

**LENOIR CITY COUNCIL  
TUESDAY, JANUARY 7, 2020  
6:00 P.M.**

**PRESENT:** Mayor Gibbons presiding. Councilmembers present were Beal, Perdue, Perkins, Prestwood, Stevens, Thomas and Willis. Also in attendance were City Manager Hildebran, City Clerk Cannon and City Attorney Rohr.

**I. CALL TO ORDER**

- A. The meeting was opened by a moment of silence followed by the Pledge of Allegiance as led by Mayor Gibbons.

**II. MATTERS SCHEDULED FOR PUBLIC HEARINGS**

**REZONING REQUEST;  
413 VANCE STREET NW:**

- A. A public hearing was held to consider a rezoning request as submitted by Robert Triplett for property located at 413 Vance Street NW, NCPIN#2749687204, to be rezoned from I-1 (Light Industrial) to R-9 (Mixed Density Residential) based on the following Consistency Statement: The proposed zoning map amendment is consistent with the adopted Comprehensive Plan because it facilitates a residential conversion on an existing lot, consistent with the policy concepts found in the plan. The proposed amendment is reasonable and in the public interest because it will allow an active residential use in a high vacancy neighborhood. The owner is in process of converting a previously industrial building to a residence. A rezoning to a residential zone is required for the property to be used primarily as a residence. The Planning Board approved the rezoning request.

Mayor Gibbons opened the public hearing to receive public comments regarding the rezoning request.

Planning Director Jenny Wheelock stated the Staff Report includes photos of the renovations that have already been completed. She clarified the City was not aware the property was being used as a residential property until the applicants were going through the inspection process. She stated the project has been on hold for several months and the applicants could move forward with their application upon approval of the rezoning request.

Director Wheelock further clarified the property has great rail access, but it is not suitable for industrial use. In addition, she stated the property has frontage on Vance Street that is not accessible, but a small private road goes through the block building located behind the property. In addition, Director Wheelock clarified the current application is for only one residential unit, but it may be possible to convert it in the future to include additional units either by right or with a Conditional Use Permit. She also

stated the existing day care is zoned light industrial, but pointed out this business can operate in either zone.

There being no further public comments, Mayor Gibbons closed the public hearing and asked Council for action.

Following a brief discussion and upon a motion by Councilmember Willis, Council voted 7 to 0 to approve the rezoning request for property located at 413 Vance Street NW based on the Consistency Statement and as described above and recommended by the Planning Board.

### III. CONSENT AGENDA ITEMS

A. Upon a recommendation by City Manager Hildebran, the following Consent Agenda items were submitted for approval:

1. Minutes: Approval of the minutes of the Committee of the Whole meeting of Tuesday, November 26, 2019.
2. Minutes: Approval of the minutes of the City Council meeting of Tuesday, December 3, 2019 as submitted.
3. Closed Session Minutes: Approval of the closed session minutes of the City Council meeting of Tuesday, December 3, 2019 as submitted.
4. Capital Project Budget Ordinance; Fire Station No. 3: Approval of a Capital Project Budget Ordinance in the amount of \$1,575,615.00 to close out the capital project for Fire Station No. 3. (A copy of the Capital Project Budget Ordinance is hereby incorporated into these minutes by reference. Refer to pages 6-7).
5. Capital Project Budget Ordinance; Crossroads Sewer Project: Approval of a Capital Project Budget Ordinance for the Crossroads Sewer Project which involves the replacement and upsizing of approximately 3,800 linear feet of existing 12 inch diameter gravity sewer line to 20 inch diameter gravity sewer line on a positive grade. (A copy of the Capital Project Budget Ordinance is hereby incorporated into these minutes by reference. Refer to page 8).
6. Annual Audit Contract; S. Eric Bowman, PA: Approval of the Annual Audit Contract as submitted by S. Eric Bowman, PA. The agreed upon cost for the audit is \$98.00 per hour with a cap for interim invoice approval of \$35,268, which is 75% of the prior year's audit fee. (A copy of the audit contract is hereby incorporated into these minutes by reference. Refer to pages 9-15).

Councilmember Todd Perdue asked for clarification regarding the audit contract fees.

Councilmember David Stevens explained that the prior year's fees, before the current annual audit is done, can be billed up to 75% of this year's audit fee.

Upon a motion by Councilmember Stevens, Council voted 7 to 0 to approve the above listed items on the Consent Agenda, as recommended by City Manager Hildebran.

**IV. REQUESTS AND PETITIONS OF CITIZENS**

**V. REPORTS OF BOARDS AND COMMISSIONS**

**VI. REPORT AND RECOMMENDATIONS OF THE CITY MANAGER**

A. Items of Information

**JANUARY CALENDAR:**

1. By consensus of the Council, the calendar for the month of January was approved listing various meetings and events.

**ABC**

**BOARD:** 2. The ABC Board will meet on Thursday, January 9 at 2:00 p.m. at Lenoir Store No. 1 located at 115 ABC Court.

**LENOIR BUSINESS ADVISORY**

**BOARD:** 3. The Lenoir Business Advisory Board will meet on Thursday, January 9 at 6:00 p.m. at City Hall, Third Floor.

**CITY/COUNTY SERVICES**

**COMMITTEE:**

4. The City/County Services Committee will meet on Monday, January 13 at 11:45 a.m.

**CALDWELL COUNTY ECONOMIC**

**DEVELOPMENT COMMISSION LUNCHEON:**

5. The Caldwell County Economic Development Celebration Luncheon will be held on Tuesday, January 14 beginning at noon at the J. E. Broyhill Civic Center.

**LENOIR TOURISM DEVELOPMENT**

**AUTHORITY:**

6. The Lenoir Tourism Development Authority will meet on Thursday, January 16 at 4:00 p.m. at City Hall, Third Floor.

**HOLIDAY CLOSING:**

7. City offices will be closed on Monday, January 20 in observance of the Martin Luther King, Jr. holiday.

**ANNUAL MARTIN LUTHER KING, JR.**

**BREAKFAST; MLK CENTER:**

8. The 6<sup>th</sup> Annual Martin Luther King, Jr. Breakfast will be held Saturday, January 18 at 9:00 a.m. at the Martin Luther King, Jr. Center. Tickets are \$10.00 and will not be available at the door. The keynote speaker is Mrs. Leslie McKesson from Morganton, NC.

**ANNUAL MEMORY MARCH:**

9. The Annual Memory March will be held on Monday, January 20 beginning at 1:30 p.m. The march will begin at J.E. Broyhill Park and end at the Martin Luther King, Jr. Center.

Also, an MLK Day Celebration is scheduled for 2:00 p.m. at the Center with the Reverend Kim E. Moss serving as the keynote speaker.

## **B. ITEMS FOR COUNCIL ACTION**

### **AUTHORIZING RESOLUTION; “PROJECT BUCKEYE”:**

1. If Council wishes to proceed with the grants submittal, City Council should adopt the enclosed Authorizing Resolution for a NC Department of Commerce One NC Fund Grant and Building Reuse Grant Submission for “Project Buckeye”.

A copy of the authorizing resolution is hereby incorporated into these minutes by reference. (Refer to page 16-17).

City Manager Hildebran explained that both the One North Carolina Incentive and Building Reuse Programs require a local government to serve as the official project applicant. He stated the Economic Development Commission is currently working with an existing company involving an expansion to their Lenoir operations, but pointed out they are competing for the expansion with sites in other states. The project entails approximately \$20 million in company funding for renovations, machinery, and equipment as well as the creation of up to 126 new jobs. In addition, Mr. Hildebran shared the Caldwell County Commission approved a Local Jobs Incentive for this project at their meeting on Monday, January 6.

On behalf of City Council, Mayor Gibbons thanked Deborah Murray for all of her hard work regarding economic development. In addition, he mentioned the recent passing of Herman Anderson who was the pioneer of economic development in Lenoir. The Herman Anderson Award and the Industry of the Year Award will be announced at the upcoming Economic Development Commission Luncheon on January 14.

Upon a motion by Mayor Pro-Tem Thomas, Council voted 7 to 0 to adopt the Authorizing Resolution for NC Department of Commerce One NC Fund Grant and Building Reuse Grant Submission for “Project Buckeye” as recommended by City Manager Hildebran.

## **VII. REPORT AND RECOMMENDATIONS OF THE CITY ATTORNEY**

## **VIII. REPORT AND RECOMMENDATIONS OF THE MAYOR**

### **UPDATE; AUTHORITIES/BOARDS/COMMISSIONS:**

- A. Mayor Gibbons announced there may be an upcoming vacancy on the Planning Board due to the resignation of Larry Smith who is moving out of the area. Also, he announced other upcoming board re-appointments on the Lenoir Tourism Development Authority (LTDA). Mayor Gibbons reminded everyone the LTDA was established by legislation and there are guidelines that have to be followed for appointees. These appointments will be formally announced at the January 21 City Council meeting.

**IX. REPORT AND RECOMMENDATIONS OF COUNCIL MEMBERS**

**X. ADJOURNMENT**

A. There being no further business, the meeting was adjourned at 6:21 p.m.

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Shirley M. Cannon, City Clerk

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Joseph L. Gibbons, Mayor

**ORDINANCE #2020-1**

**CAPITAL PROJECT BUDGET ORDINANCE TO CLOSE CAPITAL PROJECT  
FOR THE CITY OF LENOIR**

**WHEREAS**, the City Council of the City of Lenoir has adopted a Budget Ordinance for fiscal year beginning July 1, 2019, and ending June 30, 2020, in accordance with the General Statutes of the State of North Carolina, and

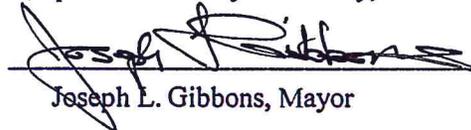
**WHEREAS**, the City Council desires to recognize the completion of the following Capital Project(s), and

**WHEREAS**, The City adopted the Revised Capital Project Budget Ordinance for the Fire Station III on the 19th day of June, 2019 with a total project budget of \$1,575,615. This project was complete as of December, 2019 with total expenditures of \$1,575,615. There were no excess funds and,

**NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LENOIR, NORTH CAROLINA, THAT:**

The Capital Project Budget Ordinance for the Fire Station III be closed.

Adopted this 7th day of January, 2020.

  
\_\_\_\_\_  
Joseph L. Gibbons, Mayor

Attest:  
  
\_\_\_\_\_  
Shirley M. Cannon,  
City Clerk

### CROSSROADS SEWER CAPITAL PROJECT

BE IT ORDAINED by the City Council Members of the City of Lenoir, North Carolina that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following capital project ordinance is hereby adopted:

**Section 1:** The project to authorize activities for Crossroads Sewer Capital Project to include the expenditure of loan funds and local funds for the design, construction, and project administration for the Crossroads Sewer Capital Project. The project is to be funded by a loan from the Clean Water State Revolving Fund at an interest rate of 2.16% and local funds for closing costs.

**Section 2:** The officers of this unit are hereby directed to proceed with the capital project within the terms of the budget contained herein.

**Section 3:** The following amounts are appropriated for the project:

Engineering	\$ 371,000.00
Construction	\$ 2,186,000.00
Contingency	\$ 218,000.00
Closing Costs	\$ <u>55,500.00</u>
Total Expenditures	\$ 2,830,500.00

**Section 4:** The following revenues are anticipated to be available to complete this project:

Clean Water State Revolving Fund (2.16% Interest)	\$ 2,775,000.00
Local funding	\$ <u>55,500.00</u>
Total Revenue	\$ 2,830,500.00

**Section 5:** The Finance Officer is hereby directed to maintain within the Capital Project Fund sufficient specific detailed accounting records to satisfy the requirements of the Project Ordinance.

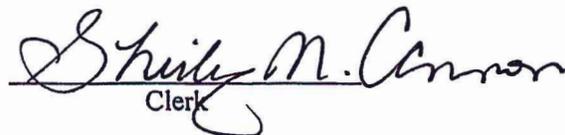
**Section 6:** The Finance Officer is directed to report, on a quarterly basis, on the financial status of each project element in Section 3.

**Section 7:** The Budget Officer is directed to include a detailed analysis of past and future costs and revenues on this capital project in every budget submission made to this Board.

**Section 8:** Copies of this capital project ordinance shall be furnished to the Budget Officer and the Finance Officer for direction in carrying out this project.

Adopted this 7<sup>th</sup> day of January 2020.

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Clerk

Minutes-City of Lenoir Council Meeting

The	Governmental Unit (or charter holder) City Council	8
of	Primary Government Unit (or charter holder) City of Lenoir	
and	Discretely Presented Component Unit (DPCU) (if applicable) NA	

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

and	Auditor Name S. Eric Bowman, PA
	Auditor Address PO Box 1476 Morganton, NC 28680

*Hereinafter referred to as Auditor*

for	Fiscal Year Ending 06/30/20	Audit Report Due Date 10/31/20
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*Must be within four months of FYE*

hereby agree as follows:

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

2. At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with GAAS. The Auditor shall perform the audit in accordance with *Government Auditing Standards* if required by the State Single Audit Implementation Act, as codified in G.S. 159-34. If required by OMB *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act, the Auditor shall perform a Single Audit. This audit and all associated audit documentation may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit requires a federal single audit performed under the requirements found in Subpart F of the Uniform Guidance (§200.501), it is recommended that the Auditor and Governmental Unit(s) jointly agree, in advance of the execution of this contract, which party is responsible for submission of the audit and the accompanying data collection form to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512).

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

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

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

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

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

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

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

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

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

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

16. If an approved contract needs to be modified or amended for any reason, the change shall be made in writing, on the Amended LGC-205 contract form and pre-audited if the change includes a change in audit fee (pre-audit requirement does not apply to charter schools or hospitals). This amended contract shall be completed in full, including a written explanation of the change, signed and dated by all original parties to the contract. It shall then be submitted to the Secretary of the LGC for approval. No change to the audit contract shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.

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

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

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

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

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

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

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

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

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

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

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

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

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

29. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted (See Item 16 for clarification).

30. 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/slg/Pages/Audit-Forms-and-Resources.aspx>.

31. 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.

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

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

Financial statements were prepared by:  Auditor  Governmental Unit  Third Party

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

Name:  Title and Unit / Company:  Email Address:

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

3. Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees below. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year billings. Should the 75% cap provided below conflict with the cap calculated by LGC staff based on the prior year billings on file with the LGC, the LGC calculation prevails. All invoices for services rendered in an audit engagement as defined in 20 NCAC 3 .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 Lenoir
Audit Fee	\$ 98 per hour per person
<b>Additional Fees Not Included in Audit Fee:</b>	
Fee per Major Program	\$
Writing Financial Statements	\$ 98 per hour per person
All Other Non-Attest Services	\$
<b>75% Cap for Interim Invoice Approval</b> <i>(not applicable to hospital contracts)</i>	\$ 35,268.00

**DPCU FEES (if applicable)**

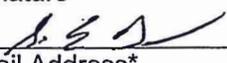
Discretely Presented Component Unit	
Audit Fee	\$
<b>Additional Fees Not Included in Audit Fee:</b>	
Fee per Major Program	\$
Writing Financial Statements	\$
All Other Non-Attest Services	\$
<b>75% Cap for Interim Invoice Approval</b> <i>(not applicable to hospital contracts)</i>	\$

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## SIGNATURE PAGE

## AUDIT FIRM

Audit Firm* S. Eric Bowman, PA	
Authorized Firm Representative (typed or printed)* S. Eric Bowman	Signature* 
Date* 12/10/19	Email Address* sericbowmanpa@bellsouth.net

## GOVERNMENTAL UNIT

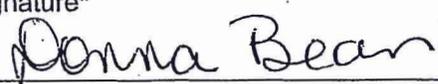
Governmental Unit* City of Lenoir	
Date Primary Government Unit Governing Board Approved Audit Contract* (G.S.159-34(a) or G.S.115C-447(a))	
Mayor/Chairperson (typed or printed)* Joe L. Gibbons - Mayor	Signature* 
Date 1-7-2020	Email Address josephlgibbons@yahoo.com

Chair of Audit Committee (typed or printed, or "NA") NA	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) Donna Bean	Signature* 
Date of Pre-Audit Certificate* 1-7-2020	Email Address* dbean@ci.lenoir.nc.us



CITY MANAGER  
SCOTT E. HILDEBRAN

CITY OF LENOIR  
NORTH CAROLINA

MAYOR  
JOSEPH L. GIBBONS

CITY COUNCIL  
J. T. BEAL  
T. H. PERDUE  
J. I. PERKINS  
R. S. PRESTWOOD  
D. F. STEVENS  
C. D. THOMAS  
B. K. WILLIS

## Project Buckeye One North Carolina and Building Reuse Authorizing Resolution

**Whereas,** Deborah Murray, Executive Director of the Caldwell County Economic Development Commission, has been working with an existing local company involving an expansion to their Lenoir operations and;

**Whereas,** the Lenoir site is in competition for this expansion with sites in other states and;

**Whereas,** the Building Reuse grant requires a local government to serve as the formal applicant for these incentive grant dollars on behalf of the company, and

**Whereas,** the North Carolina Department of Commerce is assisting in the recruitment of this expansion in Lenoir which would entail approximately \$20 million in company funding for renovations, machinery, and equipment as well as the creation of up to 126 new jobs and;

**Whereas,** Both the One North Carolina Incentive and Building Reuse Programs require a local government to serve as the official project applicant and;

**Whereas,** The Lenoir City Council understands the project must maintain confidentiality until a formal announcement is made by the Governor and;

**Whereas,** The City Council of Lenoir wishes to assist in the recruitment of this expansion by serving as the local government applicant for a One North Carolina Fund Grant and a Rural Building Reuse Grant for the project

### **Now Therefore Be It Resolved, By The Lenoir City Council:**

That the City Council of Lenoir supports the Project Buckeye expansion project in Lenoir.

That the City of Lenoir will serve as the official project applicant for the One North Carolina Fund Grant and the Building Reuse Grant requests.



Minutes - City of Lenoir Council Meeting  
Tuesday, January 7, 2020

That Caldwell County has approved a Local Jobs Incentive for the project to provide the local matching funds as required by the respective programs.

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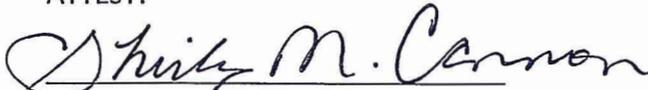
That Scott E. Hildebran, City Manager, and successors so titled, is hereby authorized to execute and file applications on behalf of the City of Lenoir with the North Carolina Department of Commerce for grant assistance in the development of the project described above.

That the City of Lenoir has substantially complied or will substantially comply with all Federal, State, and local laws, rules, regulations, and ordinances applicable to the project and to the grants pertaining there to.

Adopted this the 7<sup>th</sup> day of January 2020, at Lenoir, North Carolina.

SEAL:

ATTEST:

  
Shirley M. Cannon, City Clerk

  
Joseph L. Gibbons, Mayor