LINCOLNTON
AGENDA
February 2, 2023
7:00 PM

CALL TO ORDER

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

1. AGENDA APPROVALS

1a Approval of REGULAR AGENDA

1b Approval of CONSENT AGENDA

-
  - **Approval of Minutes from the January 5, 2023 Regular Meeting**
  - **R-03-23 - Resolution declaring Police Department K9 "Nash" as retired and surplus to the City**
  - **R-04-23 - Resolution declaring Police Department K9 "Chase" as retired and surplus to the City**

2. PRESENTATION

2a Presentation of Advanced Law Enforcement Certificate - Sgt. Devane Rushing

2b Presentation of GFOA's Certificate of Achievement for Excellence in Financial Reporting

3. PUBLIC COMMENT

Speakers will be limited to three (3) minutes to address Mayor and City Council. You must sign in with the City Clerk to be eligible to speak

4. PUBLIC HEARINGS

4a ANX-3-2022 Consideration of Annexation of Property located on the east side of Startown Road approximately 950 feet from Clarks Creek Road (Parcel IDs 16937, 21509, 21507, 21508 and 21510)

Jean Derby, Planning Director

5. **REGULAR AGENDA**

5a **Consideration to Accept Subdivision Infrastructure Contract and Surety Bond/Cash**

Jean Derby, Planning Director

5b **2021-2022 - Audit Presentation**

Carol Avery Lowermilk Church & Co. L.L.P.

5c **C-01-23 Consideration of Contract between the City of Lincolnton and Lowdermilk Church & Co., L.L.P. for the 2022 audit.**

Pamela McBryde, Finance Director

6. **REGULAR AGENDA - CONTINUED**

6a **BA-02-23 Budget Amendment to record adjustments to the General Fund, Boger City Fire District, Powell Bill Fund, Water & Sewer Fund, and Electric Fund**

Pamela McBryde, Finance Director

7. **OTHER BUSINESS**

7a **Managers Report/Update**

Ritchie Haynes, City Manager

NEWS MEDIA

ADJOURNMENT

The Mayor and City Council met in regular session on Thursday, January 5, 2023 at 7:00 PM. in the Council Chambers of City Hall located at 114 West Sycamore Street, Lincolnton, North Carolina. The following members were in attendance:

DEMENY POINSETTE TIPTON JETTON

CALL TO ORDER
Mayor Ed Hatley called the January 5, 2023 city council meeting to order

MOMENT OF SILENCE
A moment of silence was observed

PLEDGE OF ALLEGIANCE
Mayor Hatley asked those in attendance to stand as he lead the pledge of allegiance.

Approval of REGULAR AGENDA
Councilmember Tipton made a motion to approve the REGULAR AGENDA. Members voted 4-0 in favor of the motion.

Approval of CONSENT AGENDA

Councilmember Poinsette made a motion to approve the CONSENT AGENDA as follows:

- Approval of Minutes – December 1, 2022
- Resolution Approving Conveyance of Property to Another Unit of Government

(Resolution (R-01-23) is attached and made a part of these minutes)

Members voted 4-0 in favor of the motion.

SPECIAL PRESENTATION

Terry J. Burgin - Key to the City
Mayor Ed Hatley recognized former Police Chief Terry Burgin and presented him with a "Key to the City", in light of the recent announcement by President Biden to nominate him as a U.S. Marshall for the western district of North Carolina. Mayor Hatley spoke to Mr. Burgin's dedicated years of service to the City of Lincolnton, which began in 1973 and spaned 49 years. After remarks from Mr. Burgin, Mayor Hatley congratulated him on behalf of the City of Lincolnton and its citizens.

PUBLIC COMMENT
No one requested to address council during this portion of the meeting.

PUBLIC HEARINGS

ZTA-2-2022

Application from Lincolnton Planning Department requesting amendment to Sections 153.113 and 153.031

Mayor Ed Hatley opened the Public Hearing recognizing Jean Derby, Planning Director, to review the request. Planning Director Jean Derby presented a zoning text amendment request to council from the Lincolnton Planning Department to amend sections 153.113 and 153.031 of the Lincolnton Unified Development Ordinance. Mrs. Derby explained that this proposed amendment to section 153.113 will add "Classic arcade" as a permitted use to the Central Business District and the proposed amendment to section 153.031 will add the definition of a classic arcade to the city's ordinance. She explained the reason for the requested amendment and stated that the request was unanimously approved by the Planning Board. Mr. Randy Silver, a local resident wishing to open an arcade establishment in the downtown area, was in attendance and gave a brief summary of his plans if the ordinance is amended to allow a classic arcade as a permitted use. There was some discussion among councilmembers and staff regarding the impact this change may have.

Councilmember Poinsette made a motion to close the public hearing. Members voted 4-0 in favor of the motion.

Councilmember Demeny made a motion to approve the request. Members voted 4-0 in favor of the motion.

REGULAR AGENDA

ANX-3-2022

Consideration of Annexation - Presentation of Certificate of Sufficiency

Planning Director Jean Derby presented the Certificate of Sufficiency regarding the petition received to annex property located on the east side of Startown Road, approximately 950 feet from Clarks Creek Road. Mrs. Derby reminded board members of this step in the process, as specified in G.S. 160A-58.1(b), and stated that the area requested for annexation meets all of the requirements.

With there being no questions from council, Mayor Hatley proceeded to the next step, directing members to set a date and time for a public hearing on the matter.

R-02-23

Resolution Fixing Date of Public Hearing on Question of Annexation

Councilmember Demeny made a motion to adopt Resolution (R-02-23) fixing the date of a public hearing on the question of annexation as presented. A public hearing was set for Thursday, February 2, 2023 at 7:00 p.m. in the City Hall Council Chambers located at 114 W. Sycamore Street, Lincolnton, NC 28092. Members voted 4-0 in favor of the motion.

(Resolution (R-02-23) is attached and made a part of these minutes)

BA-01-23
Consideration/Approval of Budget Amendment:

City Manager Ritchie Haynes presented Budget Amendment BA-01-23 for council's consideration. Mr. Haynes briefly identified of each line to be amended. With no request from the board for discussion, Councilmember Jetton made motion to approve the budget amendment as presented. Members voted 4-0 in favor of the motion.

P-01-2023
Consideration/Approval of Food Truck Policy & Procedures

Laura Morris, Community Relations Director, spoke to council regarding a request to consider and approve a Food Truck Policy and Procedures for the City of Lincolnton to be incorporated into the city's code of ordinances. Ms. Morris gave some background information and a brief overview of why the request is being made and spoke to the benefit of having this policy in place. Her recommendation to council was to add language to the ordinance stating that food trucks will not be allowed on public property in the city limits without a special event permit submitted and approved in advance. This is to include city streets, city parking lots, city parking spaces, city parks, etc. She also recommended a policy/procedure which will require merchants to submit a special event permit request for food trucks to be located on public property adjacent to their business or private property. This policy will allow only one event per merchant per month.

Some discussion was generated among council and staff regarding the request and the pro-activeness of putting something into place. Both Ms. Morris and City Manager Ritchie Haynes provided pertinent information regarding this matter. There being no further questions or discussion, Councilmember Poinsette made a motion to approve the proposed Food Truck Policy and Procedures as outlined. Members voted 4-0 in favor of the motion.

T1-001-23
Consideration/Approval of Fiber Ring Project-City of Lincolnton

Mayor Ed Hatley recognized Technology & Innovation Director Chris Jones who presented the final estimate for the proposed fiber ring project. Mr. Jones reminded council that the initial request for this project was presented to council at the August 2022 meeting, at which time he was giving the approval to proceed with getting pricing. Mr. Jones explained that he was presenting Phase I of the project and what it included at a cost of $423,160.00. Mr. Jones stressed to council members the benefits of making the change to putting in and owning your own aerial fiber verses paying AT&T to host, which is what is currently in place, and that the project will add flexibility for the city to control site connectivity speeds and availability. Mr. Jones also spoke about the fiscal impact this project will have within a 5 year period.

Some discussion was generated among council and staff regarding the project and the possibilities that will be available in the future. Questions regarding Phase II and what that could look like were also addressed. Councilmember Demeny made a motion to approve the recommendation for the fiber ring project. Members voted 4-0 in favor of the motion.

OTHER BUSINESS

Managers Report/Update and Quarterly Code Enforcement Report

City Manager Ritchie Haynes provided a quick overview/ update to councilmembers on the various day to day operations currently taking place. He mentioned several dates of upcoming events, informed of a vacancy on the Lincolnton Tourism Development Authority due to the resignation of Jamel Farley, and spoke to the local market and NC League of Municipalities materials that were provided. He also recognized the appropriate city staff for the hard work and many hours put into the downtown festivities that took place over the holiday season, as well as, provided the Council with a copy of the quarterly code enforcement report from the Planning and Zoning department.

Mr. Haynes, at the request of Councilmember Poinsette, spoke about the homeless issue and what steps are being taken to address it. Councilmember Poinsette asked that information be shared to assure citizens and business owners that steps are being taken and their concerns are being heard. There was much discussion generated surrounding the issue of homelessness, and the problems associated with it. Reactions and opinions varied among the members as to what should be done and what the solution is.

NEWS MEDIA

There were no question from the News Media.

ADJOURNMENT

There being no further business, Councilmember Jetton made a motion to adjourn. Members voted 4-0 in favor of the motion.

______________________________	______________________________
DAPHNE INGRAM, CMC	**ED HATLEY**
CITY CLERK	**MAYOR**

Lincolnton NC
Near the City. Near the Mountains. Near Perfect.

CITY MANAGER

Ritchie Haynes
rhaynes@lincolntonnc.org
CITY CLERK
Daphne Ingram
dingram@lincolntonnc.org
CITY ATTORNEY
Thomas J. Wilson, Jr.

R-01-2023
Resolution Approving Conveyance of Property to Another Unit of Government in North Carolina Pursuant to G.S. 160A-274

WHEREAS, the City of Lincolnton owns a ten (10) X26P tasers; and

WHEREAS, North Carolina General Statute § 160A-274 authorizes a governmental unit in this state to exchange with, lease to, lease from, sell to, or purchase from any other governmental unit any interest in real or personal property upon such terms and conditions as the governmental unit deems wise, with or without consideration; and

WHEREAS, the City of Lincolnton has determined that it is in the best interest of the city to convey ten (10) X26P Tasers to the Catawba Police Department, and deems it wise to do so for no consideration.

THEREFORE, THE LINCOLNTON CITY COUNCIL RESOLVES THAT:

1. The City of Lincolnton hereby conveys to the Catawba Police department the following property:

   X12005CPA, X12005CPM, X12005CP0, X12005CR2, X12005CVH,
   X12005CVV, X12005CW2, X12005D59, X12005KD, X12009CV5

2. The property herein described shall be conveyed for no consideration.

3. The City Manager of the City of Lincolnton is authorized to execute all documents necessary to convey the property in the manner authorized by this Resolution.

Adopted this the ____ day of ___________. 20__.

____
Mayor

____
City Clerk

114 WEST SYCAMORE STREET· P.O. BOX 617 · LINCOLNTON, NORTH CAROLINA 28093-0617
PHONE (704) 736-8980

<u>R-02-23</u>
<u>RESOLUTION FIXING DATE OF PUBLIC HEARING ON</u>
<u>QUESTION OF ANNEXATION PURSUANT TO G.S. 160A-58.2</u>

WHEREAS, a petition requesting annexation of the non-contiguous area described herein has been received; and

WHEREAS, the Lincolnton City Council has by resolution directed the City Clerk to investigate the sufficiency of the petition; and

WHEREAS, certification by the City Clerk as to the sufficiency of the petition has been made;

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Lincolnton, North Carolina that:

Section 1. A public hearing on the question of annexation of the non-contiguous area described herein will be held in the Council Chambers in City Hall located at 114 W. Sycamore Street, Lincolnton, NC at 7:00 p.m. on February 2, 2023.

Section 2. The area proposed for annexation is described as follows:

ANNEXATION DESCRIPTION COMMENCING AT NCGS MONUMENT WHITENER, HAVING GRID COORDINATES OF N: 657,394.84 E: 1,326,513.98, FROM SAID POINT OF COMMENCEMENT S 01°04'58" E - 4034.91' TO NCGS MONUMENT CHAPMAN, HAVING NCGS COORDINATES OF N: 653,361.12 E: 1,326,590.22, FROM SAID NCGS MONUMENT S 10°54'48" E - 5, 111.34' TO AND EXISTING #4 REBAR, SAID REBAR BEING THE POINT OF BEGINNING, SAID POINT OF BEGINNING ALSO BEING A COMMON CORNER WITH SUSAN P. HARRIS ETAL. (14E-96), FROM SAID POINT OF BEGINNING AND FOLLOWING WITH THE COMMON PROPERTY OF SUSAN P. HARRIS ETAL. S 89°56'23" E - 841.50' TO AN EXISTING #4 REBAR, THENCE CONTINUING WITH SUSAN P. HARRIS ETAL. S 47°56'23" E - 2,095.00' TO AN EXISTING #4 REBAR, THENCE CONTINUING WITH SUSAN P. HARRIS ETAL. S 47°56'23" E - 50.00' TO A POINT IN THE CENTER OF CLARK'S CREEK, ALSO BEING A COMMON CORNER WITH TROY A. MOTZ (3082/001), THENCE CONTINUING WITH THE CENTERLINE OF CLARK'S CREEK AND THE COMMON LINE WITH TROY A. MOTZ THE FOLLOWING TEN CALLS:

1) S 21°04'57" W - 92.18' TO A POINT
2) S 23°17'36" W - 185.78' TO A POINT
3) S 28°19'10" W - 96.27' TO A POINT
4) S 24°05'34" W - 156.04' TO A POINT
5) S 18°29'44" W - 185.15' TO A POINT
6) S 30°04'06" W - 249.67' TO A POINT
7) S 11°17'12" W - 171.00' TO A POINT
8) S 23°02'24" W - 172.73' TO A POINT
9) S 12°33'44" W - 238.87' TO A POINT
10) S 15°00'47" W - 100.43' TO A POINT, ALSO BEING A COMMON CORNER WITH BHR LAND HOLDINGS LLC (2872/832),

THENCE LEAVING THE CENTERLINE OF CLARK'S CREEK AND FOLLOWING WITH THE COMMON LINE OF BHR LAND HOLDINGS LLC N 22°36'36" W - 50.00' TO AN EXISTING #4 REBAR, THENCE CONTINUING WITH BHR LAND HOLDINGS N 22°36'36" W - 181.00' TO AN EXISTING #4 REBAR, THENCE CONTINUING WITH BHR LAND HOLDINGS N 38°06'36" W - 1,411.00' TO AN EXISTING AXLE, THENCE CONTINUING WITH BHR LAND HOLDINGS N 73°07'45" W - 1,222.08' TO AN EXISTING #4 REBAR, SAID REBAR ALSO BEING A COMMON CORNER WITH ROBERT CRAIG KAY (1623/636), THENCE WITH A COMMON LINE WITH ROBERT CRAIG KAY N 73°07'48" W - 189.95' TO AN EXISTING #R4 REBAR, SAID REBAR ALSO BEING A COMMON CORNER WITH MICHAEL D. ISSACS (1055/507), THENCE WITH A COMMON LINE WITH MICHAEL D. ISAACS N 72°48'47" W - 90.72' TO AN EXISTING #4 REBAR, SAID REBAR ALSO BEING ON THE EASTERN MARGIN OF THE 60' RIGHT OF WAY OF STARTOWN ROAD (SR#1005), THENCE CONTINUING WITHIN THE RIGHT OF WAY OF STARTOWN ROAD N 72°48'47" W - 29.86' TO A POINT IN THE CENTERLINE OF STARTOWN ROAD, THENCE CONTINUING WITH THE CENTERLINE OF STARTOWN ROAD THE FOLLOWING SIX CALLS:

1) N 03°25'50" E - 49.84' TO A POINT
2) N 02°11'41" E - 50.00' TO A POINT
3) N 01°03'13" E - 50.00' TO A POINT
4) N 00°20'14" E - 365.46' TO A POINT
5) N 00°24'35" E - 100.00' TO A POINT
6) N 00°25'38" E - 20.50' TO A POINT 7) N 00°20'53" E - 241.59' TO A POINT IN CENTERLINE OF STARTOWN ROAD, SAID POINT ALSO BEING A COMMON CORNER WITH SUSAN P. HARRIS ETAL. (14E-96)

THENCE LEAVING THE CENTERLINE OF THE ROAD N 68°57'47" E - 32.47' TO AN EXISTING CONCRETE MONUMENT, SAID MONUMENT ALSO BEING LOCATED ON THE EASTERN MARGIN OF THE 60' PUBLIC RIGHT OF WAY OF STARTOWN ROAD (SR#1005), THENCE CONTINUING WITH SUSAN P. HARRIS ETAL N 68°57'47" E - 214.12' TO AND EXISTING #4 REBAR, THENCE CONTINUING WITH SUSAN P. HARRIS ETAL N 68°57'47" E - 262.66' TO AN EXISTING #4 REBAR, THENCE CONTINUING WITH SUSAN P. HARRIS ETAL N 31°07'56" E - 165.00' TO THE POINT AND PLACE OF BEGINNING CONTAINING 96.856 AC±.

Section 3. Notice of the public hearing shall be published once in the Lincoln Times News, a newspaper having general circulation in the City of Lincolnton, at least ten (10) days prior to the date of the public hearing.

____
Mayor

ATTEST:

____
Clerk

R-03-23
A RESOLUTION OF THE CITY OF LINCOLNTON ACKNOWLEDGING THE SERVICE OF POLICE DOG "NASH", DECLARING HIM AS SURPLUS, AND AUTHORIZING HIS DISPOSITION TO HIS HANDLER

WHEREAS, the City of Lincolnton has been well served by its police dog "Nash", who has served the Lincolnton Police Department and its citizens for many years; and

WHEREAS, it is time for "Nash" to retire as a police dog; and

WHEREAS, although he has been a valuable member of the police department, he is considered personal property, and as such, the City must declare him as "surplus" for purposes of disposing of him; and

WHEREAS, the Lincolnton City Council finds that the City is unlikely to receive significant value through a sale of "Nash", and the City wishes to make sure that he spends the rest of his life with his beloved handler; Sgt. Randy Carroll;

NOW, THEREFORE, the City of Lincolnton, acting by and through the Lincolnton City Council, does hereby resolve as follows:

1. The Lincolnton City Council recognizes the valuable contributions Made by "Nash", its eight year old K-9, to the citizens of Lincolnton.

2. "Nash" is hereby declared surplus to the needs of the City and should be permitted to retire.

3. City staff is authorized and directed to transfer "Nash" to his handler Sgt. Randy Carroll, per the Bill of Sale attached hereto as Exhibit "A"

Adopted this 2nd day of February, 2023

ATTEST:

____
Ed Hatley, Mayor

____
Daphne Ingram, City Clerk

R-04-23
A RESOLUTION OF THE CITY OF LINCOLNTON ACKNOWLEDGING THE SERVICE OF POLICE DOG "Chase", DECLARING HIM AS SURPLUS, AND AUTHORIZING HIS DISPOSITION TO HIS HANDLER

WHEREAS, the City of Lincolnton has been well served by its police dog "Chase", who has served the Police Department and its citizens for many years; and

WHEREAS, it is time for "Chase" to retire as a police dog; and

WHEREAS, although he has been a valuable member of the police department, he is considered personal property, and as such, the City must declare him as "surplus" for purposes of disposing of him; and

WHEREAS, the Lincolnton City Council finds that the City is unlikely to receive significant value through a sale of "Chase", and the City wishes to make sure that he spends the rest of his life with his beloved handler; Sgt. Devane Rushing;

NOW, THEREFORE, the City of Lincolnton, acting by and through the Lincolnton City Council, does hereby resolve as follows:

1. The Lincolnton City Council recognizes the valuable contributions Made by "Chase", to the citizens of Lincolnton.

2. "Chase" is hereby declared surplus to the needs of the City and should be permitted to retire.

3. City staff is authorized and directed to transfer "Chase" to his handler Sgt. Devane Rushing, per the Bill of Sale attached hereto as Exhibit "A"

Adopted this 2nd day of February, 2023

ATTEST:

____

Ed Hatley, Mayor

____

Daphne Ingram, City Clerk

LINCOLNTON

AGENDA ITEM SUMMARY

To:	The Honorable Mayor and City Council
Date:	February 2, 2023
From:	Chief Rodney Jordan
Subject:	Presentation of Advanced Law Enforcement Certificate - Sgt. Devane Rushing

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Summary:

Presentation to Sergeant Devane Rushing with her Advanced Law Enforcement Certificate by Chief Rodney Jordan

Background:

The Advanced Law Enforcement Certificate is the highest award issued by the North Carolina Training and Standards Commission. Sergeant Rushing has logged hundreds of hours of training and worked for several years to earn this certificate.

Fiscal Impact:

NA

Recommendation:

Presentation of Certificate

Attachments:

1. Rushing Advanced 2023

TO: Ritchie Haynes, City Manager
FROM: Chief R. Jordan
SUBJECT: Presentation
DATE: January 17, 2023

The purpose of this memorandum is to request permission to present Sergeant Devane Rushing with her Advanced Law Enforcement Certificate at the February 2nd, City Council Meeting. Sergeant Rushing has logged hundreds of hours of training and worked several years to earn this certification. The Advanced Law Enforcement Certificate is the highest award issued by the North Carolina Training and Standards Commission.

Your Consideration is greatly appreciated.

Item

LINCOLNTON

AGENDA ITEM SUMMARY

To: The Honorable Mayor and City Council

Date: February 2, 2023

From: Ed Hatley, Mayor

Subject: Presentation of GFOA's Certificate of Achievement for Excellence in Financial Reporting

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Summary:

Received notification that the City's annual comprehensive financial report for the fiscal year qualifies for Certificate of Achievement

Background:

The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting. Attainment represents significant accomplishment by the government and its management.

Fiscal Impact:

NA

Recommendation:

Award Acknowledgment and Recognition - Finance Departmemt

Attachments:

1. GFOA - Finance Award

Government Finance Officers Association
203 North LaSalle Street, Suite 2700
Chicago, Illinois 60601-1210
312.977.9700 *fax:* 312.977.4806

12/14/2022

Ed Hatley
Mayor
City of Lincolnton, North Carolina

Dear Mayor Hatley:

We are pleased to notify you that your annual comprehensive financial report for the fiscal year ended June 30, 2021 qualifies for GFOA's Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

When a Certificate of Achievement is awarded to a government, an Award of Financial Reporting Achievement (AFRA) is also presented to the individual(s) or department designated by the government as primarily responsible for its having earned the Certificate. This award has been sent to the submitter as designated on the application.

We hope that you will arrange for a formal presentation of the Certificate and Award of Financial Reporting Achievement, and give appropriate publicity to this notable achievement. A sample news release is included to assist with this effort.

We hope that your example will encourage other government officials in their efforts to achieve and maintain an appropriate standard of excellence in financial reporting.

Sincerely,

Michele Mark Levine

Michele Mark Levine
Director, Technical Services

MEMO TO: Mayor and City Council Members

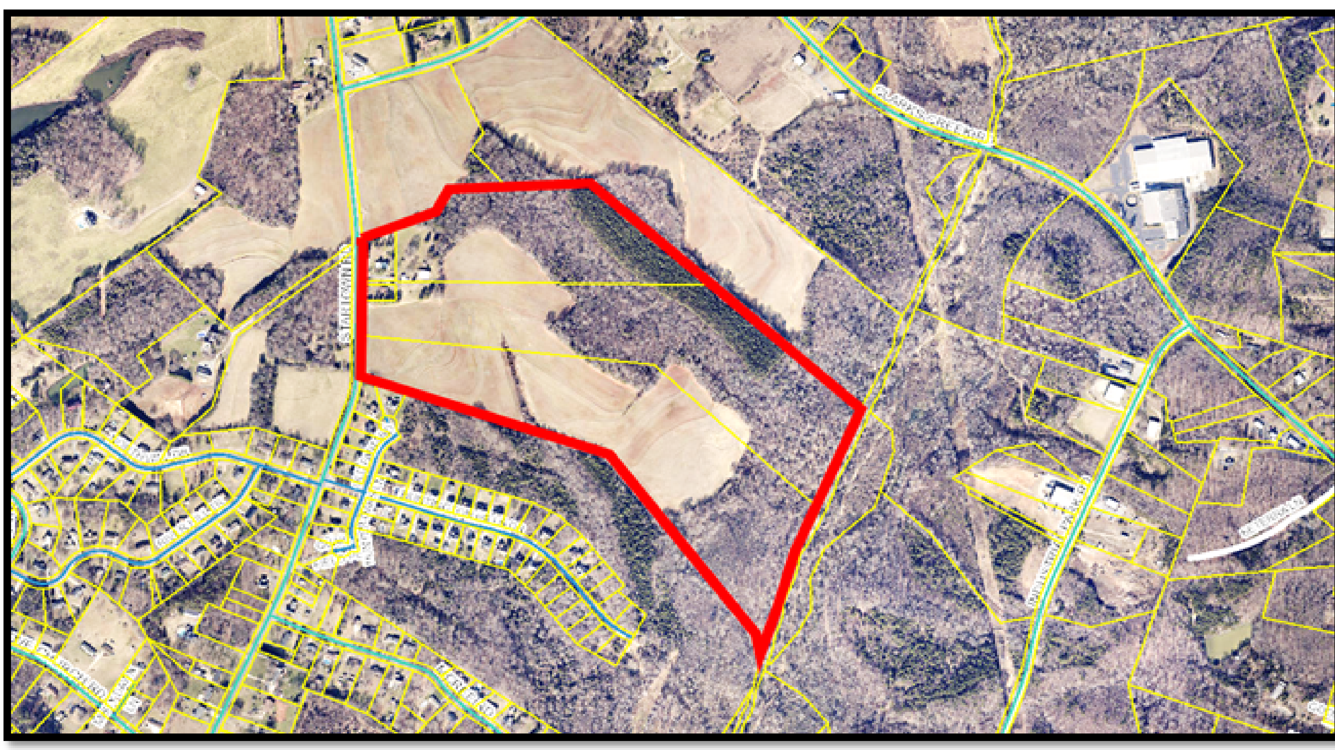
FROM: Jean Derby, Planning Director

SUBJECT: ANX-3-2022, Consideration of Annexation of Property located on the east side of Startown Road approximately 950 feet from Clarks Creek Road (Parcel IDs 16937, 21509, 21507, 21508 and 21510).

DATE: February 2, 2023

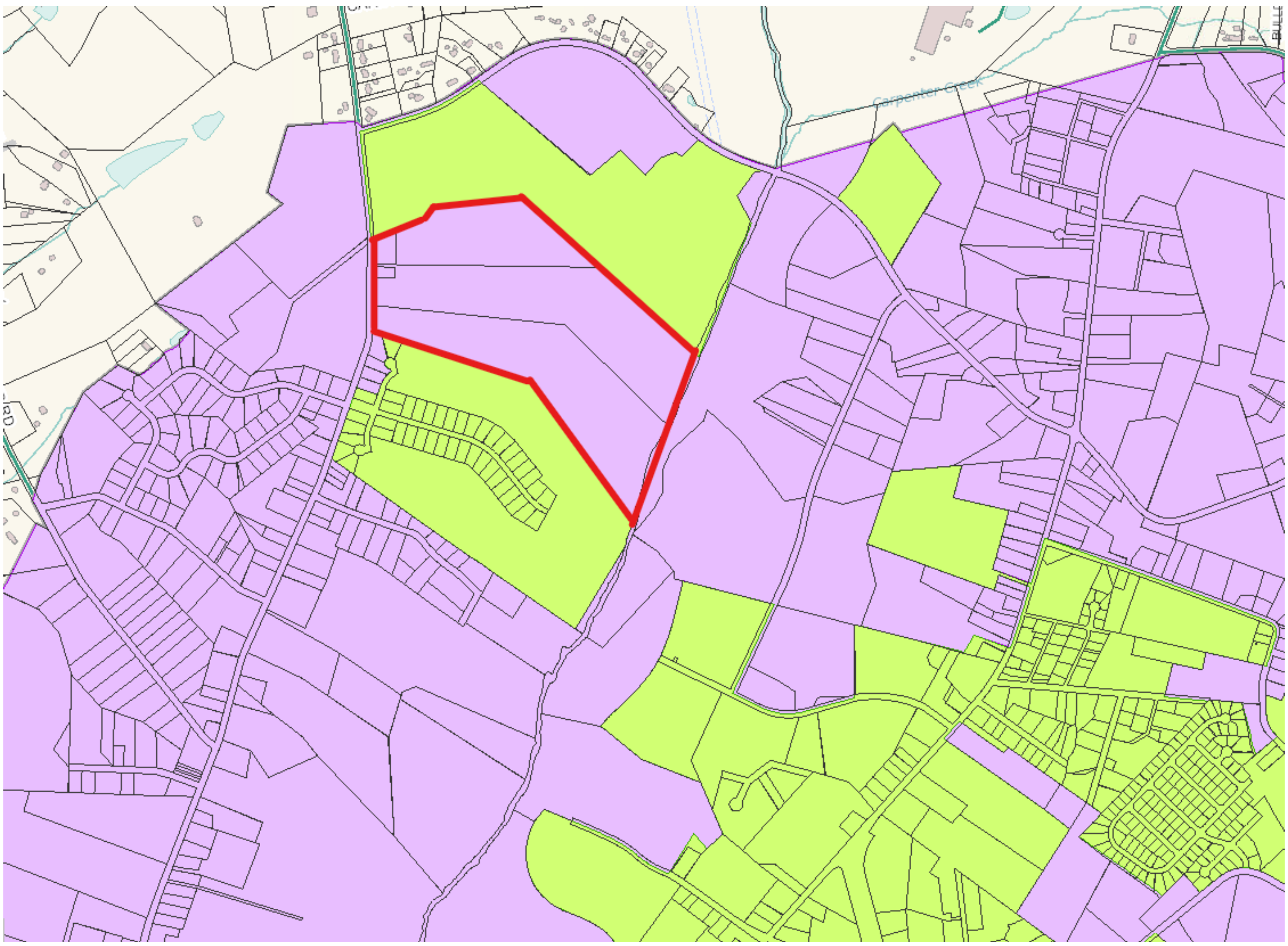
BACKGROUND

In December 2022, Council adopted a resolution to consider annexation of an approximately 97 acres of property located on the east side of Startown Road approximately 950 feet from Clarks Creek Road (Parcel IDs 16937, 21509, 21507, 21508 and 21510).



CITY LIMITS / ETJ BOUNDARY

The property is located approximately 670 feet north of the city limits.



STATUTORY REQUIREMENTS

At the January meeting, we certified that this petition meets all of the state statutory requirements as well as complies with the City Annexation policy.

MUNICIPAL REQUIREMENTS IF THE PROPERTY IS ANNEXED

Fire Protection: The City will provide fire protection.

Police Protection: The City will provide police protection.

Refuse Collection: The City will provide refuse collection.

Water and sewer services: The City will provide water and sewer services.

Street maintenance: The city will maintain the streets.

VOTING DISTRICT

If annexed, the property will be added to Ward 4.

STAFF RECOMMENDATION

Staff recommends approval of the annexation.

AN ORDINANCE TO EXTEND THE CORPORATE LIMITS OF THE CITY OF LINCOLNTON, NC

WHEREAS, the Lincolnton City Council has been petitioned under G.S. 160A-58.1 to annex the area described below; and

WHEREAS, the Lincolnton City Council has by resolution directed the City Clerk to investigate the sufficiency of the petition; and

WHEREAS, the City Clerk has certified the sufficiency of the petition and a public hearing on the question of this annexation was held in the Council Chambers of the Lincolnton City Hall at 7:00 p.m. on February 2, 2023, after due notice by publication and posting on January 18, 2023; and

WHEREAS, the Lincolnton City Council finds that the area described therein meets the standards of G.S. 160A-58.1(b), to wit:

a. The nearest point on the proposed satellite corporate limits is not more than three (3) miles from the corporate limits of the City;
b. No point on the proposed satellite corporate limits is closer to another municipality that to the City;
c. The area described is so situated that the City will be able to provide the same services within the proposed satellite corporate limits that it provides within the primary corporate limits;
d. No subdivision, as defined in G.S. 160A-376, will be fragmented by this proposed annexation;
e. The area within the proposed satellite corporate limits, when added to the area within all other satellite corporate limits, does not exceed ten percent (10%) of the area within the primary corporate limits of the City; and

WHEREAS, the Lincolnton City Council further finds that the petition has been signed by all the owners of real property in the area who are required by law to sign; and

WHEREAS, the Lincolnton City Council further finds that the petition is otherwise valid, and that the public health, safety and welfare of the City of Lincolnton and of the area proposed for annexation will be best served by annexing the area described;

NOW, THEREFORE, BE IT ORDAINED by the Lincolnton City Council of the City of Lincolnton, North Carolina that:

Section 1. By virtue of the authority granted by G.S. 160A-58.2, the following described non-contiguous territory is hereby annexed and made part of the City of Lincolnton, as of February 2, 2023:

ANNEXATION DESCRIPTION COMMENCING AT NCGS MONUMENT WHITENER, HAVING GRID COORDINATES OF N: 657,394.84 E: 1,326,513.98, FROM SAID POINT OF COMMENCEMENT S 01°04'58” E - 4034.91' TO NCGS MONUMENT CHAPMAN, HAVING NCGS COORDINATES OF N: 653,361.12 E: 1,326,590.22, FROM SAID NCGS MONUMENT S 10°54'48” E - 5, 111.34' TO AND EXISTING #4 REBAR, SAID REBAR BEING THE POINT OF BEGINNING, SAID POINT OF BEGINNING ALSO BEING A COMMON CORNER WITH SUSAN P. HARRIS ETAL. (14E-96), FROM SAID POINT OF BEGINNING AND FOLLOWING WITH THE COMMON PROPERTY OF SUSAN P. HARRIS ETAL. S 89°56'23” E - 841.50' TO AN EXISTING #4 REBAR, THENCE CONTINUING WITH SUSAN P. HARRIS ETAL. S 47°56'23” E - 2,095.00' TO AN EXISTING #4 REBAR, THENCE CONTINUING WITH SUSAN P. HARRIS ETAL. S 47°56'23” E - 50.00' TO A POINT IN THE CENTER OF CLARK'S CREEK, ALSO BEING A COMMON CORNER WITH TROY A. MOTZ (3082/001), THENCE CONTINUING WITH THE CENTERLINE OF CLARK'S CREEK AND THE COMMON LINE WITH TROY A. MOTZ THE FOLLOWING TEN CALLS:
1) S 21°04'57” W - 92.18' TO A POINT
2) S 23°17'36” W - 185.78' TO A POINT
3) S 28°19'10” W - 96.27' TO A POINT
4) S 24°05'34” W - 156.04' TO A POINT
5) S 18°29'44” W - 185.15' TO A POINT
6) S 30°04'06” W - 249.67' TO A POINT
7) S 11°17'12” W - 171.00' TO A POINT
8) S 23°02'24” W - 172.73' TO A POINT
9) S 12°33'44” W - 238.87' TO A POINT
10) S 15°00'47” W - 100.43' TO A POINT, ALSO BEING A COMMON CORNER WITH BHR LAND HOLDINGS LLC (2872/832),

THENCE LEAVING THE CENTERLINE OF CLARK'S CREEK AND FOLLOWING WITH THE COMMON LINE OF BHR LAND HOLDINGS LLC N 22°36'36” W - 50.00' TO AN EXISTING #4 REBAR, THENCE CONTINUING WITH BHR LAND HOLDINGS N 22°36'36” W - 181.00' TO AN EXISTING #4 REBAR, THENCE CONTINUING WITH BHR LAND HOLDINGS N 38°06'36” W - 1,411.00' TO AN EXISTING AXLE, THENCE CONTINUING WITH BHR LAND HOLDINGS N 73°07'45” W - 1,222.08' TO AN EXISTING #4 REBAR, SAID REBAR ALSO BEING A COMMON CORNER WITH ROBERT CRAIG KAY (1623/636), THENCE WITH A COMMON LINE WITH ROBERT CRAIG KAY N 73°07'48” W - 189.95' TO AN EXISTING #R4 REBAR, SAID REBAR ALSO BEING A COMMON CORNER WITH MICHAEL D. ISSACS (1055/507), THENCE WITH A COMMON LINE WITH MICHAEL D. ISAACS N 72°48'47” W - 90.72' TO AN EXISTING #4 REBAR, SAID REBAR ALSO BEING ON THE EASTERN MARGIN OF THE 60' RIGHT OF WAY OF STARTOWN ROAD (SR#1005), THENCE CONTINUING WITHIN THE RIGHT OF WAY OF STARTOWN ROAD N 72°48'47” W - 29.86' TO A POINT IN THE CENTERLINE OF STARTOWN ROAD, THENCE CONTINUING WITH THE CENTERLINE OF STARTOWN ROAD THE FOLLOWING SIX CALLS:
1) N 03°25'50” E - 49.84' TO A POINT
2) N 02°11'41” E - 50.00' TO A POINT
3) N 01°03'13" E - 50.00' TO A POINT
4) N 00°20'14” E - 365.46' TO A POINT
5) N 00°24'35” E - 100.00' TO A POINT
6) N 00°25'38” E - 20.50' TO A POINT 7) N 00°20'53” E - 241.59' TO A POINT IN CENTERLINE OF STARTOWN ROAD, SAID POINT ALSO BEING A COMMON CORNER WITH SUSAN P. HARRIS ETAL. (14E-96)
THENCE LEAVING THE CENTERLINE OF THE ROAD N 68°57'47” E - 32.47' TO AN EXISTING CONCRETE MONUMENT, SAID MONUMENT ALSO BEING LOCATED ON THE EASTERN MARGIN OF THE 60' PUBLIC RIGHT

OF WAY OF STARTOWN ROAD (SR#1005), THENCE CONTINUING WITH SUSAN P. HARRIS ETAL N 68°57'47” E - 214.12' TO AND EXISTING #4 REBAR, THENCE CONTINUING WITH SUSAN P. HARRIS ETAL N 68°57'47” E - 262.66' TO AN EXISTING #4 REBAR, THENCE CONTINUING WITH SUSAN P. HARRIS ETAL N 31°07'56” E - 165.00' TO THE POINT AND PLACE OF BEGINNING CONTAINING 96.856 AC±.

Section 2. Upon and after February 2, 2023, the above described territory and its citizens and property shall be subject to all debts, laws, ordinances and regulations in force in the City of Lincolnton and shall be entitled to the same privileges and benefits as other parts of the City of Lincolnton. Said territory shall be subject to municipal taxes according to G.S. 160A-58.10.

Section 3. The Mayor of the City of Lincolnton shall cause to be recorded in the office of the Register of Deeds of Lincoln County, and in the office of the Secretary of State at Raleigh, North Carolina, an accurate map of the annexed territory, described in Section 1 above, together with a duly certified copy of this ordinance. Such a map shall also be delivered to the County Board of Elections, as required by G.S. 163-288.1.

Adopted this ____ day of ______________, 2023

____
Mayor

ATTEST: APPROVED AS TO FORM:

______________________________ ______________________________
Clerk City Attorney

LINCOLNTON

AGENDA ITEM SUMMARY

To: The Honorable Mayor and City Council

Date: February 2, 2023

From: Jean Derby, Planning Director

Subject: Consideration to Accept Subdivision Infrastructure Contract and Surety Bond/Cash

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Summary:

Consideration to accept Subdivision Infrastructure Contract and Surety Bond/Cash

Background:

This is phase II of a new subdivision off of Roper Drive. In order to start subdividing the lots and to start building, the roadway and utilities need to be complete OR in lieu of requiring the completion, installation and dedication of all improvements prior to final plat approval, the city may enter into an agreement with the subdivider whereby the subdivider shall agree to complete all required improvements. To secure this agreement, the subdivider shall provide to the City Council either one, or a combination of the following guarantees:

(a) *Surety performance bond(s).* The subdivider shall obtain a performance bond(s) from a surety bonding company authorized to do business in the state. The duration of the bond(s) shall be until a time as the improvements are accepted by the City Council.

(b) *Cash or equivalent security.*

1. The subdivider shall deposit cash, an irrevocable letter of credit or other instrument readily convertible into cash at face value, either with the city or in escrow with a financial institution designated as an official depository of the city.
2. If cash or other instrument is deposited in escrow with a financial institution as herein provided, the subdivider shall then file with the City Council an agreement between the financial institution and himself or herself guaranteeing the following:
   a. The escrow account shall be held in trust until released by the City Council and may not be used or pledged by the subdivider in any other matter during the term of the escrow; and
   b. In case of a failure on the part of the subdivider to complete the improvements, the financial institution of an engineer's estimate of the amount needed to complete the improvements, immediately either pay to the city the funds estimated to complete the improvements, up to the full balance of the escrow account, or deliver to the city any other instruments fully endorsed or otherwise made payable in full to the city.

The amount of the guarantee shall be equal to one and twenty-five one-hundredths times the cost of installing all required improvements. All guarantees shall be subject to the approval of the City Council (based on recommendations from the city's Director of Public Works and Utilities) and shall be made payable to the city.

Fiscal Impact:

n/a

Recommendation:

Approve the acceptance of the Subdivision Infrastructure Contract.

Attachments:

1. Consideration to Accept Subdivision Infrastructure Contract and Surety BondCash

Project Name: Forest Park Phase II

Subdivision Infrastructure
Contract

THIS CONTRACT entered into this 26th day of January 20 23, by and between the Lincolnton City Council, hereinafter referred to as "City," and

Dynamo Holdings, LLC hereinafter referred to as "PRINCIPAL."

WITNESSETH:
IN CONSIDERATION of the mutual covenants and promises herein contained, the parties hereto agree as follows:

1. The PRINCIPAL agrees to construct the improvements described below:
Ariella Ct. will be paved in accordance with NCDOT specifications and certification of Pavement Conformance will be provided by engineer. Water meter yoke assembly systems will be installed in 26 units (13 duplexes).

and all other improvements depicted in subdivision. A copy of said plat to be recorded in the Plat Books of the Public Records of Lincoln City.

2. Principal agrees to construct the improvements strictly in accordance with the plans and specifications on file in the Land Development Division (which construction is hereinafter referred to as the "Work"). Such plans and specifications (hereinafter referred to as the "Plans") are hereby incorporated into this Agreement by reference and made a part hereof. Principal warrants to City that the Work will conform to the requirements of the Plans and other requirements specified in the City's approval of the Work. Principal also warrants to City that the Work will be free from faults and defects. Work not conforming to these requirements, including substitutions not properly approved and authorized, may be considered to be defective. All defective Work, whether or not in place, may be rejected, corrected or accepted as provided in this paragraph 2.

If within two (2) years after approval and acceptance of the improvements by City, any Work is found to be defective, Principal shall promptly, without cost to City, either correct such defective Work, or, if it has been rejected by City, remove it from the site and replace it with nondefective Work. If Principal does not promptly comply with the terms of such instructions, City may elect any of the remedies provided for in paragraph 6 herein below. Corrective Work shall be warranted to be free from defects for a period of six (6) months. Any defect in such Work shall be corrected again by Principal promptly upon notice of the defect from City. In the event the maintenance bond given by Principal in connection with City's acceptance of the improvements is extended, the two (2) year warranty period provided for herein shall be extended for a like period.

To the extent assignable, Principal assigns to City all of Principal's warranty rights under its construction contract with the contractor constructing the improvements (including all warranties provided by law of in equity with respect to such construction contract), which warranties may be asserted by City on behalf of Principal in the event Principal fails to perform its warranty obligations hereunder. Where warranties granted hereunder overlap, the more stringent requirement shall control."

3. The PRINCIPAL agrees to complete said construction on or before the 31 day of December, 20 23.

4. In order to guarantee performance of PRINCIPAL'S obligations herein contained, PRINCIPAL shall furnish cash, letter of credit, certificate of deposit or surety bond in a form approved by the CITY, in the amount of $74 437.50 . If such bond is a cash bond or a certificate of deposit, said amount shall be deposited with the City of Lincolnton within five (5) business days of the City's acceptance of this contract. Said bond shall be 125% of the estimated cost of construction, as determined by the Land Development Division. PRINCIPAL shall maintain such records and accounts, including property, personnel, financial records, as are deemed necessary by the CITY to ensure proper accounting for all funds expended under the agreement. Said records shall be made available upon request for audit purposes to Brevard City and its auditors.

5. The CITY agrees to accept said plat above described for recording in the public records of Lincoln County, NC and to accept the areas depicted thereon as dedicated for public use, including but not limited to streets and parks, at such time as said improvements are satisfactorily completed. Satisfactory completion in accordance with the plans and specifications shall be determined by written approval of the Publilc Works Director or designated assistant.

6. In the event, PRINCIPAL fails to complete said improvements within the time prescribed, the CITY may elect to take all or any of the following actions:

A. Vacate all or part of such recorded plat where improvements have not Been completed in accordance with the plans and specifications,
B. Complete the improvements utilizing CITY employees and materials and request payment from the bond or the PRINCIPAL,
C. Request the surety on said performance bond to complete such improvements, or
D. Contract for completion of said improvements.

7. The PRINCIPAL and Surety on said performance bond shall be liable for all costs, expenses, and damages incurred by the CITY, including attorney's fees, in the event the PRINCIPAL defaults on this contract.

8. In the performance of this Agreement, the PRINCIPAL shall keep books, records, and accounts of all activities, related to the agreement, in compliance with generally accepted accounting procedures. Books, records and accounts related to the performance of this agreement shall be open to inspection during regular business hours by an authorized representative of the Office and shall be retained by the PRINCIPAL for a period of three years after termination of this agreement. All records, books and accounts related to the performance of this agreement shall be subject to the applicable provisions of the Unified Development Ordinance.

9. No reports, data, programs or other materials produced, in whole or in part for the benefit and use of the City, under this agreement shall be subject to copyright by PRINCIPAL in the United States or any other country.

PRINCIPAL: Dynamo Holdings, LLC

By: ______________________

Authorized signature

Igor Shiper, Managing Member

Printed Name and title

1/26/23

State of North Carolina

County of Lincoln

I, the undersigned Notary Public of the County and State aforesaid, certify that Igor Shiper, personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed.

Witness my hand and official seal this 26th day of January, 2023.

Jean Q. Derby

Jean, Q. Derby, Notary Public

My Commission Expires: 4.20.2023

JEAN Q. DERBY
NOTARY
PUBLIC
LINCOLN COUNTY, NC

This the __________ day of _________________, 20_____.

____

Ed Hatley, Mayor

Attest:

____

Daphne Ingram, CMC
City Clerk

State of North Carolina

County of _________________________

I, the undersigned Notary Public of the County and State aforesaid, certify that _______________________, personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed.

Witness my hand and official seal this ________day of______________________________________, 20________.

____

Jean, Q. Derby, Notary Public

My Commission Expires: ________________________

APMI

SITE WORK * PAVING * CONCRETE

(704) 711-5109

PROPOSAL/CONTRACT

DATE: 1/14/23

PROPOSAL NO: 124793

PROPOSAL VALID FOR 30 DAYS

PROJECT ADDRESS: Roper rd. Lincolnton

CUSTOMER: Dynamo Holdings
Paving Top coat aprx. 800
ft of road 1.5" Compacted
Asphalt

PHONE:

EMAIL: **vitg5689@gmail.com**

DESCRIPTION	AMOUNT

APMI PROPOSES TO FURNISH ALL LABOR, EQUIPMENT AND MATERIAL TO COMPLETE THE FOLLOWING:

PER TON PRICING
SCOPE OF WORK:
*Fine Grade for Paving
*Pave Area with 1.5" Compacted Aspahalt
NOTE: Per Ton Pricing. Final Amount Due to be Determined by Asphalt Tonnage Required

Unless Specifically Listed Above the Following Are Excluded:
Permits and Fees if Required Police Detail for Traffic Control Unsuitable or Contaminated Materials: Large Rocks; Ledge Pavement Markings Site work Line Striping Crackfilling Excessive Shimming Phasing Landscaping Weekend Night or Holiday Paving

TOTAL 49,800.00

*ANY CHANGE FROM THE ABOVE SPECIFICATIONS REQUIRING ADDITIONAL MATERIAL OR LABOR MUST BE MADE IN WRITING AND WILL INCUR AN EXTRA CHARGE OVER THE SUM MENTIONED IN THIS CONRACT.

NOTE: DUE TO UNCERTAINTY IN THE OIL MARKET, APMI RESERVES THE RIGHT TO ADJUST THIS QUOTE TO REFLECT INCREASES IN THE COSTS OF PRODUCTS WHICH ARE MADE FROM CRUDE OIL I.E. LIQUID ASPHALT, FUEL OIL, GASOLINE, ETC.

Payment Terms: Payment in full due immediately upon completion, unless otherwise stated above.
Accounts 30 days overdue are subject to a 1.5% per month service charge.

TO ACCEPT PROPOSAL PLEASE SIGN BELOW AND RETURN ONE COPY TO APMI

SIGNATURE ______________________ DATE________________

ESTIMATE #2315

MT Plumbing Services, Inc.

Charlotte, NC
https://mtplumbingservice.com/
(704) 856-8013

MT PLUMBING SERVICES, INC.

BILL TO

Sergii Abramenko
Dynamo Holdings, LLC
205 S Academy Lincolnton, NC

Estimate Date: 1/26/2023
Valid For: 30 days

DESCRIPTION	QTY	UNIT PRICE	TOTAL
Install water meter yoke assembly			0.00
13 duplexes x 2 units in each	26	375	9750.00
			0.00
			0.00
			0.00
			0.00
			0.00
			0.00
			0.00
			0.00
			0.00

SUBTOTAL	9750.00
DISCOUNT	0.00
SUBTOTAL LESS DISCOUNT	9750.00
TAX RATE	0.00%
TOTAL TAX	0.00
SHIPPING/HANDLING	0.00
Quote Total	**$ 9,750.00**

Terms & Instructions

50% deposit due upfront, remainder due upon completion
1 year labor warranty

This estimate applies to Forest Park phase II (Roper Dr) subdivision

MASON PAVING

QUOTE

Phone: (704) 678-1714
Address: 1417 Ratchford Rd, Dallas, NC 28034

Attention: Vitaliy (DYNAMO HOLDINGS)
205 S Academy st. Lincolnton NC
Date: 1/8/23

Project Title: Roper Paving
Project Description: top coat 1.5”

Description	Quantity	Unit Price	Cost
Top coat 1.5” (Material included)	790 FT		$44,500.00
			$0.00
			$0.00
			$44,500.00
			$0.00
		Total	$44,500.00

South End Plumbing
Professional Quality Service

Estimate

South End Plumbing
420 Seaboard Dr
Matthews, NC 28104
Mecklenburg
28104

BILL TO:
Dynamo Holdings, LLC
205 S Academy St
Lincolnton, NC
28092

ESTIMATE NO 641

DATE
1/26/23

ITEMS	DESCRIPTION	QUANTITY	PRICE	TAX	AMOUNT
26	Install new water meter yoke assemblies	26	$312.00	0.00%	$8,112.00
	Supplies will be furnished by South End				
	Labor will be furnished by South End				

NOTES:
This estimate is valid for 30 days

TOTAL
$8,112.00

Item

LINCOLNTON

AGENDA ITEM SUMMARY

To: The Honorable Mayor and City Council

Date: February 2, 2023

From: Carol Avery Lowermilk Church & Co. L.L.P.

Subject: 2021-2022 - Audit Presentation

Summary:

Representatives from Lowdermilk Church and Co, L.L.P. will present and review the findings of last year's audit.

Background:

Per the contract between the City and Lowdermilk Church & Co.,L.L.P., once the yearly audit is completed, the Auditor shall submit to the Governing Board a written report of the audit.

Fiscal Impact:

NA

Recommendation:

Acknowledgement of Presentation of Report

Attachments:

1. audit backup information

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Lincolnton, North Carolina for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), 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 12, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Lincolnton, North Carolina are described in Note 1 to the financial statements. As described in Note VIII to the financial statements, the City of Lincolnton, North Carolina changed accounting policies related to leases by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 87, Leases, in the year ending June 30, 2022. We noted no transactions entered into by Town of Dallas, North Carolina 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, North Carolina's financial statements were:

> Management's estimate of the allowance for doubtful accounts is based on the 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 disclosures affecting the financial statements was:

The disclosure of related to debt in Note III B.5.c. to the financial statements.

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 auditors' 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 December 8, 2022.

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 City of Lincolnton, North Carolina'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 City of Lincolnton, North Carolina'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

We applied certain limited procedures to Management's Discussion and Analysis, the Other Postemployment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, and the Firefighters' and Rescue Squad Worker's Pension Fund's Schedule of the Proportionate Share of Net Pension Liability (Asset), the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability As a Percentage of Covered Payroll, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on individual fund statements, budgetary schedules, other schedules, as well as the accompanying schedule of expenditures of federal and state awards as required by *Title 2 U.S. Code of Federal Regulations (CFR), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act), which accompany the financial statements but are not RSI. With respect to this supplementary information, 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.

We were not engaged to report on the introductory information and statistical information accompanying the financial statements which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

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

Very truly yours,

Lowdermilk Church & Co., L.L.P.

Morganton, North Carolina
December 8, 2022

CITY OF LINCOLNTON

Financial Highlights
Years Ended June 30, 2022 and 2021

General Fund (Includes Powell Bill Funds)	**2022 Summarized Budget**	**2022**	**2021**
Total assets		$ 9,668,593	$ 8,405,933
Fund balance		$ 6,985,895	$ 5,708,206
Fund balance - Reserved for Streets - Powell Bill (included in total fund balance)		$ 314,798	$ 278,229
Total revenue	$ 12,533,106	$ 13,836,542	$ 12,971,770
Total expenditures	$ 13,930,630	$ 13,712,897	$ 14,197,999
Revenues over (under) expenditures before other financing sources (uses)		$ 123,645	$ (1,226,229)
Other income (expense)	$ 1,397,527	$ 1,157,027	$ 1,640,378
Increase (decrease) in fund balance		$ 1,280,675	$ 414,149
Increase (decrease) in inventory		$ (2,985)	$ 3,240
Ad valorem taxes collected		$ 5,638,718	$ 5,605,996
Percent of taxes collected - current year levy		99.14%	99.10%
Investment income		$ 35,267	$ 57,750
Fund Balance Available - without Powell Bill			
Available Fund Balance		$ 5,413,848	$ 4,251,362
Expenditures and other financing sources and uses		13,440,911	14,671,925
Available Fund Balance % - without Powell Bill		40.28%	28.98%
Fund Balance Available			
Available Fund Balance		$ 5,728,646	$ 4,529,320
Expenditures and other financing sources and uses		13,712,897	15,017,538
Available Fund Balance %		41.78%	30.16%
State average for a municipality with an electric system and with a population grouping of 10,000 to 49,999		44.06%	44.06%

* Local Government Commission minimum recommended general fund balance should be at least 25% of general fund expenditures at the end of the fiscal year.

CITY OF LINCOLNTON

Financial Highlights
Years Ended June 30, 2022 and 2021

Water and Sewer Fund	2022	2021
Total assets	$ 34,492,772	$ 34,322,869
Net position	$ 28,907,508	$ 27,993,770
Operating revenue	$ 8,284,548	$ 7,624,106
Operating expenses	$ 6,959,879	$ 6,861,419
Operating income (loss)	$ 1,324,669	$ 762,687
Nonoperating revenue (expenses)	$ (21,709)	$ (69,469)
Transfers (to) from	$ (389,222)	$ (389,222)
Change in net position	$ 913,738	$ 303,996
Accounts receivable - customers	$ 670,213	$ 718,035
Investment income	$ 23,154	$ 39,807
Days sales in accounts receivable	31.85%	36.33%
Funds Balance Available		
Available Fund Balance	$ 6,487,543	$ 5,592,029
Expenditures and other financing sources and uses	7,434,848	7,382,684
Available Fund Balance %	87.26%	75.75%

Electric Fund	2022	2021
Total assets	$ 10,159,509	$ 9,988,620
Net position	$ 8,547,892	$ 8,544,997
Operating revenue	$ 7,497,646	$ 8,897,302
Operating expenses	$ 7,514,098	$ 7,336,762
Operating income (loss)	$ (16,452)	$ 1,560,540
Nonoperating revenue	$ 49,811	$ 29,622
Transfers (to) from	$ (30,465)	$ (30,465)
Change in net position	$ 2,894	$ 1,559,697
Accounts receivable - customers	$ 559,574	$ 688,748
Investment income	$ 49,983	$ 29,622
Days sales in accounts receivable	31.03%	37.80%
Funds Balance Available		
Available Fund Balance	$ 4,175,179	$ 3,489,651
Expenditures and other financing sources and uses	7,544,735	7,367,227
Available Fund Balance %	55.34%	47.37%

Financial Highlights
Years Ended June 30, 2022 and 2021

Component Unit:	**2022**	**2021**
Lincolnton Tourism Development Authority		
Total assets	$ 573,958	$ 572,825
Net position	$ 556,588	$ 572,377
Cash and Investments		
Cash	$ 20,697,485	$ 17,771,298
Restricted Cash	2,095,945	698,861
Total cash	$ 22,793,430	$ 18,470,159
Total cash includes:		
Special Revenue Fund/Federal - ARPA	$ 1,000,000	$ -
Special Revenue Fund/State - SCIF	$ 356,360	$ -

LINCOLNTON
AGENDA ITEM SUMMARY

To: The Honorable Mayor and City Council

Date: February 2, 2023

From: Pamela McBryde, Finance Director

Subject: Consideration of Contract between the City of Lincolnton and Lowdermilk Church & Co., L.L.P. for the 2022 audit.

Summary:

Request for approval of contract with auditing firm to audit accounts for the fiscal year ending 06/30/23.

Background:

Fiscal Impact:

Proposed Audit Fee - $35,700.00

Recommendation:

Approval of contract to audit accounts

Attachments:

1. C-01-23 - contract only

CONTRACT TO AUDIT ACCOUNTS

The	Governing Board City Council	
of	Primary Government Unit City of Lincolnton, North Carolina	
and	Discretely Presented Component Unit (DPCU) (if applicable) Lincolnton Tourism Development Authority	

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

and	Auditor Name Lowdermilk Church & Co., L.L.P.
	Auditor Address 121 North Sterling Street, Morganton, NC 28655

Hereinafter referred to as Auditor

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

Must be within four months of FYE

hereby agree as follows:

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

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

Effective for audits of fiscal years beginning after June 30, 2023, the LGC will allow auditors to consider whether a unit qualifies as a State low-risk auditee based upon federal criteria in the Uniform Guidance §200.520(a), and (b) through (e) as it applies to State awards. In addition to the federal criteria in the Uniform Guidance, audits must have been submitted timely to the LGC. If in the reporting year, or in either of the two previous years, the unit reported a Financial Performance Indicator of Concern that the audit was late, then the report was not submitted timely for State low-risk auditee status. Please refer to "Discussion of Single Audits in North Carolina" on the LGC's website for more information.

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

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

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

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

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

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

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

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

8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's records for audit, financial statement preparation, any finance-related investigations, or any other audit- related work in the State of North Carolina. Approval is also required for the Alternative Compliance Examination Engagement for auditing the Coronavirus State and Local Fiscal Recovery Funds expenditures as allowed by US Treasury. Approval is not required on audit contracts and invoices for system improvements and similar services of a non-auditing nature.

9. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit(s) until the invoice has been approved by the Secretary of the LGC. This also includes any progress billings [G.S. 159-34 and 115C-447]. All invoices for audit work shall be submitted in PDF format to the Secretary of the LGC for approval. the invoice marked 'approved' with approval date shall be returned to the Auditor to present to the Governmental Unit(s) for payment. This paragraph is not applicable to contracts for audits of hospitals.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FEES FOR AUDIT SERVICES

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

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

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

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

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

PRIMARY GOVERNMENT FEES

Primary Government Unit	City of Lincolnton, North Carolina
Audit Fee	$ 35,700.00
Additional Fees Not Included in Audit Fee:	
Fee per Major Program	$
Writing Financial Statements	$ 3,000
All Other Non-Attest Services	$

DPCU FEES (if applicable)

Discretely Presented Component Unit	Lincolnton Tourism Development Authority
Audit Fee	$ 0
Additional Fees Not Included in Audit Fee:	
Fee per Major Program	$
Writing Financial Statements	$
All Other Non-Attest Services	$

SIGNATURE PAGE

AUDIT FIRM

Audit Firm* Lowdermilk Church & Co., L.L.P.	
Authorized Firm Representative (typed or printed)* Phillip E. Church	Signature* Phillip E. Church
Date* 01/02/23	Email Address* phil.church@lowdermilkchurchcpa.com

GOVERNMENTAL UNIT

Governmental Unit* City of Lincolnton, North Carolina	
Date Primary Government Unit Governing Board Approved Audit Contract* (G.S.159-34(a) or G.S.115C-447(a))	
Mayor/Chairperson (typed or printed)* Edward L. Hatley	Signature*
Date	Email Address ehatley@lincolntonnc.org

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

GOVERNMENTAL UNIT – PRE-AUDIT CERTIFICATE

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

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

Primary Governmental Unit Finance Officer* (typed or printed) Pamela McBryde	Signature*
Date of Pre-Audit Certificate*	Email Address* pmcbryde@lincolntonnc.org

SIGNATURE PAGE – DPCU
(complete only if applicable)

DISCRETELY PRESENTED COMPONENT UNIT

DPCU* Lincolnton Tourism Development Authority	
Date DPCU Governing Board Approved Audit Contract* (Ref: G.S. 159-34(a) or G.S. 115C-447(a))	
DPCU Chairperson (typed or printed)* Angela Lovelace	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.

DPCU Finance Officer (typed or printed)* Pamela McBryde	Signature*
Date of Pre-Audit Certificate*	Email Address* pmcbryde@lincolntonnc.org

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

PRINT

Directory of Governmental Unit and Audit Firm Officials

City of Lincolnton
Governmental Unit

Lowdermilk Church & Co., L.L.P.
Auditor for the 2022-2023 Fiscal Year

GOVERNMENTAL UNIT

1. **ELECTED OFFICIAL:**
(Mayor for Municipalities and chairperson of governing board for all other units)

Edward L. Hatley
Name

Mayor
Title

2. **MANAGER:**
(Or person who serves in this capacity e.g. Administrator, Executive Director, etc.)

Ritchie Haynes
Name

City Manager
Title

3. **FINANCE OFFICER:**

Pamela McBryde
Name

Finance Director
Title

(704) 736-8980
Phone No.

(704) 736-8999
Fax No.

pmcbryde@lincolntonnc.org
E-Mail Address

AUDITOR

1. **CONTACT PERSON:**
Partner or other person with legal authority to contract for the firm)

Phillip E. Church
Name

Partner
Title

(828) 433-1226
Phone No.

(828) 433-1230
Fax No.

carol.avery@lowdermilkchurchcpa.com
E-Mail Address

2. **AUDITOR ANTICIPATES PREPARING THE FOLLOWING TYPE OF REPORT:**

(Check the appropriate box)

___ General Purpose Financial Statements with combining, individual fund, and account group financial statements, and schedules required by the LGC

X Comprehensive Annual Financial Report (CAFR) including schedules required by the LGC

Notes:

1. Please type all information on this questionnaire.
2. The audit firm representative, the elected official, and the finance officer reported on this questionnaire should agree with the persons reported on the Contract to Audit Accounts.
3. The information on this questionnaire will be used in official correspondence from the Local Government Commission, and the Commission must be notified of any changes in the persons holding these positions.

LINCOLNTON

AGENDA ITEM SUMMARY

To:	The Honorable Mayor and City Council
Date:	February 2, 2023
From:	Pamela McBryde, Finance Director
Subject:	Budget Amendment to record adjustments to the General Fund, Boger City Fire District, Powell Bill Fund, Water & Sewer Fund, and Electric Fund

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Summary:

Amendment to be made to the Annual Budget Ordinance for the fiscal year ending June 30, 2023

Background:

General Fund Record APRA reimbursements for FY 22-23, additional special events collections, interest income from NCCMT investments for the month of December and proceeds from the sale of the old police building.
Boger City Fire District: Record ARPA reimbursements for FY 22-23
Powell Bill Fund: Record installment and interest income
Water and Sewer Fund: Record connection fees, Insurance settlement for property damage and Interest Income
Electric Fund: Electric meter fees, temporary pole fees and Interest income

Fiscal Impact:

See Budget Amendment

Recommendation:

Approve Budget Amendment

Attachments:

1. BA-02-23 - Budget Amendment

BA-02-23

BE IT ORDAINED by the Governing Board of the City of Lincolnton, North Carolina, that the following amendment be made to the Annual Budget Ordinance for the fiscal year ending June 30, 2023.

Section 1: To amend the General Fund, the expenditures are to be changes as follows:

General Expense	$	2,743,643
Bus & Comm. Dev		1,217
	$	2,744,860

Section 2: To amend the General Fund, the revenues are to be changed as follows:

BC&D-Event Fees	$	1,217
Interest-General Fund		38,454
Sale of Capital Assets-GF		318,046
Reimb from - ARP/CSLFRF	$	2,387,143
	$	2,744,860

General Fund: Record ARPA reimbursements for FY2223, additional special events collections through first half of FY2223, interest income on North Carolina Capital Management Trust (NCCMT) investments for the month of December, and proceeds from the sale of the old police building.

Section 3: To amend the Boger City Fire District Fund, the expenditures are to be changes as follows:

Boger Ciy Fire Tax	$	397,563

Section 4: To amend the Boger City Fire District Fund, the revenues are to be changed as follows:

Reimb from - ARP/CSLFRF	$	397,563
	$	397,563

Boger City Fire District: Record ARPA reimbursements for FY2223.

Section 5: To amend the Powell Bill Fund, the expenditures are to be changes as follows:

Powell Bill Construction/Other	$	21,140

Section 6: To amend the Powell Bill Fund, the revenues are to be changed as follows:

Powell Bill Allocation	$	20,030
Investment Income	$	1,110
	$	21,140

Powell Bill Fund: Record 2nd installment and interest income on powell bill funds.

Section 7: To amend the Water and Sewer Fund, the expenditures are to be changes as follows:

Wastewater Treatment Plant	$	40,213
Water and Sewer Intangibles		984
	$	41,197

Section 8: To amend the Water and Sewer Fund, the revenues are to be changed as follows:

Investment Income	$	23,598
Connection Charges		16,615
Other Operating Revenues		984
	$	41,197

Water and Sewer Fund: Record Water & Sewer connection fees, Insurance settlement for property damage by William Electric on Country Club Road, and Interest income.

Section 9: To amend the Electric Fund, the expenditures are to be changes as follows:

Electric Operations	$	11,877

Section 10: To amend the Electric Fund, the revenues are to be changed as follows:

Investment Income	$	11,102
Other Operating Revenue	$	775
	$	11,877

Electric Fund: Record electric meter fees, temporary pole fees and Interest income.

Section 16: Appropriations are authorized by fund totals. The City Manager is authorized to reallocate fund appropriations among line item objects of expenditures and revenues as necessary during the budget year.

Section 17: Copies of this Budget Ordinance shall be furnished to the Clerk to the Governing Board and to the Budget Officer and Finance Director to be kept on file by them for their direction in the disbursement of funds.

TOTAL AMENDMENT	$	2,819,074

Adopted this 2nd day of February, 2023

Attest:

Daphne Ingram	Edward L Hatley
City Clerk	Mayor

Item

LINCOLNTON

AGENDA ITEM SUMMARY

To: The Honorable Mayor and City Council

Date: February 2, 2023

From: Ritchie Haynes, City Manager

Subject: Managers Report/Update

Summary:

The City Manager will update council members on various items/issues, as well as provide the quarterly Executive Summary and Overtime Report.

Background:

Fiscal Impact:

NA

Recommendation:

Acknowledgment of Report

Attachments:

1. Executive Summary Dec 22 for 22-23 by Dept (1)

Executive Summary

December 2022 Year-to-Date (Unaudited)

Department	2022-2023 Budget	2022-2023 YTD Activity	Budget Remaining	Variance %	2021-2022 Budget	2021-2022 YTD Activity	Variance Favorable / (Unfavorable)
Fund: 10 - General Fund							
Revenue	$12,555,344.14	$8,021,101.08	$4,534,243.06	64%	$12,351,669.04	$6,924,816.77	$1,096,284.31
Total Revenue:	$12,555,344.14	$8,021,101.08	$4,534,243.06	64%	$12,351,669.04	$6,924,816.77	$1,096,284.31
Expense							
4110-City Manager/Clerk	$172,430.00	$17,866.98	$154,563.02		$170,960.00	$21,715.11	$3,848.13
4120-Human Resources	$322,000.00	$122,851.16	$199,148.84		$333,015.00	$129,149.43	$6,298.27
4130-Finance	$28,430.00	($237,460.09)	$265,890.09		$69,097.33	($165,772.41)	$71,687.68
4280-General Expense	$1,620,676.94	$1,035,577.41	$585,099.53		$2,208,126.92	$794,439.25	($241,138.16)
4285-General Debt Service	$151,000.00	$16,966.96	$134,033.04		$293,924.00	$6,218.30	($10,748.66)
4310-Police	$3,820,370.00	$1,959,376.39	$1,860,993.61		$3,488,872.85	$1,774,957.46	($184,418.93)
4340-Fire	$2,513,380.00	$1,368,078.71	$1,145,301.29		$2,534,419.11	$1,303,690.12	($64,388.59)
4510-Public Works Administration	$44,590.00	($71,995.39)	$116,585.39		$44,080.00	($75,934.63)	($3,939.24)
4520-Street and Maintenance	$893,750.00	$257,410.83	$636,339.17		$778,105.00	$330,575.63	$73,164.80
4530-Equipment Services	$251,220.00	$76,056.77	$175,163.23		$295,199.11	$98,825.85	$22,769.08
4710-Solid Waste	$906,707.20	$619,203.80	$287,503.40		$521,595.00	$233,553.22	($385,650.58)
4740-IT Services	$178,125.00	$373,841.51	($195,716.51)		$109,407.34	$0.00	($373,841.51)
4910-Planning and Zoning	$326,990.00	$106,423.09	$220,566.91		$322,004.38	$137,475.66	$31,052.57
4930-Business & Community Dev.	$206,415.00	$88,957.84	$117,457.16		$209,360.59	$37,106.91	($51,850.93)
6100-Recreation	$1,119,260.00	$509,567.43	$609,692.57		$973,502.41	$482,102.97	($27,464.46)
Total Expense:	$12,555,344.14	$6,242,723.40	$6,312,620.74	50%	$12,351,669.04	$5,108,102.87	($1,134,620.53)
Fund 10 Surplus (Deficit):		$1,778,377.68				$1,816,713.90	($38,336.22)
Fund: 20 - Boger City Fire District							
Revenue	$1,044,338.96	$435,238.46	$609,100.50	42%	$1,350,687.47	$429,511.88	$5,726.58
Total Revenue:	$1,044,338.96	$435,238.46	$609,100.50	42%	$1,350,687.47	$429,511.88	$5,726.58
Expense							
4340-Fire	$1,044,338.96	$526,794.04	$517,544.92		$1,350,687.47	$524,472.55	($2,321.49)
Total Expense:	$1,044,338.96	$526,794.04	$517,544.92	50%	$1,350,687.47	$524,472.55	($2,321.49)
Fund 20 Surplus (Deficit):		($91,555.58)				($94,960.67)	$3,405.09

Executive Summary

December 2022 Year-to-Date (Unaudited)

	2022-2023 Budget	2022-2023 YTD Activity	Budget Remaining	Variance %	2021-2022 Budget	2021-2022 YTD Activity	Variance Favorable / (Unfavorable)
Fund: 61 - Water and Sewer Fund							
Revenue	$8,186,013.77	$4,438,298.79	$3,747,714.98	54%	$8,687,646.73	$4,057,269.54	$381,029.25
Total Revenue:	$8,186,013.77	$4,438,298.79	$3,747,714.98	54%	$8,687,646.73	$4,057,269.54	$381,029.25
Expense							
7100-Water Treatment	$1,889,669.18	$807,772.52	$1,081,896.66		$1,851,588.72	$784,347.40	($23,425.12)
7110-Distribution & Collection	$1,986,222.64	$996,779.63	$989,443.01		$2,349,350.78	$781,777.47	($215,002.16)
7120-Wastewater Treatment	$1,818,209.86	$682,904.88	$1,135,304.98		$2,054,902.31	$716,019.32	$33,114.44
7130-Water/Sewer Intangibles	$2,491,912.09	$2,050,139.51	$441,772.58		$2,431,804.92	$2,002,950.63	($47,188.88)
Total Expense:	$8,186,013.77	$4,537,596.54	$3,648,417.23	55%	$8,687,646.73	$4,285,094.82	($252,501.72)
Fund 61 Surplus (Deficit):		($99,297.75)				($227,825.28)	$128,527.53
Fund: 63 - Electric Fund							
Revenue	$7,813,485.66	$3,819,266.45	$3,994,219.21	49%	$7,797,350.00	$3,752,401.15	$66,865.30
Total Revenue:	$7,813,485.66	$3,819,266.45	$3,994,219.21	49%	$7,797,350.00	$3,752,401.15	$66,865.30
Expense							
7200-Electric	$7,813,485.66	$3,939,746.74	$3,873,738.92		$7,797,350.00	$3,852,180.34	($87,566.40)
Total Expense:	$7,813,485.66	$3,939,746.74	$3,873,738.92	50%	$7,797,350.00	$3,852,180.34	($87,566.40)
Fund 63 Surplus (Deficit):		($120,480.29)				($99,779.19)	($20,701.10)
Total Surplus (Deficit):		$1,467,044.06				$1,394,148.76	$72,895.30

Overtime Report

December 2022 compared to December 2021 Year-to Date

Fund:	Description:	FY2223 OT Hours:	FY2223 Pay Amount:	FY2122 OT Hours:	FY2122 Pay Amount:	Variance Favorable / (Unfavorable) OT Hours:	Variance Favorable / (Unfavorable) Pay Amount:
Fund 10 - General	4110-City Manager/Clerk	20.81	$933.43	11.00	$492.93	(9.81)	($440.50)
	4120-Human Resources	0.00	$0.00	2.50	$84.14	2.50	$84.14
	4130-Finance	5.36	$154.68	3.00	$86.85	(2.36)	($67.83)
	4310-Police	1,391.30	$45,310.45	815.15	$26,600.88	(576.15)	($18,709.57)
	4340-Fire	6,001.20	$133,814.63	6,522.35	$142,538.56	521.15	$8,723.93
	4510-Public Works Administration	5.67	$172.06	0.00	$0.00	(5.67)	($172.06)
	4520-Street and Maintenance	340.98	$8,667.90	264.50	$6,530.62	(76.48)	($2,137.28)
	4530-Equipment Services	29.71	$1,093.02	37.00	$1,311.12	7.29	$218.10
	4710-Solid Waste	280.55	$7,345.95	174.50	$4,470.78	(106.05)	($2,875.17)
	4910-Planning and Zoning	0.00	$0.00	0.00	$0.00	0.00	$0.00
	4930-Business & Community Dev.	0.00	$0.00	0.00	$0.00	0.00	$0.00
	6100-Recreation	438.12	$13,178.15	214.50	$6,522.86	(223.62)	($6,655.29)
	10 - General Fund Total:	8,513.70	$210,670.27	8,044.50	$188,638.74	(469.20)	($22,031.53)
Fund 20 - Boger City Fire District							
	4340-Fire	2,920.71	$61,650.37	2,861.10	$59,836.26	(59.61)	($1,814.11)
	20 - Boger City Fire District Total:	2,920.71	$61,650.37	2,861.10	$59,836.26	(59.61)	($1,814.11)
Fund 61 - Water and Sewer							
	7100-Water Treatment	914.50	$24,210.30	912.25	$21,719.71	(2.25)	($2,490.59)
	7110-Distribution & Collection	778.18	$25,028.42	587.50	$17,303.75	(190.68)	($7,724.67)
	7120-Wastewater Treatment	1,030.02	$29,363.58	937.00	$24,526.26	(93.02)	($4,837.32)
	61 - Water and Sewer Fund Total:	2,722.70	$78,602.30	2,436.75	$63,549.72	(285.95)	($15,052.58)
Fund 63 - Electric							
	7200-Electric	402.52	$14,231.70	224.00	$7,583.03	(178.52)	($6,648.67)
	63 - Electric Fund Total:	402.52	$14,231.70	224.00	$7,583.03	(178.52)	($6,648.67)
	Total Overtime:	14,559.63	365,154.64	13,566.35	319,607.75	(993.28)	(45,546.89)

Special Events Hours and Costs:	FY2223 OT Hours	FY2223 Pay Amount	FY2122 OT Hours	FY2122 Pay Amount	Variance OT Hours	Variance Pay Amount
4310-Police	454.92	$11,243.31	199.00	$5,838.96		
4520-Street and Maintenance	25.05	$434.14	0.00	$0.00		
4710-Solid Waste	24.72	$463.31	0.00	$0.00		
Total Event:	504.69	12,140.76	199.00	5,838.96	(190.68)	(7,724.67)

*** Special Event hours are not included in OT hours reported above.