

ORGANIZATIONAL MEETING - DECEMBER 5, 2013

The Mayor and City Council met on Thursday, December 5, 2011 at 6:30 p.m. in the Council Chambers of City Hall located at 114 West Sycamore Street, Lincolnton. Council members present were:

RHYNE CLONINGER EADDY HOVIS

Mayor Gilleland called the meeting to order and thanked all those in attendance for their interest in City government.

Mayor Gilleland called on Joby Rhyne and Jake Bauer, of FUMC Pack 75, who then led the Pledge of Allegiance.

OATH OF OFFICE:

Mayor Gilleland then called on the City Clerk to come forward to administer the Oath of Office to the newly elected officials. The City Clerk administered the Oath to Mayor Gilleland as his wife Mrs. Beth Gilleland held the bible.

Councilman Rhyne his wife Mrs. Shelley Rhyne and son Joby came forward to have the City Clerk administer the oath of office. *NOTE:* Both Mayor Gilleland and Councilman Rhyne were returning to office from their recent win in the 2013 municipal election. Mayor Gilleland ran unopposed and Councilman Rhyne defeated Mary Francis White by a total of 41 electoral votes to continue serving as Ward I representative.

Dr. Martin A. Eaddy and his wife Jill came forward and the City Clerk administered the oath of office as Mrs. Eaddy held the bible. *NOTE:* Dr. Eaddy defeated Mr. Jay Thomas by a total of 146 electoral votes to take representation of Ward III of the City of Lincolnton.

COMMENTS FROM NEWLY ELECTED OFFICIALS:

Mayor Gilleland said, "I would like to say it has been an honor and privilege serving the City as Mayor for the past four years and just looking forward to a successful two years to come and looking forward to doing some great things together with this council and doing some things again to make Lincolnton the best place in North Carolina to live. I do appreciate the opportunity to serve once again.

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Councilman Rhyne said, "I echo what the Mayor said, and appreciate the opportunity to serve again for four more years and appreciate the opportunity to work with Council and make Lincolnton an even better place. I look forward to the challenges and I think it will be a good four years.

Councilman Eaddy said, "I am honored to be sitting here. I grew up here, I have been here all my life and love this City and I treasure the opportunity to take a leadership role. I think we are going to have a great year and I pledge we will all work together. I do want to make sure that we take some time to involve our community and helping them understand the budget. The budget information is out there but people don't look at it unless they get stimulated. Most people don't know that a garbage truck cost a quarter of a million dollars and a fire truck cost a half million dollars. We need to figure out a way to get that information out there and get the people more involved so it doesn't surprise them at budget time. I'm excited about this and I am looking forward to it and I pledge to do all I can to make Lincolnton be successful and be a positive place to live."

MAYOR'S APPOINTMENTS:

Mayor Gilleland suggested the following appointments:

ABC Board - (1) appointment - Councilman **CLONINGER**

Lincolnton Housing Authority - (1) appointment -
Councilman **HOVIS**

Centralina Council of Governments (COG)

(2) appointments - a **Delegate to the Executive Committee**
Councilman **RHYNE**

Alternate: Mayor GILLELAND

Lincolnton-Lincoln County Airport Authority - (1) appointment
Councilman **EADDY**

Library Board - (1) appointment - Councilman **CLONINGER**

Lincoln Cultural Center - (1) appointment
Councilman **EADDY**

Recreation Commission - (1) appointment
Councilman **RHYNE**

N.C. Municipal Power Agency (NCMPA 1) - (3) appointments

(1) One Delegate - Director of PW&U, Steve **PEELER**

(2) Two Alternate Delegates - Mayor **GILLELAND**
CITY MANAGER

DDA Appointment - (1) appointment - Mayor **GILLELAND**

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LEDA - (Lincoln Economic Development Association) -
(1) appointment - MAYOR **GILLELAND**

Chamber of Commerce Board of Directors - (1) CITY MANAGER

Tourism Development Authority - (1) Councilman HOVIS

Transportation Advisory Committee - (1) VACANT

Councilman Cloninger made the motion unanimously approved the above noted appointments.

CITY COUNCIL'S APPOINTMENTS:

Nominations for and Election of Mayor Pro Tempore: Councilman Cloninger nominated Larry Mac Hovis to serve as Mayor Pro-Tem. Councilman Rhyne made the motion to close nominations. Councilman Cloninger motioned unanimously approved to appoint Councilman Hovis as Mayor Pro-Tem of the Lincolnton City Council.

Appointment of City Attorney: Councilman Cloninger made the motion unanimously approved to appoint T.J. Wilson as City Attorney.

Parliamentary Procedures: Councilman Rhyne made the motion unanimously approved to adopt the abbreviated version of Roberts Rules of Order.

Councilman Cloninger made the motion unanimously approved Resolution (R-19-13) to adopt the **2014 Calendar of Regular meetings of the Lincolnton City Council** in accordance with the City Charter as follows, *changing two dates January 2 to January 9th and July 3rd to July 10th*. The resolution read as follows:

WHEREAS, Chapter 143, Article 33 B of the General Statutes of North Carolina (The Open Meeting Law) requires in effect if a public body holds a meeting at any time, it shall give public notice of the time and place of that meeting as provided in GS 143-318.8;

WHEREAS, one of the methods of giving such public notice is to advertise in a newspaper with a circulation in and around the City of Lincolnton; and

WHEREAS, the City Council desires to notify all citizens and residents of the City of Lincolnton of their regular meeting date and time.

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NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of Lincolnton that the regular meeting of the City Council shall be held the first Thursday of each month at 7:00 p.m. in the Council Chambers of the Lincolnton City Hall, located at 114 W. Sycamore Street, on the following dates and times:

January 9	May 1	September 4
February 6	June 5	October 2
March 6	July 10	November 6
April 3	August 7	December 4

All of these being held in 2014. The City Council meeting in Regular Session on December 5, 2013 established these dates and time and ordered this resolution be published one time in the Lincoln Times-News at least fifteen days prior to January 9, 2014 meeting. The City Council further ordered a copy of this resolution be posted on the bulletin boards located on the first and second floors of the City Hall, located at 114 W. Sycamore Street. The purpose of this advertisement and the posting of this notice acknowledges the requirement as described in Chapter 143, Article 33 B of the General Statutes of North Carolina.

Adopted this 5th day of December, 2013.

The City Clerk asked Council to consider setting the dates for the annual Planning Retreat. Council agreed to hold the retreat on Friday, February 28th and Saturday, March 1st in the Council Chambers of City Hall.

Having no other business for the Organizational Meeting of the Lincolnton City Council, Mayor Gilleland called for a ***Recess until 7:00 p.m.***

DONNA C. FLOWERS, MMC
CITY CLERK

JOHN O. GILLELAND, JR.
MAYOR

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Mayor Gilleland reconvened the meeting at 7:00 p.m.

Councilman Rhyne made the motion unanimously approved the *REGULAR AGENDA*.

Councilman Cloninger made the motion unanimously approved the *CONSENT AGENDA* as follows:

- Approved November 2013 minutes.

REGULAR AGENDA

APPLICATION FROM WILLIAM WRIGHT AND WILLIAM HOVIS REQUESTING THE CONDITIONAL USE REZONING OF PROPERTY LOCATED AT 2377 HIGHWAY 150 EAST (PARCEL ID 29440). THE APPLICANT REQUEST THE REZONING OF NEIGHBORHOOD BUSINESS (NB) TO CONDITIONAL USE PLANNED BUSINESS (CU-PB). THE CONDITIONAL USE PERMIT WOULD ALLOW HIM TO OPERATE AN AUTOMOBILE SALES LOT AND OFFICES ON THE PROPERTY:

CU-ZMA-1-2013

Mayor Gilleland opened the Public Hearing. The City Clerk administered the oath to all those wishing to speak for or against the issue. Laura Simmons, Planning Director, reviewed the above stated request to rezone property currently in the Neighborhood Business (NB) to Conditional Use Planned Business (CU-PB).

Laura said the site has a 1,800 square foot building which will be utilized as an auto sales lot office and additional office if rezoned. The use would operate from 9:00 am until 5:00 pm, Monday through Saturday and would employ one person. There are 12 parking spaces on site and approximately 6 to 8 of these spaces will be used for vehicle sales. The requested zoning is generally consistent with the Land Use Plan.

Staff Review Committee Comments were as follows;

- (1) An occupancy permit must be approved by the Lincoln County Inspections Department.
- (2) Driveway permit must be obtained from NCDOT.

Laura reviewed the conditional use district rezoning process, the applicant's compliance with the conditional use permit, compliance

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with the LUDO, and concluded recommending that the Council approve the rezoning from NB to CU-PB and to approve the CUP for re-use of the existing structures for an auto sales lot and offices subject to the Staff Review Committee comments.

Councilman Cloninger made the motion unanimously approved to close the public hearing.

Councilman Eaddy made the motion unanimously approved to consider the rezoning request.

Findings of Fact:

- (1) Councilman Hovis made the motion unanimously approved that the use would not materially endanger the public health or safety if located where proposed and developed according to plan.
- (2) Councilman Rhyne made the motion unanimously approved that the use meets all required conditions and specifications.
- (3) Councilman Cloninger made the motion unanimously approved that the use would not substantially injure the value of adjoining or abutting property unless the use is a public necessity.
- (4) Councilman Eaddy made the motion unanimously approved that the location and character, if developed according to plan as submitted and approved, would be in harmony with the area in which it is to be located and would be in general conformity with the Lincolnnton Land Use Plan and other plans for the physical development of the City as officially adopted by the City Council.

Councilman Cloninger made the motion unanimously approved to approve the request.

Councilman Rhyne made the motion unanimously approved to grant the conditional use permit contingent upon the staff review committee comments being met.

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APPLICATION FROM THOMAS IVEY REQUESTING A CONDITIONAL USE PERMIT TO OPERATE AN AUTOMOBILE SALES LOT IN THE PLANNED BUSINESS (PB) DISTRICT. THE SUBJECT PROPERTY IS LOCATED AT 210 NORTH GENERALS BLVD. (PARCEL ID 00972).

CUP-7-2013

Mayor Gilleland opened the Public Hearing. The City Clerk administered the oath to all those wishing to speak for or against the issue. Laura Simmons, Planning Director, reviewed the above stated request for a conditional use permit to operate an automobile sales lot. in the Planned Business (PB) district.

Laura said the sales lot would occupy an existing 1,080 square foot building. Forty of the 159 existing parking spaces would be used for the automobile sales lot with parking provided for the sales lot employees and for each automobile offered for sale. Worldwide imports would use the remaining parking spaces and is required to provide 100 parking spaces for their use.

Laura reviewed the applicant's compliance with the conditional use permit process, the LUDO requirements as they pertain to this request and the following staff review committee comments:

- (1) An Occupancy permit must be approved by the Lincoln County Inspections Department.
- (2) Driveway permit must be obtained from NCDOT.

Councilman Rhyne made the motion unanimously approved to close the Public Hearing.

Councilman Cloninger made the motion unanimously approved to consider the conditional use permit.

Findings of Fact:

- (1) Councilman Eaddy made the motion unanimously approved that the use would not materially endanger the public health or safety if located where proposed and developed according to plan.
- (2) Councilman Hovis made the motion unanimously approved that the use meets all required conditions and specifications.
- (3) Councilman Cloninger made the motion unanimously approved that the use would not substantially injure the value of adjoining or abutting property unless the use is a public necessity.

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- (4) Councilman Rhyne made the motion unanimously approved that the location and character of the use, if developed according to plan as submitted and approved, would be in harmony with the area in which the area is to be located and would be in general conformity with the Lincolnton Land Use Plan and other plans for the physical development of the City as officially adopted by the City Council.

Councilman Eaddy made the motion unanimously approved to approve the request granting the conditional use permit provided the recommended conditions as noted by the staff review committee are met.

PRESENTATION OF THE AUDIT REPORT FOR THE 2013 FISCAL YEAR

Phil Church, Lowdermilk Church & Company, L.L.P. presented the Mayor and Council with the 2013 audit report. Mr. Church reviewed the audit process and provided balances for the General Fund, Water and Sewer Fund, Electric Fund, Occupancy Tax Fund as well as the Debt Service ratio. He provided a general summary of the City's audit report noting that the City received a clean opinion from the Local Government Commission. Mr. Church said, "It is rare to get an audit report back from the Local Government Commission with no comments." He commended our Finance department for their assistance in helping compile information during the audit process.

Mr. Church noted that the City's fund balance is down two million dollars and Lincolnton fell below state average for a municipality with an electric system with a population grouping of 10,000 to 49,999. While the LGC requires a minimum of 8% for general fund balance, Lincolnton has a 31.98% excluding Powell Bill Funds and 40.08% if you include Powell Bill Funds. These percentages are well above those required by the LGC. Although, he noted that we have trended downward in our general fund balance the past four years.

Mr. Church said receipt of funds from the sale of the former ABC store in the amount of \$ 900,000 in revenue was extraordinary.

Councilman Eaddy questioned the Route 90 customer's collection, noting on page 76 of the audit report it appeared that we have an uncollected balance of \$ 190,000 due to nonpayment from sewer customers outside the City limits.

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After some discussion, Mr. Church offered to answer and questions or to meet with Council members at a separate time to go through the audit in detail.

The City Manager said, "I think I have said this on numerous occasions, there is reason to be concerned about the general fund. I believe there are some very, very difficult decisions are going to have to be made this fiscal year. When 70% of the general fund is personnel, it is pretty obvious of some of the things we are going to have to look at in this next fiscal year." "If we are not going to do anything to increase additional revenue I think there is going to have to be some big, major cuts in expenses. It is not going to be easy. We have got our work cut out for us." He said, "Some of the decisions I am going to have to make is not going to be popular but I am going to have to recommend them. I just don't want anyone to be surprised when you hear some of the recommendations that I am going to have to make. They are going to be difficult."

NOTE: A copy of the financial highlights will appear at the end of this document becoming a permanent part of these official minutes. (Attachment # 1)

Councilman Rhyne made the motion unanimously approved to accept the audit as presented.

PRESENTATION OF THE LINCOLN COUNTY LOCAL EMERGENCY PLANNING COMMITTEE ANNUAL REPORT:

Fred Jarrett, Chair of the local Emergency Planning Committee, presented the annual report for 2013 to Mayor & Council. He reviewed the LCEPC mission statement, as well as the advances in county preparedness that has taken place. He said, "I feel the County and City are working well together to be prepared for emergencies within Lincoln and Lincoln County."

Mr. Jarrett concluded thanking Council for their participation and efforts in making the Lincoln County Local Emergency Planning Committee successful. He did express disappointment for the lack of attendance from both the City Manager and the Public Works and Utilities Director of the meetings held throughout the past year.

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The City Clerk asked Mr. Jarrett to please forward a copy of the actual report to her for our records as a copy was not available prior to this meeting.

NOTE: A copy of the report has been received and is attached becoming a permanent part of these official minutes. (Attachment #2)

CONSIDERATION OF CONTRACT BETWEEN THE CITY AND LOWDERMILK, CHURCH & CO., L.L.P. TO PERFORM THE 2013-14 AUDIT (\$34,750):

(C-21-13)

Jeff Emory, City Manager, presented a contract for auditing services for the 2014 fiscal year and recommended to Council that we enter into the agreement with Lowdermilk, Church & Co. L.L.P. The proposed contract amount is \$ 34,750 which reflects no increase in cost to the City.

Finance Director Georgetta Williams told Council through her memorandum that she has been very satisfied with this company and was pleased to see no increase in cost since 2005 from this company to provide auditing services. Georgetta said she and her staff are pleased with the expertise and professionalism of their staff, noting they have always been available to answer any questions throughout each fiscal year that she or her staff may have regarding the City financials. She also noted that a major factor is the City's component unit; Lincolnton ABC Store utilizes the same company and this facilitates the completion of the audit in a timely manner.

In conclusion the City manager recommended that Council award the contract to Lowdermilk, Church and Company L.L.P. for the above said amount for fiscal year 2014.

Councilman Rhyne made the motion unanimously approved to award the contract for said amount as recommended.

APPROVAL OF CONTRACT BETWEEN THE CITY AND THE LINCOLNTON ABC BOARD INCREASING THE CONTRIBUTION TO THE CITY:

(C-22-13)

T.J. Wilson, City Attorney, requested Council approve a contract between the City and the Lincolnton ABC Store to increase the ABC law enforcement allocated amount to the City to \$ 40,000 annually.

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The contract states that the City of Lincolnton Police Department shall provide ABC law enforcement in Lincolnton in return for the sum of \$ 40,000 annually, to be paid in quarterly installments. The amount shall be adjusted as needed to equal the amount required by North Carolina General Statute 18B-805(C)(2) to be expended on ABC Law enforcement.

The City shall provide ABC law enforcement within the boundaries of Lincolnton, and it shall report at least quarterly to the ABC Board on its law enforcement activities. Other stipulations are outlined in detail in the contract. The entire contract can be obtained from the City Clerk's office for reference.

Councilman Eaddy made the motion unanimously approved to enter into the contract as recommended.

REAPPOINTMENTS: (TO BEGIN SERVING A SECOND 3 YEAR TERM JANUARY 2014):

(APPT-04-13)

Mayor Gilleland reviewed the following re-appointments to the below noted boards:

ABC Board (1)	-	Randy Ramsey
Housing Authority (2)	-	Ralph Lineberger
		Chaddie Law
Historic Properties (1)-		Jimmy Sain
Planning Board (2)	-	Anita McCall
		Tom Hawk

These appointees would begin serving a second three year term in accordance with City policy beginning in January 2014, with their term expiring in December 2016.

Councilman Cloninger made the motion unanimously approved to re-appoint the above named to serve a second three year term.

NEW APPOINTMENTS: (NOMINATIONS FROM APPLICATIONS RECEIVED, FIRST 3 YEAR TERM WOULD BEGIN JANUARY 2014):

(APPT-05-013)

Mayor Gilleland reviewed the applicants for the following vacancies:

Airport Authority (1 vacancy)	-	John Anderson
Housing Authority (1 vacancy)	-	Mary Frances White
Planning Board (2 vacancies)	-	Bill Ritter

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All applicants were valid City residents and applications were received within the specified advertised timeframe, therefore nominations were not necessary only motions to approve appointment.

Councilman Cloninger made the motion unanimously approved to appoint Mr. John Anderson to begin serving his first three year term (January 2014 to December 2016) on the Lincolnton Airport Authority.

Councilman Eaddy made the motion unanimously approved to appoint Ms. Mary Frances White to begin serving her first three year term (January 2014 to December 2016) on the Lincolnton Housing Authority.

Councilman Rhyne made the motion unanimously approved to appoint Mr. Bill Ritter to begin serving his first three year term (January 2014 to December 2016) on the Lincolnton Planning Board.

Mayor Gilleland asked the City Clerk to contact these individuals giving notification of their appointment.

REQUEST FROM RESIDENTS ON BONVIEW AVENUE THAT THE STOPLIGHT CURRENTLY SET ON CAUTION REVERT BACK TO A STOPLIGHT FOR SAFETY REASONS:

Ms. Sandy Dellinger, 302 Bonview Avenue, spoke to Council requesting they consider changing the existing caution light on Bonview Avenue to a stop light. Ms. Dellinger told Council of a wreck that occurred at this intersection on July 11th of this year and of the many times she has almost been hit trying to pull out of her driveway near that intersection.

She expressed concern with the current speed limit which is 35 mph. She felt that a decrease to 25 mph may be warranted to help slow traffic down on this road.

After some discussion, Council directed the City Manager to research the matter bringing other options to be brought back to Council at their January 9th meeting. Council also asked the City manager to get statistics of a three way stop for this intersection at the January meeting.

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CONTINUED DISCUSSION ON THE PROPOSED SPECIAL EVENTS/FILM POLICY OR ORDINANCE: *(Note: Should Council wish to proceed with one or both becoming a city ordinance a public hearing would be required at our January meeting to amend the city's code):*

Laura Simmons, Planning Director, reviewed a memorandum from November where she discussed a Special Events and Film Policy. She again summarized her recommendations to Council regarding both. She proposed a draft of an Outdoor Special Event policy as well with this recommendation.

Council discussed both at length and decided to consider a film ordinance rather than a policy and to possibly leave the special events document as a policy rather than adopting as an ordinance. Councilman Eaddy recommended we consider each separately.

Councilman Rhyne then made the motion unanimously approved to conduct a public hearing in January and consider adopting the document presented as a film ordinance.

Councilman Eaddy made the motion unanimously approved to approved the Special Events document as a policy document with the revisions recommended by the committee.

Dr. Eaddy also discussed the City requesting the financials for each non-profit submitting a request. This could help determine if in the future the City could collect a fee for special events to recoup the cost to the City for events held.

(NOTE: Copies of these documents are on file in the Planning Department and are available for public inspection during normal working hours)

CONSIDERATION OF PROPOSED CHANGES TO THE CITY'S ANIMAL CONTROL ORDINANCE AS RECOMMENDED BY THE COUNTY ANIMAL CONTROL SUPERVISOR TO BE CONSISTENT WITH LINCOLN COUNTY'S ORDINANCE *(NOTE: Should Council wish to proceed with these changes a public hearing would be required at our January meeting to amend the City's Code)*

Rodney Jordan, Chief of Police, presented a draft of changes he and the Lincoln County Animal Control Supervisor recommend that Council consider. The proposed changes would mirror the current county ordinance language and allow the County to legally provide the services the City needs to enforce one set of regulations.

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Councilman Rhyne made the motion unanimously approved to conduct a public hearing to amend the current City Code of Ordinances to reflect the proposed changes. The public hearing would take place at the January 9th City Council meeting.

MONTHLY FINANCIAL UPDATE / OVERTIME REPORT:

Jeff Emory, City Manager, reviewed the monthly executive summary provided by the Finance department summarizing the three major funds; General, Water & Sewer and Electric as well as overtime for the month of October.

He told Council the General Fund has a positive balance of \$130,925.94 from this time last year. The Water and Sewer Fund has a negative balance of \$ 248,729.12 as compared to this time last year. The Electric Fund reflects a positive balance of \$ 40,927.17 compared to this time last year while overtime has increased \$ 29,409.56. He told Council he has asked staff to watch their budgets closely and to reduce overtime. He hopes these actions will be reflected in future financial reports he provides. He said a always, "I will be happy to answer any questions Council may have regarding the budget or these totals."

PUBLIC COMMENT:

Mr. Dale Punch asked to provide Council an update on a project he is working on where he will bring Medal of Honor recipients to Lincolnton. He has Ty Carter scheduled to be in Lincolnton on May 5th and at this time was not requesting any monetary support for this event, only awareness and support through attendance.

Mr. Robert Tomlinson, of 501 S. Grove Street, spoke to Council regarding what the word City Council means. He gave descriptions for each letter in the word City Council. He asked if Council would keep campaign promises that were made during the recent election. He concluded saying he hopes 2014 will bring about positive change and new leadership for Lincolnton.

NEWS MEDIA:

There were no questions from the News Media.

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CLOSED SESSION:

Councilman Rhyne made the motion to enter into CLOSED SESSION in accordance with NCGS -143-318.11(a)(6) to discuss personnel.

Councilman Rhyne made the motion unanimously approved to return to REGULAR SESSION.

ADJOURNMENT:

Councilman Cloninger made the motion unanimously approved to adjourn the meeting.

**DONNA C. FLOWERS, MMC
CITY CLERK**

**JOHN O. GILLELAND, JR.
MAYOR**

ATTACHMENT
(# 1)

CITY OF LINCOLNTON

Financial Highlights Years Ended June 30, 2013 and 2012

	2013 Summarized Budget	2013	2012
General Fund (Includes Powell Bill Funds)			
Total assets		\$ 5,662,112	\$ 6,223,732
Fund balance		\$ 4,799,831	\$ 5,289,900
Fund balance - Reserved for Streets - Powell Bill (included in total fund balance)		\$ 905,325	\$ 917,139
Total revenue	\$ 8,831,155	\$ 9,021,132	\$ 8,707,641
Total expenditures	\$10,813,515	\$ 9,896,512	\$ 9,285,965
Revenues over (under) expenditures before other financing sources (uses)		\$ (875,380)	\$ (578,324)
Other income (expense)	\$ 1,982,360	\$ 390,700	\$ 387,800
Increase (decrease) in inventory		\$ (5,389)	\$ (34,766)
Increase (decrease) in fund balance		\$ (490,069)	\$ (225,290)
Ad valorem taxes collected		\$ 4,680,104	\$ 4,573,099
Percent of taxes collected - current year levy		97.12%	97.27%
Investment income		\$ 3,990	\$ 6,830
Fund Balance Available - without Powell Bill			
Available Balance		<u>3,061,602</u>	<u>3,523,500</u>
Expenditures and other financing sources and uses		9,572,298	8,961,784
Available Fund Balance - without Powell Bill		31.98%	39.32%
Fund Balance Available			
Available Balance		<u>3,966,577</u>	<u>4,433,028</u>
Expenditures and other financing sources and uses		9,896,512	9,285,965
Available Fund Balance		40.08%	47.74%
State average for a municipality with an electric system and with a population grouping of 10,000 to 49,999		42.26%	37.84%

* Local Government Commission minimum recommended general fund balance should be at least 8% of general fund expenditures at the end of the fiscal year.

	<u>2013</u>	<u>2012</u>
<u>Water and Sewer Fund</u>		
Total assets	\$39,979,407	\$40,959,104
Net position	\$20,799,559	\$20,042,430
Operating revenue	\$ 8,384,249	\$ 8,186,402
Operating expenses	\$ 6,438,818	\$ 6,420,997
Operating income (loss)	\$ 1,945,431	\$ 1,765,405
Nonoperating revenue (expenses)	\$ (822,142)	\$ (903,250)
Transfers (to) from	\$ (366,160)	\$ (363,810)
Change in net position	\$ 757,129	\$ 498,346
Accounts receivable - customers	\$ 755,823	\$ 829,304
Investment income	\$ 5,825	\$ 8,476
Days sales in accounts receivable	33.60	37.98

Fund Balance Available

Available Balance	<u>\$ 4,177,187</u>	<u>\$ 3,420,159</u>
Expenditures and other financing sources and uses	7,632,945	7,696,532

Available Fund Balance	54.73%	44.44%
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Debt Service Ratio	<u>Required</u>	<u>Actual</u>
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Revenue bond only	≥ 120%	≥ 261%
All debt	≥ 100%	≥ 147

Electric Fund

Total assets	\$ 5,284,373	\$ 5,422,316
Net position	\$ 4,338,537	\$ 4,501,175
Operating revenue	\$ 7,204,066	\$ 6,681,363
Operating expenses	\$ 7,351,083	\$ 7,341,177
Operating income (loss)	\$ (147,017)	\$ (659,814)
Nonoperating revenue	\$ 8,918	\$ 12,735
Transfers (to) from	\$ (24,540)	\$ (23,990)
Change in net position	\$ (162,639)	\$ (671,069)
Accounts receivable - customers	\$ 566,469	\$ 556,108
Investment income	\$ 8,918	\$ 12,735
Days sales in accounts receivable	33.85	35.65

Fund Balance Available

Available Balance	<u>\$ 2,169,994</u>	<u>\$ 2,138,547</u>
Expenditures and other financing sources and uses	7,375,623	7,365,167

Available Fund Balance	29.42%	29.04%
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	<u>2013</u>	<u>2012</u>
Other Funds:		
Occupancy Tax Fund		
Fund Balance	\$ 379,698	\$ 394,837
Cash and Investments		
Cash	\$13,244,900	\$13,015,386
Restricted cash	<u>1,216,162</u>	<u>1,210,432</u>
Total cash	<u>\$14,461,062</u>	<u>\$14,225,818</u>

Lowdermilk Church & Co., L.L.P.
Certified Public Accountants

121 N. Sterling Street
Morganton, North Carolina 28655
Phone: (828) 433-1226
Fax: (828) 433-1230

To the Honorable Mayor and Members of the City Council
City of Lincolnton, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Lincolnton for the year ended June 30, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, Government Auditing Standards and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated January 1, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Lincolnton are described in Note 1 to the financial statements. As described in Note IX to the financial statements, the City of Lincolnton changed accounting policies related to the reporting of certain assets, liabilities, revenue and expenses by adopting Statement of Governmental Accounting Standards (GASB) No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position and No. 65, Items Previously Reported as Assets and Liabilities in 2013. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Net Position. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City of Lincolnton's financial statements were:

Management's estimate of the allowance for doubtful accounts is based on percentage of ad valorem taxes receivable. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the depreciation is based on estimated useful lives. We evaluated the key factors and assumptions used to develop the depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure related to the debt service ratio calculation in Note II.B.5.c. to the financial statements describes the City's compliance requirements to their Bond Order for debt service coverage ratio for Parity Indebtedness and for Parity Indebtedness and Subordinated Indebtedness.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 25, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Mayor and City Council and management of City of Lincolnnton and is not intended to be, and should not be, used by anyone other than these specified parties.

Lowdermilk Chuck & Co.

October 25, 2013

ATTACHMENT
(# 2)

Lincoln County Local Emergency Planning Committee (LCLEPC)
Annual Report
2013

This being the second annual report since the LCLEPC was returned to active status January 14, 2010, the committee has steadily progressed in understanding roles and responsibilities. Chris LeTourneau, North Carolina Emergency Management Program Coordinator, addressed the LCLEPC to communicate the State responsibilities and expectations the State has for a LEPC.

At the June 15, 2013 meeting the current officers, Fred Jarrett – Chairperson and Ron Rombs-Vice-chairperson, agreed to remain as officers for the next two years.

The LCLEPC membership has been active in providing oversight and assuring the emergency operations for the county are moving forward to meet the needs of the citizens should a disaster strike.

Significant advances in county preparedness that have been made during this period of time:

1. Lincoln County Emergency Operations Plan (*All Hazards*) and Supplement have been approved,
2. George Struck – President of NC Voluntary Organizations Active in Disasters provided information on the availability of essential resources from his organization during disasters,
3. Eric Wiseman – North Carolina Emergency Management Multi-Hazard Planner provided the LCLEPC information on how to conduct a multi-hazard exercise,
4. Exercise Planning subcommittee is preparing to conduct a small scale hazard exercise,
5. Point of Distribution (POD) and Donated Goods subcommittee are/have identified sites across the county to serve as distribution points for needed goods during disasters,
6. The SARA Tier II reporting companies in the county were reviewed for storage of the extremely hazardous chemicals stored at the company facilities,
7. A rehabilitation trailer has been purchased and an Incident Command trailer is also being considered for purchase,
8. A grant was acquired for the flow of hazardous material commodities through the county,
9. Preparation was made for the McGuire Nuclear Station grade drill on August 6th in which feedback for the FEMA observers noted the effective coordination and integration of the various emergencies preparedness organizations.

The LCLEPC membership attendance at the meetings has been pleasantly surprising. The attendance for this past year of all organizational representatives, departments, agencies, and key business executives follows.

A check (√) in the first column denotes membership attendance for the past year.

Lincoln County

	County Commissioners
√	County Manager's Office

√	Lincoln County Sheriff's Office
	Public Works Department
√	Emergency Management Office
√	Fire Marshal's Office
√	Emergency Medical Services Department
√	Health Department
	Planning and Inspections Department
√	Recreation Department (Communications Director)
√	Social Services Department

City of Lincolnton

	City Manager's Office
√	Police Department
√	Fire Department
	Public Works

Other Government Entities

	Lincoln County – Lincolnton Airport
√	Lincoln County Fire & Rescue Association Representative
	North Carolina State Highway Patrol
√	North Carolina Division of Emergency Management
	Lincoln County Schools

Private Sector and Volunteer Agencies

√	Carolinas Healthcare System
	American Red Cross – Lincoln County Chapter
√	United Way of the Carolinas – Lincoln County
	BellSouth
√	Duke Energy/Power Company
	Rutherford Electric Coop
	Piedmont Natural Gas Company
	Gaston Community College
√	Chemical Industry and/or Chemical Association

	Lincolnton-Lincoln Chamber of Commerce – Business and Industry Section
√	Citizen Representation

Respectfully submitted,

Fred Jarrett, Chairman
Lincoln County Local Emergency Planning Committee