter street system	24 to 70% built-upon area
WS-V	Not Applicable			

(B) CALCULATION OF PROJECT DENSITY. The following requirements shall apply to the calculation of project density:

- (1) Project density shall be calculated as the total built-upon area divided by the total project area;
- (2) A project with "Existing Development," as defined in this ordinance, may use the calculation method in Sub-Item (1) of this Item or may calculate project density as the difference of total built-upon area minus existing built-upon area divided by the difference of total project area minus existing built-upon area.
- (3) Expansions to Existing Development shall be subject to 15A NCAC 02B .0624 except as excluded in Rule 15A NCAC 02B .0622 (1)(d).
- (4) Where there is a net increase of built-upon area, only the area of net increase shall be subject to density and built upon area limits.
- (5) Where Existing Development is being replaced with new built-upon area, and there is a net increase of built-upon area, only the area of net increase shall be subject to density and built upon area limits
- (6) Total project area shall exclude the following:
 - (a) areas below the Normal High Water Line (NHWL); and
 - (b) areas defined as "coastal wetlands" pursuant to 15A NCAC 07H .0205, herein incorporated by reference, including subsequent amendments and editions, and available at no cost at <http://reports.oah.state.nc.us/ncac.asp>, as measured landward from the NHWL; and
- (7) Projects under a common plan of development shall be considered as a single project for purposes of density calculation except that on a case-by-case basis, local governments may allow projects to be considered to have both high and low density areas based on one or more of the following criteria:
 - (a) natural drainage area boundaries;
 - (b) variations in land use throughout the project; or
 - (c) construction phasing.

(C) LOW DENSITY PROJECTS. In addition to complying with the project density requirements of Item (A) of this Rule, low density projects shall comply with the following:

- (1) VEGETATED CONVEYANCES. Stormwater runoff from the project shall be released to vegetated areas as dispersed flow or transported by vegetated conveyances to the maximum extent practicable. In determining whether

this criteria has been met, the local government shall take into account site-specific factors such as topography and site layout as well as protection of water quality. Vegetated conveyances shall be maintained in perpetuity to ensure that they function as designed. Vegetated conveyances that meet the following criteria shall be deemed to satisfy the requirements of this Sub-Item:

- (a) Side slopes shall be no steeper than 3:1 (horizontal to vertical) unless it is demonstrated to the local government that the soils and vegetation will remain stable in perpetuity based on engineering calculations and on-site soil investigation; and
 - (b) The conveyance shall be designed so that it does not erode during the peak flow from the 10-year storm event as demonstrated by engineering calculations.
- (2) CURB OUTLET SYSTEMS. In lieu of vegetated conveyances, low density projects shall have the option to use curb and gutter with outlets to convey stormwater to grassed swales or vegetated areas. Requirements for these curb outlet systems shall be as follows:
- (a) The curb outlets shall be located such that the swale or vegetated area can carry the peak flow from the 10-year storm and at a non-erosive velocity;
 - (b) The longitudinal slope of the swale or vegetated area shall not exceed five percent except where not practical due to physical constraints. In these cases, devices to slow the rate of runoff and encourage infiltration to reduce pollutant delivery shall be provided;
 - (c) The swale's cross section shall be trapezoidal with a minimum bottom width of two (2) feet;
 - (d) The side slopes of the swale or vegetated area shall be no steeper than 3:1 (horizontal to vertical);
 - (e) The minimum length of the swale or vegetated area shall be 100 feet; and
 - (f) Low density projects may use treatment swales designed in accordance with 15A NCAC 02H .1061 in lieu of the requirements specified in Sub-Items (a) through (e) of this Sub-Item.

(D) HIGH DENSITY PROJECTS. In addition to complying with the project density requirements of Item (A) of this Rule, high density projects shall comply with the following:

- (1) Stormwater Control Measures (SCMs) shall be designed, constructed, and maintained so that the project achieves either "runoff treatment" or "runoff volume match" as those terms are defined in 15A NCAC 02B .0621;
- (2) For high density projects designed to achieve runoff treatment, the required storm depth shall be one inch. Applicants shall have the option to design projects to achieve runoff volume match in lieu of runoff treatment;
- (3) Stormwater runoff from off-site areas and Existing Development, shall not be required to be treated in the SCM. Runoff from off-site areas or existing development that is not bypassed shall be included in sizing of on-site SCMs;
- (4) SCMs shall meet the relevant Minimum Design Criteria set forth in 15A NCAC 02H .1050 through .1062; and
- (5) Stormwater outlets shall be designed so that they do not cause erosion downslope of the discharge point during the peak flow from the 10-year storm event as shown by engineering calculations.

Section 404. Density Averaging

(A) An applicant may average development density on up to two (2) noncontiguous properties for purposes of achieving compliance with the water supply watershed development standards if all of the following circumstances exist:

- (1) The properties are within the same water supply watershed. However, if one of the properties is located in the critical area of the watershed, the critical area property shall not be developed beyond the applicable density requirements for its classification.
- (2) Overall project density meets applicable density or stormwater control requirements under 15A NCAC 2B .0200.
- (3) Vegetated setbacks on both properties meet the minimum statewide water supply watershed protection requirements.
- (4) Built upon areas are designed and located to minimize stormwater runoff impact to the receiving waters, minimize concentrated stormwater flow, maximize the use of sheet flow through vegetated areas, and maximize the flow length through vegetated areas.
- (5) Areas of concentrated density development are located in upland areas and, to the maximum extent practicable, away from surface waters and drainageways.
- (6) The property or portions of the properties that are not being developed will remain in a vegetated or natural state and will be managed by a homeowners' association as common area, conveyed to a local government as a park or greenway, or placed under a permanent conservation or farmland preservation easement unless it can be demonstrated that the local government can ensure long-term compliance through deed restrictions and an electronic permitting mechanism. A metes and bounds description of the areas to remain vegetated and limits on use shall be recorded on the subdivision plat, in homeowners' covenants, and on individual deeds. Any such limitations or restrictions on use shall be irrevocable.
- (7) Development permitted under density averaging and meeting applicable low density requirements shall transport stormwater runoff by vegetated conveyances to the maximum extent practicable.
- (8) A ~~[special use permit shall be obtained from the local Board of Adjustment]~~ or a [certificate shall be obtained from the local Watershed Review Board] to ensure that both properties considered together meet the standards of the watershed ordinance and that potential owners have record of how the watershed regulations were applied to the properties.

Section 405. Cluster Development

Cluster development is allowed in all Watershed Areas [except WS-I] under the following conditions:

- (A) Minimum lot sizes are not applicable to single family cluster development projects; however, the total number of lots shall not exceed the number of lots allowed for single family detached developments in Section 403. Density or built-upon area for the project shall not exceed that allowed for the critical area, balance of watershed or protected area, whichever applies.
- (B) All built-upon area shall be designed and located to minimize stormwater runoff impact to the receiving waters and minimize concentrated stormwater flow, maximize the use of sheet flow through vegetated areas, and maximize the flow length through vegetated areas.
- (C) Areas of concentrated density development shall be located in upland area and as far as practicable from surface waters and drainageways.
- (D) The remainder of the tract shall remain in a vegetated or natural state. The title to the open space area shall be conveyed to an incorporated homeowners association for management; to a local government for preservation as a park or open space; or to a conservation organization for preservation in a permanent easement.
- (E) Cluster developments that meet the applicable low density requirements shall transport stormwater runoff by vegetated conveyances to the maximum extent practicable.

Section 406. Vegetated Setbacks Required

(A) A minimum one hundred (100) foot vegetative setback is required for all new development activities that exceed the low density option; otherwise, a minimum thirty (30) foot vegetative setback for development activities is required along all perennial waters indicated on the most recent versions of U.S.G.S. 1:24,000 (7.5 minute) scale topographic maps or as determined by local government studies. Desirable artificial streambank or shoreline stabilization is permitted.

(B) Where USGS topographic maps do not distinguish between perennial and intermittent streams, an on-site stream determination may be performed by an individual qualified to perform such stream determinations.

(C) No new development is allowed in the buffer except for water dependent structures, other structures such as flag poles, signs and security lights which result in only diminutive increases in impervious area and public projects such as road crossings and greenways where no practical alternative exists. These activities should minimize built-upon surface area, direct runoff away from the surface waters and maximize the utilization of stormwater Best Management Practices. Any such development must obtain a **[special use permit]** or **[watershed review board certificate]**.

Section 407. Application of Regulations.

(A) No building or land shall hereafter be used and no development shall take place except in conformity with the regulations herein specified for the watershed area in which it is located.

(B) No area required for the purpose of complying with the provisions of this ordinance shall be included in the area required for another building.

(C) Every residential building hereafter erected, moved or structurally altered shall be located on a lot which conforms to the regulations herein specified, except as permitted in Section 406.

(D) If a use or class of use is not specifically indicated as being allowed in a watershed area, such use or class of use is prohibited.

Section 408. Rules Governing the Interpretation of Watershed Area Boundaries

Where uncertainty exists as to the boundaries of the watershed areas, as shown on the Watershed Map, the following rules shall apply:

(A) Where area boundaries are indicated as approximately following either street, alley, railroad or highway lines or centerlines thereof, such lines shall be construed to be said boundaries.

(B) Where area boundaries are indicated as approximately following lot lines, such lot lines shall be construed to be said boundaries. However, a surveyed plat prepared by a registered land surveyor may be submitted to **the Polk County** as evidence that one or more properties along these boundaries do not lie within the watershed area.

(C) Where the watershed area boundaries lie at a scaled distance more than twenty-five (25) feet from any parallel lot line, the location of watershed area boundaries shall be determined by use of the scale appearing on the watershed map. Any ambiguities should be resolved in favor of locating built-upon surface area in the least environmentally sensitive area of the project.

(D) Where the watershed area boundaries lie at a scaled distance of twenty-five (25) feet or less from any parallel lot line, the location of watershed area boundaries shall be construed to be the lot line.

(E) Where other uncertainty exists, the Watershed Administrator shall interpret the Watershed Map as to location of such boundaries. This decision may be appealed to the Watershed Review Board.

Section 409. Existing Development

Existing Development, as defined in this ordinance, may be continued and maintained subject to the provisions provided herein. Expansions to structures classified as Existing Development must meet the requirements of this ordinance, however, the built-upon area of the Existing Development is not required to be included in the built-upon area calculations. Please see Section 403 (B) Calculation of Project Density. This section deals with all existing development as defined in the EMC rules. All existing development, whether or not it meets the statewide minimum standards, is exempt from the provisions of this ordinance.

(A) **Uses of Land.** This category consists of Existing Development where such use of the land would not be permitted if it were new development. Such uses may be continued except as follows:

(1) Such use of land shall be changed only to an allowed use.

(2) When such use of land has been changed to an allowed use, it shall not thereafter revert to any prohibited use.

(3) When such use ceases for a period of at least one year, it shall not be reestablished.

(B) **Reconstruction of Buildings or Built-upon Areas.** Any existing building or built-upon area not in conformance with the restrictions of this ordinance that has been damaged or removed may be repaired and/or reconstructed, except that there are no restrictions on single family residential development, provided:

(1) Repair or reconstruction is initiated within twelve (12) months and completed within two (2) years of such damage.

(2) The total amount of space devoted to built-upon area may not be increased unless stormwater control that equals or exceeds the previous development is provided.

Section 410. Watershed Protection Permit

(A) Except for single family residential development, no building or built-upon area shall be erected, moved, enlarged or structurally altered, nor shall any building permit be issued nor shall any change in the use of any building or land be made until a Watershed Protection Permit has been issued by the Watershed Administrator. No Watershed Protection Permit shall be issued except in conformity with the provisions of this ordinance.

(B) Watershed Protection Permit applications shall be filed with the Watershed Administrator. The application shall include a completed application form and supporting documentation deemed necessary by the Watershed Administrator.

(C) Prior to issuance of a Watershed Protection Permit, the Watershed Administrator may consult with qualified personnel for assistance to determine if the application meets the requirements of this ordinance.

(D) A Watershed Protection Permit shall expire if a Building Permit or Watershed Occupancy Permit for

such use is not obtained by the applicant within twelve (12) months from the date of issuance.

Section 411. Building Permit Required

No permit required under the North Carolina State Building Code shall be issued for any activity for which a Watershed Protection Permit is required until that permit has been issued.

Section 412. Watershed Occupancy Permit

(A) The Watershed Administrator shall issue a Watershed Occupancy Permit (WSOP) certifying that all requirements of this ordinance have been met prior to the occupancy or use of a building hereafter erected, altered, or moved and/or prior to the change of use of any building or land.

(B) A Watershed Occupancy Permit, either for the whole or part of a building, shall be applied for coincident with the application for a Watershed Protection Permit and shall be issued or denied within ten (10) business days after the erection or structural alterations of the building. The applicant should notify the Watershed Administrator and request the issued WSOP when building is complete.

(C) When only a change in use of land or existing building occurs, the Watershed Administrator shall issue a Watershed Occupancy Permit certifying that all requirements of this ordinance have been met coincident with the Watershed Protection Permit.

(D) If the Watershed Occupancy Permit is denied, the Watershed Administrator shall notify the applicant in writing stating the reasons for denial.

(E) No building or structure which has been erected, moved, or structurally altered may be occupied until the Watershed Administrator has approved and issued a Watershed Occupancy Permit.

ARTICLE 500: PUBLIC HEALTH REGULATIONS

Section 501. Public Health, in general.

No activity, situation, structure, or land use shall be allowed within the watershed which poses a threat to water quality and the public health, safety, and welfare.

Section 502. Abatement.

(A) The Watershed Administrator shall monitor land use activities within the watershed areas to identify situations that may pose a threat to water quality.

(B) The Watershed Administrator shall report all findings to the Watershed Review Board. The Watershed Administrator may consult with any public agency or official and request recommendations. The Watershed Administrator may also coordinate with local inspections department, since local governments can abate most threatening nuisances.

(C) Where the Watershed Review Board finds a threat to water quality and the public health, safety and welfare, the Board shall institute any appropriate action or proceeding to restrain, correct or abate the condition and/or violation.

ARTICLE 600: ADMINISTRATION, ENFORCEMENT AND APPEALS

This article outlines a suggested procedure for the administration and enforcement of the ordinance. It provides for the appointment of a Watershed Administrator and a Watershed Review Board. An individual already employed by the County may also assume the duties of the Watershed Administrator, just as an existing board may assume the duties of the Watershed Review Board. A local government may use other procedures; however, such procedures should be of sufficient detail to ensure adequate enforcement of the ordinance.

Section 601. Watershed Administrator and Duties thereof.

Polk County shall appoint a Watershed Administrator, who shall be duly sworn in. It shall be the duty of the Watershed Administrator to administer and enforce the provisions of this ordinance as follows:

(A) The Watershed Administrator shall issue Watershed Protection Permits and Watershed Occupancy Permits as prescribed herein. A record of all permits shall be kept on file and shall be available for public inspection during regular office hours of the Administrator.

(B) The Watershed Administrator shall serve as clerk to the Watershed Review Board.

(C) The Watershed Administrator is granted the authority to administer and enforce the provisions of this Ordinance, exercising in the fulfillment of his responsibility the full police power of Polk County. The Watershed Administrator, or his duly authorized representative, may enter any building, structure, or premises, as provided by law, to perform any duty imposed upon him by this Ordinance.

(D) The Watershed Administrator shall keep records of all amendments to the local Water Supply Watershed Protection Ordinance and shall provide copies of all amendments upon adoption to the Stormwater Branch of the Division of Energy, Mineral, and Land Resources.

(E) The Watershed Administrator shall keep records of the jurisdiction's use of the provision that a maximum of ten percent (10%) of the non-critical area of WS-II, WS-III, and, WS-IV watersheds may be developed with new development at a maximum of seventy percent (70%) built-upon surface area. Records for each watershed shall include the total acres of non-critical watershed area, total acres eligible to be developed under this option, total acres approved for this development option, and individual records for each project with the following information: location, number of developed acres, type of land use and stormwater management plan (if applicable).

(F) The Watershed Administrator shall keep a record of variances to the local Water Supply Watershed Protection Ordinance.

(G) The Watershed Administrator is responsible for ensuring that Stormwater Control Measures are inspected at least once a year and shall keep a record of SCM inspections.

Section 602. Appeal from the Watershed Administrator

Any order, decision, or determination made by the Watershed Administrator may be appealed to and decided by the Watershed Review Board.

An appeal from a decision of the Watershed Administrator must be submitted to the Watershed Review Board within thirty (30) calendar days from the date the order, interpretation, decision, or determination is issued. All appeals must be made in writing stating the reasons for appeal. Following submission of an appeal, the Watershed Administrator shall transmit to the Board all papers constituting the record upon which the action appealed from was taken.

An appeal stays all proceedings in furtherance of the action appealed, unless the officer from whom the appeal is taken certifies to the Board after the notice of appeal has been filed with him, that by reason of facts stated in the certificate of approval for recording, a stay would in his opinion cause imminent peril to life or property. In such case, proceedings shall not be stayed otherwise than by a restraining order which may be granted by the Board or by a court of record on application of notice of the officer from whom the appeal is taken and upon due cause shown.

All appeals of Watershed Administrator decisions shall follow the procedures for appeals of administrative decisions in GS 160D-405.

Section 603. Changes and Amendments to the Watershed Protection Ordinance.

(A) Polk County Board of Commissioners may, on its own motion or on petition, after public notice and hearing, amend, supplement, change or modify the watershed regulations and restrictions as described herein.

(B) No action shall be taken until the proposal has been submitted to the Watershed Review Board for review and recommendations. If no recommendation has been received from the Watershed Review Board within forty-five (45) days after submission of the proposal to the Chairman of the Watershed Review Board, the Polk County Board of Commissioners may proceed as though a favorable report had been received.

(C) Under no circumstances shall the Polk County Board of Commissioners adopt such amendments, supplements or changes that would cause this ordinance to violate the watershed protection rules as adopted by the N.C. Environmental Management Commission. All amendments must be filed with the N.C. Division of Energy, Mineral, and Land Resources.

Section 604. Public Notice and Hearing Required.

Before adopting or amending this ordinance, the Polk County Board of Commissioners shall hold a public hearing on the proposed changes. A notice of the public hearing shall be given once a week for two (2) successive calendar weeks in a newspaper having general circulation in the area. The notice shall be published for the first time not less than ten (10) nor more than twenty-five (25) days before the date for the hearing.

Section 605. Establishment of Watershed Review Board.

(A) There shall be and hereby is created the Watershed Review Board consisting of five (5) members appointed by the Polk County Board of Commissioners designating the Board of Adjustment as the Watershed Review Board. [county][town] Governing Board [Option: The local government may designate their Board of Adjustment as the Watershed Review Board].

~~(Option 1) [town] Three (3) residents of [town] shall be appointed for three year terms. Two~~

~~(2) residents of [town] shall be appointed for two (2) year terms. Thereafter, all new terms shall be for three (3) years, and members may be reappointed.~~

~~(Option 2) — [county] Three (3) residents of [county] shall be appointed for three year terms. Two (2) residents of [county] shall be appointed for two (2) year terms. Thereafter, all new terms shall be for three (3) years, and members may be reappointed.~~

~~(Option 3) — [joint town and county] Three (3) members shall reside within the town. Two (2) of the town members shall be appointed for a two (2) year term and one (1) shall be appointed for a three (3) year term. Two (2) members shall reside within the county and shall be appointed for three (3) year terms. Thereafter, all new terms shall be for three (3) years, and members may be reappointed.~~

~~(B) Two (2) alternate members shall be appointed to serve on the Watershed Review Board in the absence of any regular member and shall be appointed for three (3) year terms. While attending in the capacity of a regular member, the alternate shall have and exercise all the powers and duties of the absent regular member.~~

~~(Option 1) — [town] The town shall appoint two (2) alternate members.~~

~~(Option 2) — [county] The county shall appoint two (2) alternate members.~~

~~(Option 3) — [joint town and county] The county shall appoint one (1) alternate member from the county and the town shall appoint one (1) alternate member from the town limits.~~

Section 606. Rules of Conduct for Watershed Review Board Members.

Members of the Board may be removed by the Polk County Board of Commissioners or cause, including violation of the rules stated below:

(A) Faithful attendance at meetings of the Board and conscientious performance of the duties required of members of the Board shall be considered a prerequisite to continuing membership on the Board.

(B) No Board member shall take part in the hearing, consideration, or determination of any case in which he is personally or financially interested. A Board member shall have a "financial interest" in a case when a decision in the case will: 1) cause him or his spouse to experience a direct financial benefit or loss, or 2) will cause a business in which he or his spouse owns a ten (10) percent or greater interest, or is involved in a decision-making role, to experience a direct financial benefit or loss. A Board member shall have a "personal interest" in a case when it involves a member of his immediate family (i.e., parent, spouse, or child). The intent is to prohibit members of the Board from acting in situations where they have a conflict of interest in a manner similar to the prohibition in NCGS 14-234(c)(1). Please also see NCGS 160D – 109 – standards for conflicts of interest for local government development decisions.

(C) ~~Optional paragraph:~~ No Board member shall discuss the substance of any appeal or other quasi-judicial case with any parties thereto prior to the public hearing on that case; provided, however, that members may receive and/or seek information pertaining to the case from the Watershed Administrator or any other member of the Board, or its secretary prior to the hearing.

(D) Members of the Board shall not express individual opinions on the proper judgement of any case prior to its determination on that case, and shall not form a fixed opinion on the case prior to the hearing on that case.

(E) Members of the Board shall give notice to the chairman at least forty-eight (48) hours prior to the hearing of any potential conflict of interest which he has in a particular case before the Board.

(F) No Board member shall vote on any matter that decides an application or appeal unless he had attended the public hearing or watched a recording of the meeting on that application or appeal.

Section 607. Powers and Duties of the Watershed Review Board.

(A) Administrative Review. The Watershed Review Board shall hear and decide appeals from any decision or determination made by the Watershed Administrator in the enforcement of this ordinance.

(B) Variances. The Watershed Review Board shall have the power to authorize, in specific cases, minor variances from the terms of this Ordinance, and may review major variance requests and make recommendations to the Environmental Management Commission regarding the same. In addition, Polk County shall notify and allow 15 days for all other local governments having jurisdiction in the designated watershed where the variance is being considered.

(1) Applications for a variance shall be made on the proper form obtainable from the Watershed Administrator and shall include the following information:

(a) A site plan, drawn to a scale of at least one (1) inch to forty (40) feet, indicating the property lines of the parcel upon which the use is proposed; any existing or proposed structures; parking areas and other built-upon areas; and surface water drainage. The site plan shall be neatly drawn and indicate north point, name and address of person who prepared the plan, date of the original drawing, and an accurate record of any later revisions.

(b) A complete and detailed description of the proposed variance, together with any other pertinent information which the applicant feels would be helpful to the Watershed Review Board in considering the application.

(c) Evidence or proposed witness testimony that tends to support a finding that each of the factors listed in subsection (B)(3), below, are met.

(2) The Watershed Administrator shall notify in writing each local government having jurisdiction in the watershed and the entity using the water supply for consumption. Such notice shall include a description of the variance being requested. Local governments receiving notice of the variance request may submit comments to the Watershed Administrator prior to a decision by the Watershed Review Board. Such comments shall become a part of the record of proceedings of the Watershed Review Board.

(3) Before the Watershed Review Board may grant a variance, it shall make the following three findings, which shall be recorded in the permanent record of the case, and shall include the factual reasons on which they are based:

(a) There are practical difficulties or unnecessary hardships in the way of carrying out the strict letter of the Ordinance. In order to determine that there are practical difficulties or unnecessary hardships, the Board must find that the five following

conditions exist:

(1) If he complies with the provisions of the Ordinance, the applicant can secure no reasonable return from, nor make reasonable use of, his property. Merely proving that the variance would permit a greater profit to be made from the property will not be considered adequate to justify the Board in granting a variance. Moreover, the Board shall consider whether the variance is the minimum possible deviation from the terms of the Ordinance that will make possible the reasonable use of his property.

(2) The hardship results from the application of the Ordinance to the property rather than from other factors such as deed restrictions or other hardship.

(3) The hardship is due to the physical nature of the applicant's property, such as its size, shape, or topography, which is different from that of neighboring property.

(4) The hardship is not the result of the actions of an applicant who knowingly or unknowingly violates the Ordinance, or who purchases the property after the effective date of the Ordinance, and then comes to the Board for relief.

(5) The hardship is peculiar to the applicant's property, rather than the result of conditions that are widespread. If other properties are equally subject to the hardship created in the restriction, then granting a variance would be a special privilege denied to others, and would not promote equal justice.

(b) The variance is in harmony with the general purpose and intent of the Ordinance and preserves its spirit.

(c) In the granting of the variance, the public safety and welfare have been assured and substantial justice has been done. The Board shall not grant a variance if it finds that doing so would in any respect impair the public health, safety, or general welfare.

(4) In granting the variance, the Board may attach thereto conditions regarding the location, character, and other features of the proposed building, structure, or use that relate to the purpose and standards of this ordinance. If a variance for the construction, alteration or use of property is granted, such construction, alteration or use shall be in accordance with the approved site plan.

(5) The Watershed Review Board shall refuse to hear an appeal or an application for a variance previously denied if it finds that there have been no substantial changes in conditions or circumstances bearing on the appeal or application.

(6) A variance issued in accordance with this Section shall be considered a Watershed Protection Permit and shall expire if a Building Permit or Watershed Occupancy Permit for such use is not obtained by the applicant within six (6) months from the date of the decision.

(7) If the application calls for the granting of a major variance, and if the Watershed Review Board decides in favor of granting the variance, the Board shall prepare a preliminary record of the hearing with all deliberate speed. The preliminary record of the hearing shall include:

- (a) The variance application;
- (b) The hearing notices;
- (c) The evidence presented;
- (d) Motions, offers of proof, objections to evidence, and rulings on them;
- (e) Proposed findings and exceptions;
- (f) The proposed decision, including all conditions proposed to be added to the permit.

The preliminary record shall be sent to the Environmental Management Commission for its review

(C) Subdivision approval. See Article 300.

(D) Public Health. See Article 500.

(E) Approval of all development greater than the low density option.

Section 508. Appeals from the Watershed Review Board.

Appeals from the Watershed Review Board must be filed with the Superior Court within thirty (30) days from the date of the Board's written decision. Decisions by the Superior Court will be in the manner of certiorari.

FOOTNOTES PAGE

¹House Bill 124, enacted in 1991, provides that watershed regulations may be adopted by a local government pursuant to its "general police power," to its power to adopt a land subdivision ordinance, to its zoning power, or to some combination of these powers. The model ordinance, since it has been established as a free-standing ordinance, cites the general police power statutes as its authority along with the watershed statutes. Local governments must choose which authority they wish to use and should not cite all legislative authorities because each authority has its own corresponding jurisdictional implications. Local governments should decide whether or not they intend to adopt a free-standing ordinance, or as an alternative, separate (or amendments to) zoning and subdivision ordinances. Whichever method is chosen, the appropriate authorities should be cited in this section and elsewhere in the ordinance whenever needed.

Coordination between the jurisdictions is very important. A county may enforce the watershed protection regulations for a municipality within that county if a resolution is passed by both the county and municipal governing boards.

² Statutory authority for this section is derived from N.C. General Statutes Chapter [153A][160A], Article [6][8], Section [121][174], Section [140][193] and Chapter 143-214.5.

³ This section states the watershed protection ordinance will not affect existing ordinances or agreements between parties unless those ordinances or agreements are less restrictive than the watershed protection ordinance. In those situations, the watershed protection ordinance will take precedence.

⁴ Statutory authority for this section is derived from N.C. General Statutes Chapter [153A][160A], Article [6][8], Section [121][174], Section [140][193] and Chapter 143-214.5

⁵Statutory authority for this section is derived from N.C. General Statutes Chapter [153A][160A], Article

[6][8], Section [121][174], Section [140][193] and Chapter 143-214.5. This article contains development regulations for each of the watershed classifications. Watersheds designated WS-V require no local government regulatory program. Local governments will only need to include the regulations corresponding to the classifications assigned to watersheds in their jurisdiction. For WS-II, WS-III and WS-IV watershed areas, the EMC rules provide for single family residential development to be controlled either by limiting built-upon area or by limiting density (dwelling units per acre). Those involved in drafting the model ordinance felt that most local units of government would find it easier to enforce single family residential requirements through density controls rather than limiting built-upon area. All other residential and non-residential development is controlled by regulating the amount of built-upon area as required by the EMC rules.

POLK COUNTY BOARD OF COMMISSIONERS

AGENDA ITEM

February 19, 2024 Regular Meeting

Agenda Item#: 9.

ATTACHMENTS:

Description	Type	Upload Date
Agreement	Cover Memo	2/12/2024

Suggested Motion:

Motion to approve the agreement.

FOOTHILLS NC HOME CONSORTIUM

JOINT COOPERATION AGREEMENT FOR HOME INVESTMENT PARTNERSHIP ACT HOME INVESTMENT IN AFFORDABLE HOUSING

THIS JOINT COOPERATION AGREEMENT (“JCA”), entered into this ____ day of _____, 2023, by and between the County of McDowell (herein called the “Lead Entity”), County of Polk, County of Rutherford, County of Cleveland, City of Marion, Town of Old Fort, City of Saluda, Town of Forest City, Town of Rutherfordton, Town of Spindale, City of Kings Mountain, and City of Shelby, (each of which, inclusive of Lead Entity, herein collectively known as Members”), said parties to the JCA each being a general local governmental unit of the State of North Carolina, and is made pursuant to North Carolina Statutes, Article 20 of Chapter 160A. All parties collectively shall also be referred to as “the Consortium.”

WITNESSETH THAT:

WHEREAS, the Cranston-Gonzales National Affordable Housing Act of 1990 (herein called the “Act”) makes provisions whereby units of general local government may enter into cooperation agreements and form a Consortium to undertake or assist in undertaking affordable housing pursuant to the HOME Investment Partnership Program (HOME Program);

WHEREAS, it is the desire of the parties that beginning in Fiscal Year 2023 the Lead Entity act in a representative capacity for all Members of local government and desires that the Lead Entity assume overall responsibility for ensuring that the Consortia for the HOME Program is carried out in compliance with the requirements of this Act;

WHEREAS, the parties to this JCA are all the units of local government located within the boundaries of McDowell, Polk, Rutherford and Cleveland Counties; and

WHEREAS, the parties to this JCA previously entered into a Joint Cooperation Agreement for Home Investment Partnership Act dated June 21, 2021, which is being superseded by this Agreement.

NOW THEREFORE, the parties hereto do mutually agree as follows:

1. The parties agree to cooperate to undertake or to assist in undertaking housing assistance activities for the HOME Program. The Members hereby authorize the Lead Entity to submit for and receive HOME Program funding from the United States Department of Housing and Urban Development (hereinafter “HUD”). The Lead Entity is authorized to act in a representative capacity for all Members for purposes of the HOME Program.

2. The Members hereby authorize the Lead Entity to establish a local HOME Investment Trust Fund for receipt of HOME funds and repayments.

3. The Lead Entity and Members will cooperate in the implementation of the HOME Program and in the preparation of the Consolidated Plan by providing the Lead Entity with all information requested. The Members will execute and submit the required certifications and prepare and submit its plans for monitoring compliance with the Consolidated Plan. The Lead Entity assumes overall responsibility for ensuring that the Consortium's HOME Program is carried out in compliance with the requirements of the HOME Program, including requirements concerning a Consolidated Plan in accordance with HUD regulations in 24 CFR Parts 92 and 91, respectively, and the requirements of 24 CFR 92.350.

4. The Members agree that a minimum of fifteen percent (15%) of all HOME funds received will be set aside for the use of Community Housing Development Organizations (CHDOs) which have non-profit status in accordance with Section 501 (c) (3) of the Internal Revenue Code.

5. Foothills Regional Commission (hereinafter the "Administrative Agent") will be paid an administrative fee totaling ten percent (10%) of the overall HOME funds allocation for the performance of its duties administering the HOME program in accordance with the applicable requirements of 24 CFR part 92. Said fee will be paid as provided in a separate administrative agreement. Only costs associated with the management and administration of the HOME program will be charged against HOME administrative allocations.

6. While a Member continues its participation in the Consortium, each Member shall be entitled to written notice of fourteen (14) days by regular U.S. mail of any project applications within its jurisdiction. Such notice will provide details of the project, and a project timeline. A Member may provide funds or local contribution toward a project, but such contribution is not required. A written notice of fourteen (14) days by U.S. Mail will be sent to a Member by the Lead Entity when a project is fully approved for funding within the Member's jurisdiction. Nothing herein shall be construed to bind a Member to budget funds toward any project unless such funding is approved by the Member's governing body.

7. Each Member hereby agrees to inform the Lead Entity, in writing, of any income generated by the expenditure of HOME funds received by the Member, and that such program income must be paid to the Lead Entity for deposit in the Consortium's trust fund. Any income generated by the expenditure of HOME funds may be retained by a Member only if its use is defined in a separate joint cooperation agreement approved by HUD. Each Member agrees to disclose all other joint cooperation agreements to which it enters to the Lead Entity by written notice of fourteen (14) days following execution of any such agreement.

8. The Members shall affirmatively further fair housing and make all benefits of the program available in accordance with fair housing regulations or as otherwise required by law.

9. The Members, as parties to the Consortium, agree that they shall direct all activities, with respect to the Consortium, to the alleviation of housing problems in the State of North Carolina.

10. This JCA shall not be construed as waiving any defense or limitation which any party may have against any claim or cause of action by any person not a party hereto.

11. The Members agree that, as to the Consolidated Plan, each will hold the other harmless due to the negligent acts of its employees, officers or agents, including volunteers, or due to any negligent operation of equipment.

12. The terms of this JCA will cover the period necessary to carry out all activities that will be funded from allocations awarded for three (3) federal fiscal years with a completion date not to exceed four (4) years from the date of the award, and any units of general local government which join the Consortium will remain in the Consortium for this entire period. The qualification period for this JCA is Federal Fiscal Years 2023-2025. The time for which this JCA remains in effect is until the HOME funds from each of the Federal Fiscal Years set out above are closed out pursuant to 24 CFR 92.507. No Consortium member may withdraw from the JCA while the JCA remains in effect.

13. This JCA will automatically renew for participation in successive three-year qualification periods. By the date specified in HUD's consortia designation notices, the Lead Entity will send each Member at its principal office of public record, by regular U.S. mail, written notice of at least fourteen (14) days of its right not to participate for the successive three-year qualification periods. A copy of the notification to each Member must be sent to the HUD Field Office by the date specified in the Consortia designation notice.

14. The Members agree that this JCA may require modifications when final regulations on HOME and the Consolidated Plan are provided by HUD and will cooperate in executing a revised or amended written JCA acceptable to all Members.

15. Should disputes regarding this JCA arise between any Members resulting in legal action, such actions shall be filed in the appropriate courts of McDowell County. All parties hereto located in Counties outside McDowell County specifically waive any alternate venue.

16. The program year start date for the Consortium is July 1, 2023, and all units of general local government that are Members are on the same program year for CDBG, HOME, ESG and HOPWA.

17. A Consortium Council has been formed which includes one representative from each Member and other community stakeholders. The Consortium Council will develop and institute a plan defining the goals of the Consortium which is referred to as the "Consolidated Plan". The Consortium Council will meet biannually to receive Consortium updates and to review progress made towards Consolidated Plan goals. Additional meetings may be scheduled as needed. This Consortium Council will approve all policies, determine funding allocations, support all activities, and approve the actions of the Administrative Agent as to informing the Lead Entity during implementation of the program, in accordance with the Bylaws adopted on June 13, 2023. The Consortium Council will consider project recommendations from all HOME Consortium

Members through requests made to FRC acting as the Administrative Agent, but the Council reserves the right to make final funding decisions consistent with the Consolidated Plan.

IN WITNESS WHEREOF, the Cooperating Unit and Lead Entity have executed this JCA as of the date first written:

Counsel for each party does hereby state that this Cooperation JCA is in accordance with state and local law and provides full legal authority of the legal entity to undertake or assist in undertaking essential community development and housing assistance activities.

COUNTY OR MUNICIPALITY OF _____

By: _____

Title: _____

ATTESTED:

By: _____

SEAL

STATE OF NORTH CAROLINA

COUNTY OF _____

I, a Notary Public of _____ County and State of North Carolina, certify that _____ personally came before me this day and acknowledge that he/she is _____ of the County Board of Commissioners, a North Carolina body corporate, and that by authority duly given and as the act of the _____ County Board of Commissioners, the foregoing instrument was signed in its name and by its Chairman of Board of Commissioners, sealed with its corporate seal and attested by himself/herself as its _____.

Witness my hand and seal this _____ day of _____, 20____.

_____, (Signature)

_____, Notary Public

(Printed Name)

SEAL

My Commission Expires: _____

POLK COUNTY BOARD OF COMMISSIONERS

AGENDA ITEM

February 19, 2024 Regular Meeting

Agenda Item#: 11.

ATTACHMENTS:

Description	Type	Upload Date
Draft Budget Calendar	Cover Memo	2/13/2024

Suggested Motion:

Motion to approve the 2024/2025 Budget Calendar.

POLK COUNTY Budget Calendar

February 19, 2024	Board discusses/approves Budget Calendar	Monday-regular meeting
March 8, 2024	County Departments Receive Budget Open System Notice	Friday - Online
March 8- April 1, 2024	All Departments & Agencies Prepare Budget Request	3 wks. to prepare- due Monday
March 15, 2024	Fire Departments & Rescue Squad Submit Budgets to the County & FRAC. Outside Agencies Submit Budget Requests- Estimate if Necessary	Wednesday
April 1, 2024	County Departments Submit Budgets to Finance Department	Monday
April 1 - April 12, 2024	Finance Inputs Budget Requests	2 wks. to prepare- due Friday
April 12, 2024	All Budget Agency Final Requests are Due	Friday
April 15 April 26, 2024	Manager Reviews Requests & Meets with Department Mgrs.	2 weeks- Monday-Friday
April 29 - May 10, 2024	Prepare Budget Presentation	2 weeks- Monday-Friday
May 13, 2024	Manager Presents Balanced Budget to Board of Commissioners (Special Meeting - 9:00am)	Monday 9:00am
May 13, 2024	Publish statement that the budget has been submitted & Advertise Public Hearing for Budget Ordinance for 6/3/24	Monday
May 20, 2024	Board of Commissioner Budget Work Session - 1:00pm (Regular meeting to follow)	Monday
May 21, 2024	Board of Commissioner Budget Work Session - 3:00pm	Tuesday
June 3, 2024	Board of Commissioner Budget Work Session - 5:00pm Budget Public Hearing to Follow - Regular Meeting to Follow	Monday
June 17, 2024	Board of Commissioners Adopt Tax Levy and Ordinance (Regular Meeting)	Monday
June 19, 2024	Ordinance Available on County Website	Wednesday

POLK COUNTY BOARD OF COMMISSIONERS

AGENDA ITEM

February 19, 2024 Regular Meeting

Agenda Item#: 12.

ATTACHMENTS:

Description	Type	Upload Date
2024 Audit Contract	Cover Memo	2/13/2024
2024 Audit Engagement Letter	Cover Memo	2/13/2024
Increase Explanation	Cover Memo	2/13/2024

Suggested Motion:

Motion to approve the FY 2024 audit contract.

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

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

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

Hereinafter referred to as Auditor

for	Fiscal Year Ending 06/30/24	Date Audit Will Be Submitted to LGC 10/31/24
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Must be within four months of FYE

hereby agree as follows:

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

2. At a minimum, the Auditor shall conduct the audit and render the report in accordance with GAAS. The Auditor shall perform the audit in accordance with *Government Auditing Standards (GAGAS)* if the Governmental Unit expended \$100,000 or more in combined Federal and State financial assistance during the reporting period. The auditor shall perform a Single Audit if required by Title 2 US Code of Federal Regulations Part 200 *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart F* (Uniform Guidance) or the State Single Audit Implementation Act. This audit and all associated audit documentation may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit requires a federal single audit in accordance with the Uniform Guidance (§200.501), it is recommended that the Auditor and Governmental Unit(s) jointly agree, in advance of the execution of this contract, which party is responsible for submission of the audit and the accompanying data collection form to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512).

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

the report was not submitted timely for State low-risk auditee status. Please refer to "Discussion of Single Audits in North Carolina" on the LGC's website for more information.

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

3. If an entity is determined to be a component of another government as defined by the group audit standards, the entity's auditor shall make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.

4. This contract contemplates an unmodified opinion being rendered. If during the process of conducting the audit, the Auditor determines that it will not be possible to render an unmodified opinion on the financial statements of the unit, the Auditor shall contact the LGC Staff to discuss the circumstances leading to that conclusion as soon as is practical and before the final report is issued. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.

5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, 2018 revision, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he/she has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of the most recent peer review report to the Governmental Unit(s) and the Secretary of the LGC prior to the execution of an audit contract. Subsequent submissions of the report are required only upon report expiration or upon auditor's receipt of an updated peer review report. If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit(s) without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.

If the audit engagement is not subject to *Government Auditing Standards* or if financial statements are not prepared in accordance with U.S. generally accepted accounting principles (GAAP) and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment to this contract or in an amendment.

6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to LGC Staff within four months of fiscal year end. If it becomes necessary to amend the audit fee or the date that the audit report will be submitted to the LGC, an amended contract along with a written explanation of the change shall be submitted to the Secretary of the LGC for approval.

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

For GAAS or *Government Auditing Standards* audits, if an auditor issues an AU-C §260 report, commonly referred to as "Governance Letter," LGC staff does not require the report to be submitted unless the auditor cites significant findings or issues from the audit, as defined in AU-C §260.12 - .14. This would include issues such as difficulties encountered during the audit, significant or unusual transactions, uncorrected misstatements, matters that are difficult or contentious reviewed with those charged with governance, and other significant matters. If matters identified during the audit were required to be reported as described in AU-C §260.12-.14 and were communicated in a method other than an AU-C §260 letter, the written documentation must be submitted.

8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Approval is also required for the Alternative Compliance Examination Engagement for auditing the Coronavirus State and Local Fiscal Recovery Funds expenditures as allowed by US Treasury. Approval is not required on audit contracts and invoices for system improvements and similar services of a non-auditing nature.
9. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit(s) until the invoice has been approved by the Secretary of the LGC. This also includes any progress billings [G.S. 159-34 and 115C-447]. All invoices for audit work shall be submitted in PDF format to the Secretary of the LGC for approval. The invoice marked 'approved' with approval date shall be returned to the Auditor to present to the Governmental Unit(s) for payment. This paragraph is not applicable to contracts for audits of hospitals.
10. In consideration of the satisfactory performance of the provisions of this contract, the Governmental Unit(s) shall pay to the Auditor, upon approval by the Secretary of the LGC if required, the fee, which includes any costs the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (federal and state grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts. This does not include fees for any pre-issuance reviews that may be required by the NC Association of CPAs (NCACPA) Peer Review Committee or NC State Board of CPA Examiners (see Item 13).
11. If the Governmental Unit(s) has/have outstanding revenue bonds, the Auditor shall submit to LGC Staff, either in the notes to the audited financial statements or as a separate report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor shall submit to LGC Staff simultaneously with the Governmental Unit's (Units') audited financial statements any other bond compliance statements or additional reports required by the authorizing bond documents, unless otherwise specified in the bond documents.
12. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, but not be limited to, the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit(s) and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the Governmental Unit(s) or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board upon completion.
13. If the audit firm is required by the NC State Board, the NCACPA Peer Review Committee, or the Secretary of the LGC to have a pre-issuance review of its audit work, there shall be a statement in the engagement letter indicating the pre-issuance review requirement. There also shall be a statement that the Governmental Unit(s) shall not be billed for the pre-issuance review. The pre-issuance review shall be performed prior to the completed audit being submitted to LGC Staff. The pre-issuance review report shall accompany the audit report upon submission to LGC Staff.

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

15. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Secretary of the LGC, this contract may be modified or amended to include the increased time, compensation, or both as may be agreed upon by the Governing Board and the Auditor.

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

17. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit(s), shall be attached to this contract, and except for fees, work, and terms not related to audit services, shall be incorporated by reference as if fully set forth herein as part of this contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract shall take precedence. Engagement letter terms that conflict with the contract are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item 30 of this contract. Engagement letters containing indemnification clauses shall not be accepted by LGC Staff.

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

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

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

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

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

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

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

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

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

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

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

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

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

29. Information based on the audited financial statements shall be submitted to the Secretary for the purpose of identifying Financial Performance Indicators and Financial Performance Indicators of Concern. See 20 NCAC 03 .0502(c)(6).

30. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted (See Item 17 for clarification).

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

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

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

FEES FOR AUDIT SERVICES

1. For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct (as applicable) and *Government Auditing Standards, 2018 Revision*. Refer to Item 27 of this contract for specific requirements. The following information must be provided by the Auditor; contracts presented to the LGC without this information will 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:

Name:

Title and Unit / Company:

Email Address:

Sandra Hughes

Finance Officer, Polk County

shughes@polknc.org

OR Not Applicable ☐ (Identification of SKE Individual on the LGC-205 Contract is not applicable for GAAS-only audits or audits with FYEs prior to June 30, 2020.)

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

3. The audit fee information included in the table below for both the Primary Government Fees and the DPCU Fees (if applicable) should be reported as a specific dollar amount of audit fees for the year under this contract. If any language other than an amount is included here, the contract will be returned to the audit form for correction.

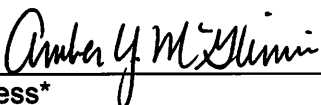
4. Prior to the submission of the completed audited financial report and applicable compliance reports subject to this contract, or to an amendment to this contract (if required) the Auditor may submit interim invoices for approval for services rendered under this contract to the Secretary of the LGC, not to exceed 75% of the billings for the unit's last annual audit that was submitted to the Secretary of the LGC. All invoices for services rendered in an audit engagement as defined in 20 NCAC .0503 shall be submitted to the Commission for approval before any payment is made. Payment before approval is a violation of law. (This paragraph not applicable to contracts and invoices associated with audits of hospitals).

Primary Government Unit	Polk County, NC
Audit Fee (financial and compliance if applicable)	\$ 64,800 (includes single audit for up to 2 programs)
Fee per Major Program (if not included above)	\$ 4,000 per major program in excess of 2
Additional Fees Not Included Above (if applicable):	
Financial Statement Preparation (incl. notes and RSI)	\$ 7,200
All Other Non-Attest Services	\$
TOTAL AMOUNT NOT TO EXCEED	\$ 80,000 (includes 4 major programs)

Discretely Presented Component Unit	N/A
Audit Fee (financial and compliance if applicable)	\$
Fee per Major Program (if not included above)	\$
Additional Fees Not Included Above (if applicable):	
Financial Statement Preparation (incl. notes and RSI)	\$
All Other Non-Attest Services	\$
TOTAL AMOUNT NOT TO EXCEED	\$

SIGNATURE PAGE

AUDIT FIRM

Audit Firm*	
Martin Starnes & Associates, CPAs, P.A.	
Authorized Firm Representative (typed or printed)* Amber Y. McGhinnis	Signature* 
Date* 02/08/24	Email Address* amcghinnis@msa.cpa

GOVERNMENTAL UNIT

Governmental Unit*	
Polk County, NC	
Date Governing Board Approved Audit Contract* (Enter date in box to right)	
Mayor/Chairperson (typed or printed)* Myron Yoder, Chairman	Signature*
Date	Email Address* myoder@polknc.org

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

GOVERNMENTAL UNIT – PRE-AUDIT CERTIFICATE

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

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

Sum Obligated by This Transaction:	\$ 80,000 (includes 4 major programs)
Primary Governmental Unit Finance Officer* (typed or printed) Sandra Hughes, Finance Officer	Signature*
Date of Pre-Audit Certificate*	Email Address* shughes@polknc.org

SIGNATURE PAGE – DPCU
(complete only if applicable)

DISCRETELY PRESENTED COMPONENT UNIT

DPCU* N/A	
Date DPCU Governing Board Approved Audit Contract* (Enter date in box to right)	
DPCU Chairperson (typed or printed)*	Signature*
Date*	Email Address*

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

Sum Obligated by this Transaction:	\$
DPCU Finance Officer (typed or printed)* N/A	Signature*
Date of Pre-Audit Certificate*	Email Address*

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

PRINT



Report on the Firm's System of Quality Control

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

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

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

Firm's Responsibility

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

Peer Reviewer's Responsibility

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

Required Selections and Considerations

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

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

Opinion

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

Koonce, Wooten & Haywood, LLP

Koonce, Wooten & Haywood, LLP

May 4, 2021

Raleigh

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

919 782 9265
919 783 8937 FAX

Durham

3500 Westgate Drive
Suite 203
Durham, North Carolina 27707

919 354 2584
919 489 8183 FAX

Pittsboro

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

919 542 6000
919 542 5764 FAX

Smithfield

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

919 934 1121
919 934 1217 FAX

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

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

February 8, 2024

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

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

You have requested that we audit the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Polk County, NC, as of June 30, 2024, and for the year then ended, and the related notes to the financial statements, which collectively comprise Polk County's basic financial statements as listed in the table of contents.

In addition, we will audit the entity's compliance over major federal and state award programs for the period ended June 30, 2024. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audits will be conducted with the objectives of our expressing an opinion on each opinion unit and an opinion on compliance regarding the entity's major federal and state award programs. The objectives of our audit of the financial statements are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) and in accordance with *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

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

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

Schedule of Expenditures of Federal and State Awards

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

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

- Introductory section
- Statistical section

Data Collection Form

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

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

Audit of the Financial Statements

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

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

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

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

We will issue a written report upon completion of our audit of Polk County's basic financial statements. Our report will be addressed to the governing body of Polk County. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s) to our auditor's report, or if necessary, withdraw from the engagement. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

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

Audit of Major Program Compliance

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

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

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

Our procedures will consist of determining major federal and state programs and, performing the applicable procedures described in the U.S. Office of Management and Budget *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the entity's major programs, and performing such other procedures as we consider necessary in the circumstances. The

purpose of those procedures will be to express an opinion on the entity's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance and the State Single Audit Implementation Act.

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

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

Management's Responsibilities

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

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

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

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

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

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

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

Nonattest Services

We will perform the following nonattest services:

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

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

Polk County's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) designing, implementing, and maintaining the system of internal control, including the process used to monitor the system of internal control.

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

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

Other Matters

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

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

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

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

Provisions of Engagement Administration and Fees

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

Our fees for these services are as follows:

Audit Fee (includes up to 2 major programs)	\$ 64,800
Financial Statement Drafting	<u>7,200</u>
	<u>\$ 72,000</u>
Additional Fees:	
Charge per major program in excess of 2	<u>\$ 4,000</u>

Please note that the fees above include up to 2 major programs, as indicated. The "total amount not to exceed" listed on the audit contract includes up to 4 major programs. If the total number of major programs exceeds 4 and the "total amount not to exceed" needs to be increased, we will prepare an amended contract to include the fees necessary based on the per program amount listed as additional fees above.

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

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

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

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

Changing Laws and Regulations

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

Incorrect Accounting Methods or Errors in Client Records

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

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

Failure to Prepare for the Engagement

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

Starting and Stopping Our Work

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

Our fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our fees for such services range from \$85-\$400 per hour.

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

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

You agree to inform us of facts that may affect the financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued. We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

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

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

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

- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

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

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

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

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

Respectfully,

Martin Starnes & Associates, CPAs, P.A.

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

RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of Polk County by:

Signature: _____

Title: _____

Date: _____

Sandra Hughes

From: Marcie Spivey <mspivey@msa.cpa>
Sent: Tuesday, February 13, 2024 2:39 PM
To: Sandra Hughes
Cc: Kari Dunlap
Subject: Audit Contract Price Increase
Attachments: Audit-FY23 & FY24 comparison.pdf

Hi Sandra,

I hope you are doing well.

Thanks for asking for clarification. The County's audit fee is based on several things. The recent GASB changes have added a lot of time to audit engagements. They add time for testing and disclosure reporting and review. Especially, GASB 87 and GASB 96. These are very complex standards that require significant disclosures for the report and recalculation for the testing. If you look back at your reports over the last several years, you will see the increased disclosures now required. Also, the current economic climate has increased our costs significantly especially for salaries, technology, insurance, professional research materials and education. I think most industries are seeing similar rising costs. We, like other businesses, can't absorb the increased costs without raising our fees. Finally, some firms have decided not to offer audit services in the government industry causing a shortage in auditors. Some units are having difficulty finding an auditor which ultimately impacts the market. Furthermore, the number of required major programs can vary from year-to-year for single audit purposes.

It is difficult to compare to other units as each unit is unique. Units could be under commitments from 3-5 years ago. If this is the case, then those fees may not reflect the current environment and costs related to the economic climate.

I hope this helps explain the increase. If you have additional questions, please do not hesitate to call me.

Regards,
Marcie

Marcie Spivey
Partner, CPA

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Hickory, NC, USA
mspivey@msa.cpa

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

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