# Attachment A:

# Consent Agenda

# LGC Staff Analysis For: **NCCFFA: ALPHA ACADEMY**

**Amount Not to Exceed:** $36,000,000

**Financing Type:** Conduit Revenue Bonds

**Purpose and Type:** Education, School (K-12)

**Project Description:** Proceeds will be used to (1) expand existing facilities, including improvements to the pre-k and kindergarten area, new classrooms, bathrooms, gym, storage, and related areas, and (2) refinance existing debt, the proceeds of which were originally used to finance school improvements. The refinancing portion includes two bank notes with balloon payments due in December 2027 for $4.7M and due in August 2029 for $3.6M. Alpha Academy is located in Fayetteville, NC. The school has been in operation since 2000.

**Statutory Reference:** G.S. 159D – Article 2

**Last Request to Borrow:** N/A

**Debt Management:** Good – no deficiencies and no defaults noted, or reasonable assurance of strict, lawfully compliant management proceeding forward

**Proposed contract or bond issue is necessary or expedient:** The Agency finds the financing and refunding necessary to further the Agency's objective of assisting qualified institutions by enabling them to construct and renovate facilities for educational purposes. The enrollment for the 2025-26 school year was 1,198 students with the projected enrollment increase to 1,432 by 2031-32. The waitlist for the 2025-26 school year was 196.

**Proposed amount is adequate and not excessive:** GMP in hand. Costs are known and defined.

**Feasibility:** Projections indicate an estimated debt service coverage ratio will range from 1.71X to 3.05X between 2026 - 2032. The school has 459 days' cash on hand for 2026, with a projected average of 829 days' cash on hand for 2027 - 2032.

**TEFRA Hearing Date:** 7/31/2026

## Terms

**Lender/Purchaser/Bank:** N/A
**Interest Rate:** See "Other"
**Term:** 35 years; 30 or 35-year amortization intended with possible 40-year amortization
**Payment:** Annual principal; semi-annual interest
**Structure and Term:** Level debt service
**Final Maturity:** NTE 12/31/2066
**Other:** Interest Rate: Indicative rates, assuming BBB- level rating, are 5.1%, while bonds with BB+ are 5.7%; NTE 6%. This will be a public sale scheduled for September 17, 2026.

## Marketability

**Moody's:** N/A **S&P:** N/A **Fitch:** N/A **Kroll:** N/A

**Other:** Expect to receive ratings by August 28.

## Financing Team

| Role | Name | Additional Party Role | Additional Party Name |
|---|---|---|---|
| **Municipal Advisor** | LRB Public Finance Advisors | | |
| **Underwriter/Senior** | D.A. Davidson | | |
| **Lender/Purchaser/Bank** | | | |
| **Underwriter's Counsel** | Kutak Rock | | |
| **Bond Counsel** | Parker Poe | | |
| **Purchaser's Counsel** | | | |
| **Trustee** | Truist Bank | | |
| **Trustee's Counsel** | | | |
| **Borrower's Counsel** | Pope Flynn | | |
| **Disclosure's Counsel** | Kutak Rock | | |

## Amount Not to Exceed: $36,000,000

| Sources | Amount |
|---|---|
| Par Amount of Bonds | $36,000,000 |
| Planned Issuer Equity Contribution | $1,000,000 |
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| | |
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| | |
| | |
| **Total** | **$37,000,000** |

| Uses | Amount |
|---|---|
| Deposit to Project Construction Fund | $25,355,000 |
| Outstanding Loan | $8,300,000 |
| Deposit to Debt Service Reserve Fund (DSRF) | $2,254,256 |
| Original Issue Discount (OID) | $230,523 |
| Cost of Issuance | $860,221 |
| | |
| | |
| | |
| | |
| | |
| **Total** | **$37,000,000** |

# LGC Staff Analysis For: **CAROLINA BEACH-TOWN OF**

**PAR Amount Not to Exceed:** $10,000,000

**Financing Type:** Installment Financing Contract

**Purpose and Type:** General Government, Land

**Project Description:** The proceeds will be used to purchase nine (9) properties in the downtown boardwalk area. This will improve the downtown area, generate an improved central gathering area for residents and visitors, generate opportunities for economic development and increase the parking available for residents and visitors.

**Statutory Reference:** G.S. 160A-20

**Last Request to Borrow:** 02/2026; SRF; $35,000,000

**FPICs:** Yes - Not Material
**UAL Contract:** N/A
**Debt Management:** Good – no deficiencies and no defaults noted, or reasonable assurance of strict, lawfully compliant management proceeding forward

**Proposed contract or bond issue is necessary or expedient:** Proposed contract is necessary or expedient to improve the overall experience for residents and visitors in the downtown area, including public safety for the general public.

**Proposed amount is adequate and not excessive:** An appraisal of all 9 pieces of property was completed on August 1, 2026, and valued the properties at $10,040,000.

**Feasibility:** Debt service will be paid from the General Fund.

**Tax Increase Anticipated:** Yes

**Rate Increase Anticipated:** No

**Additional Information (as applicable):** Anticipated tax increase of ¼ cent in Fiscal Year 2028.

**Public Hearing:** 8/11/2026

**TEFRA Hearing:** N/A

**Interest Rate Assumptions (GO Bonds Only):** N/A

## Terms

**Lender/Purchaser/Bank:** Truist Bank
**Interest Rate:** 4.53%
**Term:** 15 Years
**Payment:** Annual principal and semi-annual interest.
**Structure and Term:** Level principal
**Final Maturity:** 09/30/2041
**Other:** N/A

## Marketability

**Moody's:** N/A **S&P:** N/A **Fitch:** N/A **Kroll:** N/A

**Other:** N/A

## Financing Team

| Role | Name | Additional Party Role | Additional Party Name |
|---|---|---|---|
| **Municipal Advisor** | | | |
| **Underwriter/Senior** | | | |
| **Lender/Purchaser/Bank** | | | |
| **Underwriter's Counsel** | | | |
| **Bond Counsel** | | | |
| **Purchaser's Counsel** | | | |
| **Trustee** | | | |
| **Trustee's Counsel** | | | |

## Amount Not to Exceed: $10,000,000

| Sources | Amount |
|---|---|
| Loan Proceeds | $10,000,000 |
| Room Occupancy Tax | $1,000,000 |
| Cash | $1,000,000 |
| | |
| | |
| | |
| | |
| | |
| **Total** | **$12,000,000** |

| Uses | Amount |
|---|---|
| Property Purchase | $12,000,000 |
| | |
| | |
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| | |
| | |
| | |
| **Total** | **$12,000,000** |

# LGC Staff Analysis For: **NCMCC - CaroMont Health, Inc.**

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**Amount Not to Exceed:** $ 350,000,000

**Financing Type:** Conduit Revenue Bonds

**Purpose and Type:** Healthcare

**Project Description:**
Location: Gastonia and Belmont (Gaston County)
Total Licensed beds: 530
The proceeds of the Bonds will be used to (a) refund all or a portion of the outstanding Series 2003 Bonds, Series 2019 Bonds, and Series 2021B Bonds, (b) pay or reimburse the costs of acquiring, constructing and equipping an approximately 120,000 square-foot cancer center and an adjacent three-level parking deck on the campus of CaroMont Regional Medical Center and (c) pay costs of issuing the Bonds.

**Statutory Reference:** G.S. 131A

**Last Request to Borrow:** 1/2021; CONREV; $135,000,000

**Debt Management:** Good – no deficiencies and no defaults noted, or reasonable assurance of strict, lawfully compliant management proceeding forward

**Proposed contract or bond issue is necessary or expedient:** The North Carolina Medical Care Commission (NCMCC) has previously approved the project. All necessary permits and approvals have been received.

**Proposed amount is adequate and not excessive:** The project is under Guaranteed Maximum Price contracts.

**Feasibility:** CaroMont Health has provided projections showing a current debt service coverage of 8.19 times for FY2026 and an estimated debt service coverage of at least 5.36 times through FY2030.

**TEFRA Hearing Date:** 8/21/2026

## Terms

**Interest Rate:** NTE: 6%; Estimated All-in TIC: 3.716%
**Term:**
Series 2026A – 2/1/2054
Series 2026B – 2/1/2054
**Structure and Term:** Overall Level Debt Service
**Final Maturity:** 12/31/2054
**Other:** Refunding Expected Net Present Value Savings of $3,001,406.08 (4.52%).
NC Medical Care Commission will issue the Bonds, and loan the proceeds to CaroMont Health, Inc (Borrower). The Borrower is solely responsible for repayment of the Bonds, and not the NCMCC, nor the State of NC. In connection with the issuance of the 2026 Bonds, the Borrower's existing Master Trust Indenture will be amended and restated.

## Marketability

**Moody's:** N/A **S&P:** AA- **Fitch:** AA- **Kroll:** N/A

**Other:** A sale is scheduled for October 2026, not to conflict with other Bond sales.

## Financing Team

| Role | Name | Additional Party Role | Additional Party Name |
|---|---|---|---|
| **Municipal Advisor** | Kaufman, Hall & Associates | **Letter of Credit Provider (2026B)** | Truist Bank |
| **Underwriter/Senior** | Truist Securities, Inc. | **Remarketing Agent (2026B)** | Truist Bank |
| **Co-Manager** | BofA Securities, Inc. | | |
| **Underwriter's Counsel** | Robinson, Bradshaw & Hinson P.A. | | |
| **Bond Counsel** | Womble Bond Dickinson (US) LLP | | |
| **Borrower's Counsel** | Hawkins Delafield & Wood LLP | | |
| **Trustee** | Truist Bank | | |
| **Trustee's Counsel** | Pope Flynn, LLC | | |
| **Auditor** | Forvis Mazars, LLP | | |
| | | | |

## Amount Not to Exceed: $ 350,000,000

| Sources | Amount |
|---|---|
| Series 2026A | $ 252,579,394 |
| Series 2026B | $ 90,910,000 |
| Debt Service Fund | $ 340,574 |
| | |
| | |
| | |
| **Total** | **$ 343,829,968** |

| Uses | Amount |
|---|---|
| Cancer Center | $ 180,000,000 |
| Refunding Escrow Deposits | $ 160,560,574 |
| Cost of Issuance | $ 3,259,300 |
| Contingency | $ 10,094 |
| | |
| | |
| **Total** | **$ 343,829,968** |

# LGC Staff Analysis For: **CRAVEN COUNTY**

**PAR Amount Not to Exceed:** $25,000,000

**Financing Type:** Limited Obligation Bonds

**Purpose and Type:** General Government, Multiple Projects

**Project Description:** The proceeds of the 2026A Bonds will be used to finance the cost of the acquisition, renovation, and equipping of various County facilities, including administrative, social services, judicial, maintenance, public defender and library facilities, together with the Parking Lot Project serving the County administration building. The proceeds of the 2026B Bonds will be used to finance the cost of the acquisition of the site of the parking lot project.

**Statutory Reference:** G.S. 160A-20

**Last Request to Borrow:** 09/2019; IFC; $10,000,000

**FPICs:** Yes - Not Material
**UAL Contract:** N/A
**Debt Management:** Good – no deficiencies and no defaults noted, or reasonable assurance of strict, lawfully compliant management proceeding forward

**Proposed contract or bond issue is necessary or expedient:** Proposed bonds are necessary or expedient to support the delivery of essential governmental services to the residents of the County.

**Proposed amount is adequate and not excessive:** Construction bids received in July 2026. Costs are defined and known.

**Feasibility:** Debt will be paid from the General Fund.

**Tax Increase Anticipated:** N/A

**Rate Increase Anticipated:** N/A

**Additional Information (as applicable):** N/A

**Public Hearing:** 8/3/2026

**TEFRA Hearing:** N/A

**Interest Rate Assumptions (GO Bonds Only):** N/A

## Terms

**Lender/Purchaser/Bank:** Public Sale
**Interest Rate:** NTE 5.5% and estimated All-in-TIC 4.36%
**Term:** 2026A - 20 years; 2026B - 6 years
**Payment:** Annual principal and semi-annual interest
**Structure and Term:** Level principal
**Final Maturity:** 2026A -10/01/2046; 2026B -10/01/2032
**Other:** Negotiated public sale scheduled for September 10, 2026.

## Marketability

**Moody's:** N/A **S&P:** AA **Fitch:** N/A **Kroll:** N/A

**Other:** N/A

## Financing Team

| Role | Name | Additional Party Role | Additional Party Name |
|---|---|---|---|
| **Municipal Advisor** | First Tryon Advisors | | |
| **Underwriter/Senior** | Robert W. Baird | | |
| **Lender/Purchaser/Bank** | | | |
| **Underwriter's Counsel** | Pope Flynn | | |
| **Bond Counsel** | Womble Bond Dickinson LLP | | |
| **Purchaser's Counsel** | | | |
| **Trustee** | U.S. Bank Trust Company, N.A. | | |
| **Trustee's Counsel** | Holland & Knight | | |

## Amount Not to Exceed: $25,000,000

| Sources | Amount |
|---|---|
| Estimated Bond Proceeds 2026A (Tax Exempt) | $17,345,000 |
| Estimated Bond Proceeds 2026B (Taxable) | $6,135,000 |
| Estimated Premium | $1,248,123 |
| | |
| | |
| | |
| | |
| | |
| **Total** | **$24,728,123** |

| Uses | Amount |
|---|---|
| Construction Costs 2026A | $18,275,798 |
| Construction Costs 2026B | $6,008,484 |
| Cost of Issuance | $330,000 |
| Underwriter's Discount | $111,144 |
| Additional Proceeds | $2,697 |
| | |
| | |
| **Total** | **$24,728,123** |

# LGC Staff Analysis For: **DARE COUNTY**

**PAR Amount Not to Exceed:** $67,000,000

**Financing Type:** Limited Obligation Bonds

**Purpose and Type:** General Government, Multiple Projects

**Project Description:** Proceeds of the bond sale will be used to finance (1) acquisition, construction, renovation, redevelopment, equipping, and improvement of a public works facility, together with related site development and appurtenant improvements, (2) the acquisition, construction, and equipping of a new emergency medical services (EMS) station to serve the Town of Nags Head and the surrounding area of the County, together with related apparatus bays, site improvements, furnishings, and equipment, and (3) the construction and equipping of a new athletic field house at Manteo High School, together with related site improvements, furnishings, and equipment.

**Statutory Reference:** G.S. 160A-20

**Last Request to Borrow:** 6/2026; LOB; $56,500,000

**FPICs:** Yes - Not Material
**UAL Contract:** N/A
**Debt Management:** Good – no deficiencies and no defaults noted, or reasonable assurance of strict, lawfully compliant management proceeding forward

**Proposed contract or bond issue is necessary or expedient:** The project is essential to the County's proper, efficient and economic operation and to the general health and welfare of its citizens.

**Proposed amount is adequate and not excessive:** GMPs in hand; costs are known and defined.

**Feasibility:** Debt service to be paid from the General Fund.

**Tax Increase Anticipated:** No

**Rate Increase Anticipated:** N/A

**Additional Information (as applicable):** N/A

**Public Hearing:** 8/10/2026

**TEFRA Hearing:** N/A

**Interest Rate Assumptions (GO Bonds Only):** N/A

## Terms

**Lender/Purchaser/Bank:** This will be a public sale.
**Interest Rate:** NTE 5%; Estimated 4.05%
**Term:** 20 years.
**Payment:** Annual principal; semi-annual interest.
**Structure and Term:** Level principal.
**Final Maturity:** 6/01/2045.
**Other:** This will be a public sale scheduled for early October.

## Marketability

**Moody's:** Aa2 **S&P:** AA **Fitch:** N/A **Kroll:** N/A

**Other:** Ratings are expected; final ratings will be received no later than the week of September 21, 2026.

## Financing Team

| Role | Name | Additional Party Role | Additional Party Name |
|---|---|---|---|
| **Municipal Advisor** | DEC Associates, Inc. | | |
| **Underwriter/Senior** | Piper Sandler & Company | **Co-Manager** | PNC Capital Markets, LLC |
| **Lender/Purchaser/Bank** | | | |
| **Underwriter's Counsel** | Pope Flynn | | |
| **Bond Counsel** | Parker Poe Adams & Bernstein | | |
| **Purchaser's Counsel** | | | |
| **Trustee** | The Bank of New York Mellon Trust | | |
| **Trustee's Counsel** | | | |

## Amount Not to Exceed: $67,000,000

| Sources | Amount |
|---|---|
| Estimated Bond Proceeds | $61,490,000 |
| Estimated Premium | $5,147,389 |
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| | |
| | |
| | |
| | |
| **Total** | **$66,637,389** |

| Uses | Amount |
|---|---|
| Public Works Facility Project Fund | $51,000,000 |
| EMS Station Project Fund | $13,500,000 |
| Field House Project Fund | $1,500,000 |
| Cost of Issuance | $325,000 |
| Underwriter's Discount | $307,450 |
| Additional miscellaneous proceeds | $4,939 |
| | |
| | |
| **Total** | **$66,637,389** |

# LGC Staff Analysis For: **NCMCC: UNIVERSITY HEALTH SYSTEMS OF EASTERN CAROLINA, INC. dba ECU HEALTH AND AFFILIATES**

**Amount Not to Exceed:** $ 700,000,000

**Financing Type:** Conduit Revenue Bonds

**Purpose and Type:** Healthcare

**Project Description:** Locations: Greenville, Ahoskie, Edenton, Kenansville, Nags Head, Roanoke Rapids, Tarboro, Washington and Windsor

Total Licensed Beds: 1,708

The bond proceeds will be used to (a) refund all or a portion of the outstanding North Carolina Medical Care Commission Health Care Facilities Revenue Bonds, Series 2015, Series 2019B, Series 2022A/B/C, and Series 2025A, (b) pay the cost of various healthcare related capital projects (the "2026 Project") and (c) pay certain fees and expenses incurred in connection with the sale and issuance of the Bonds.

The 2026 Project consists of constructing, acquiring, renovating and equipping various hospital and healthcare facilities owned and operated by ECU Health and its affiliates including, without limitation, (a) renovating, expanding and equipping the 5th and 6th floors of the existing Smith Tower at ECU Health Medical Center to add new inpatient beds and related facilities, (b) constructing and equipping of a new building located adjacent to the East Carolina Heart Institute to house additional operating rooms and related support areas, (c) constructing and equipping a new pharmacy central distribution center, and (d) expanding, renovating and equipping an existing ambulatory surgery center to add additional operating, preparation and recovery rooms and related facilities.

**Statutory Reference:** G.S. 131A

**Last Request to Borrow:** 6/2022; REV; $149,080,000

**Debt Management:** Good – no deficiencies and no defaults noted, or reasonable assurance of strict, lawfully compliant management proceeding forward

**Proposed contract or bond issue is necessary or expedient:** The North Carolina Medical Care Commission (NCMCC) has previously approved the project. All necessary Certificates of Need (CONs) have been received.

**Proposed amount is adequate and not excessive:** The project costs are either defined or appropriately budgeted by ECU Health. ECU Health will use a significant amount of cash and other funding sources for the projects.

**Feasibility:** ECU Health has provided projections showing a current debt service coverage of 6.5 times for FY2026 and an estimated debt service coverage of at least 6.8 times through FY2030.

**TEFRA Hearing Date:** 8/21/2026

## Terms

**Interest Rate:** Series 2026A: NTE 6%, Series 2026B: NTE 7.5%; Estimated All-in TIC: 4.62%
**Term:**
Series 2026A – 6/1/2056
Series 2026B – 6/1/2056
**Structure and Term:** Overall Level Debt Service
**Final Maturity:** NTE 12/31/2056
**Other:** Refunding to adjust amortization, to achieve debt service savings and to obtain relief from prior reporting relating to Refunded Bonds.
NC Medical Care Commission will issue the bonds and loan the proceeds to University Health Systems of Eastern Carolina, Inc. dba ECU Health and Affiliates (Borrower). The Borrower is solely responsible for repayment of the Bonds and not the NCMCC, nor the State of NC. The Borrower intends to enter into a separate swap transaction with respect to the 2026B Bonds resulting in a SIFMA based rate to the Borrower. In connection with the issuance of the 2026 Bonds, the Borrower's existing Master Trust Indenture will be amended and restated.

## Marketability

**Moody's:** A2 **S&P:** A **Fitch:** N/A **Kroll:** N/A
**Other:** A sale is scheduled for September 15, 2026, not to conflict with other Bond sales.

## Financing Team

| Role | Name | Additional Party Role | Additional Party Name |
|---|---|---|---|
| **Municipal Advisor** | Kaufman, Hall & Associates, LLC | **Co-Manager of 2026A Bonds** | J.P. Morgan |
| **Underwriter/Senior of 2026A Bonds** | BofA Securities, Inc. | **Co-Manager of 2026A Bonds** | Truist Securities |
| **Underwriter's Counsel** | Hawkins Delafield & Wood, LLP | **Auditor** | BDO USA, P.C. |
| **Bond Counsel** | Womble Bond Dickinson (US) LLP | **Purchaser of 2026B Bonds** | Bank of America, N.A. |
| **Borrower's Counsel** | K&L Gates, LLP | | |
| **Trustee** | U.S. Bank Trust Company, N.A. | | |
| **Trustee's Counsel** | Holland & Knight LLP | | |

## Amount Not to Exceed: $ 700,000,000

| Sources | Amount |
|---|---|
| Series 2026A | $ 533,120,202 |
| Series 2026B | $ 125,000,000 |
| | |
| | |
| | |
| **Total** | **$ 658,120,202** |

| Uses | Amount |
|---|---|
| Project Fund | $ 200,000,000 |
| Refunding Escrow Deposits | $ 451,781,282 |
| Cost of Issuance | $ 6,328,700 |

| | |
|---|---|
| Additional Proceeds | $ 10,220 |
| | |
| **Total** | **$658,120,202** |

# LGC Staff Analysis For: **FORSYTH COUNTY**

**PAR Amount Not to Exceed:** $26,850,000

**Financing Type:** Limited Obligation Bonds - Bond Anticipation Notes

**Purpose and Type:** General Government, Multiple Projects

**Project Description:** Proceeds will be used to finance capital improvements to County facilities and related infrastructure, including, but not limited to, public safety facilities, EMS and fire facilities, detention facilities, administrative facilities, warehouse facilities, and other governmental facilities and to pay fees and expenses incurred in connection with the execution and delivery of the 2026 LOB. The 2026 LOB will serve as interim financing and the County presently intends to refinance the 2026 LOB with the issuance of long-term Limited Obligation Bonds (LOB) on or before the maturity date.

**Statutory Reference:** G.S. 160A-20

**Last Request to Borrow:** 6/2025; GO-Two Thirds Bonds; $33,635,000

**FPICs:** Yes - Not Material
**UAL Contract:** N/A
**Debt Management:** Good – no deficiencies and no defaults noted, or reasonable assurance of strict, lawfully compliant management proceeding forward

**Proposed contract or bond issue is necessary or expedient:** The proposed contract is necessary or expedient to the County's proper, efficient and economic operation and to the general health and welfare of its citizens.

**Proposed amount is adequate and not excessive:** This is a bond anticipation note where the amount is known and defined.

**Feasibility:** Debt Service will be paid from the General Fund.

**Tax Increase Anticipated:** No

**Rate Increase Anticipated:** N/A

**Additional Information (as applicable):** N/A

**Public Hearing:** 8/13/2026

**TEFRA Hearing:** N/A

**Interest Rate Assumptions (GO Bonds Only):** N/A

## Terms

**Lender/Purchaser/Bank:** PNC Bank, N.A.
**Interest Rate:** 79% of daily SOFR plus 0.30%.
**Term:** Approximately 2 years.
**Payment:** Semi-annual interest with principal due at maturity.
**Structure and Term:** Principal due at maturity.
**Final Maturity:** December 1, 2028, subject to a 3-year term-out provision.

## Marketability

**Moody's:** N/A **S&P:** N/A **Fitch:** N/A **Kroll:** N/A

## Financing Team

| Role | Name | Additional Party Role | Additional Party Name |
|---|---|---|---|
| **Municipal Advisor** | First Tryon Advisors | | |
| **Underwriter/Senior** | | | |
| **Lender/Purchaser/Bank** | PNC Bank, N.A. | **Lender's Counsel** | Womble Bond Dickinson (US) LLP |
| **Underwriter's Counsel** | | | |
| **Bond Counsel** | Parker Poe Adams & Bernstein, LLP | | |
| **Purchaser's Counsel** | | | |
| **Trustee** | Bank of New York Mellon | | |
| **Trustee's Counsel** | | | |

## Amount Not to Exceed: $26,850,000

| Sources | Amount |
|---|---|
| Bond Anticipation Note Proceeds | $26,850,000 |
| Available Cash | $145,000 |
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| | |
| | |
| | |
| | |
| | |
| **Total** | **$26,995,000** |

| Uses | Amount |
|---|---|
| Construction Cost | $23,125,485 |
| Engineer/Architect Fees | $2,382,015 |
| Special Counsel Fees | $65,000 |
| Other Legal/Fiscal Costs | $80,000 |
| Contingency | $1,342,500 |
| | |
| | |
| | |
| **Total** | **$26,995,000** |

# LGC Staff Analysis For: **GRANVILLE COUNTY**

**PAR Amount Not to Exceed:** $15,600,000

**Financing Type:** Limited Obligation Bonds

**Purpose and Type:** Education, School (K-12)

**Project Description:** Proceeds will be used to finance improvements to and the equipping of South Granville High School and J.F. Webb High School. The improvements for both schools include parking lots, track replacements, and roof replacements.

**Statutory Reference:** G.S. 160A-20

**Last Request to Borrow:** 05/2024; IFC; $2,800,000

**FPICs:** Yes - Not Material
**UAL Contract:** N/A
**Debt Management:** Good – no deficiencies and no defaults noted, or reasonable assurance of strict, lawfully compliant management proceeding forward

**Proposed contract or bond issue is necessary or expedient:** Necessary to provide school upgrades and renovations for the Granville County schools.

**Proposed amount is adequate and not excessive:** Bids in hand. Costs are known and defined.

**Feasibility:** Debt service will be paid from the General Fund.

**Tax Increase Anticipated:** No

**Rate Increase Anticipated:** N/A

**Additional Information (as applicable):** N/A

**Public Hearing:** 5/4/2026

**TEFRA Hearing:** N/A

**Interest Rate Assumptions (GO Bonds Only):** N/A

## Terms

**Lender/Purchaser/Bank:** N/A
**Interest Rate:** NTE 5%; Estimated All-In TIC: 4.25%.
**Term:** 15 years.
**Payment:** Annual principal; semi-annual interest.
**Structure and Term:** Level principal.
**Final Maturity:** 4/1/2041.
**Other:** Negotiated public sale scheduled for 9/14/26.

## Marketability

**Moody's:** Aa2 **S&P:** AA- **Fitch:** N/A **Kroll:** N/A
**Other:** Ratings as of August 13, 2026.

## Financing Team

| Role | Name | Additional Party Role | Additional Party Name |
|---|---|---|---|
| **Municipal Advisor** | Davenport & Company LLC | | |
| **Underwriter/Senior** | R.W. Baird & Co. Inc. | | |
| **Lender/Purchaser/Bank** | | | |
| **Underwriter's Counsel** | Pope Flynn, LLC | | |
| **Bond Counsel** | Sanford Holshouser, PLLC | | |
| **Purchaser's Counsel** | | | |
| **Trustee** | U.S. Bank Trust Company, N.A. | | |
| **Trustee's Counsel** | Chapman and Cutler, LLP | | |

## Amount Not to Exceed: $15,600,000

| Sources | Amount |
|---|---|
| Estimated Par Amount | $14,135,000 |
| Estimated Premium | $1,147,374 |
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| | |
| | |
| | |
| | |
| | |
| **Total** | **$15,282,374** |

| Uses | Amount |
|---|---|
| Project Fund | $14,788,270 |
| Cost of Issuance | $400,000 |
| Underwriter's Discount | $89,182 |
| Additional Proceeds | $4,922 |
| | |
| | |
| | |
| | |
| **Total** | **$15,282,374** |

# LGC Staff Analysis For: **LEE COUNTY**

**PAR Amount Not to Exceed:** $13,100,000

**Financing Type:** Limited Obligation Bonds

**Purpose and Type:** General Government, Building
**Project Description:** Proceeds will be used to finance the replacement of a school bus maintenance facility and garage.
**Statutory Reference:** G.S. 160A-20

**Last Request to Borrow:** 10/2025; IFC; $7,690,000

**FPICs:** Yes - Not Material
**UAL Contract:** N/A
**Debt Management:** Good – no deficiencies and no defaults noted, or reasonable assurance of strict, lawfully compliant management proceeding forward

**Proposed contract or bond issue is necessary or expedient:** Necessary to replace the old garage for Lee County schools to continue maintaining their buses and other vehicles. This project is essential for the proper and efficient operation of the schools in the County.

**Proposed amount is adequate and not excessive:** Bids are in hand. Costs are known and defined.

**Feasibility:** Debt service will be paid from the General Fund and restricted sales tax funds.

**Tax Increase Anticipated:** No

**Rate Increase Anticipated:** N/A

**Additional Information (as applicable):** N/A

**Public Hearing:** 7/13/2026

**TEFRA Hearing:** N/A

**Interest Rate Assumptions (GO Bonds Only):** N/A

## Terms

**Lender/Purchaser/Bank:** N/A
**Interest Rate:** NTE 5.5%; Estimated All-In TIC 4.42%.
**Term:** 20 years.
**Payment:** Annual principal; semi-annual interest.
**Structure and Term:** Level principal.
**Final Maturity:** 10/1/2046.
**Other:** Negotiated public sale scheduled for 9/2/26.

## Marketability

**Moody's:** Aa2 **S&P:** AA- **Fitch:** N/A **Kroll:** N/A
**Other:** Expect to receive ratings 8/21/26. Anticipated ratings shown.

## Financing Team

| Role | Name | Additional Party Role | Additional Party Name |
|---|---|---|---|
| **Municipal Advisor** | Davenport & Company LLC | | |
| **Underwriter/Senior** | Raymond James & Associates, Inc. | | |
| **Lender/Purchaser/Bank** | | | |
| **Underwriter's Counsel** | Pope Flynn, LLC | | |
| **Bond Counsel** | Womble Bond Dickinson (US) LLP | | |
| **Purchaser's Counsel** | | | |
| **Trustee** | U.S. Bank Trust Company, N.A. | | |
| **Trustee's Counsel** | Holland & Knight | | |

## Amount Not to Exceed: $13,100,000

| Sources | Amount |
|---|---|
| Estimated Par Amount | $12,370,000 |
| Estimated Net Premium | $721,446 |
| | |
| | |
| | |
| | |
| | |
| | |
| **Total** | **$13,091,446** |

| Uses | Amount |
|---|---|
| Project Fund | $12,700,000 |
| Cost of Issuance | $305,252 |
| Underwriter's Discount | $86,194 |
| | |
| | |
| | |
| | |
| | |
| **Total** | **$13,091,446** |

# LGC Staff Analysis For: **MECKLENBURG COUNTY – INDUSTRIAL FACILITIES AND POLLUTION CONTROL FINANCING AUTHORITY – GREENWAY WASTE SOLUTIONS AT NORTH MECK, LLC**

**Amount Not to Exceed:** $ 20,000,000

**Financing Type:** Conduit Revenue Bonds

**Purpose and Type:** Environmental Improvement, Solid Waste

**Project Description:** This Project involves the expansion, renovation and improvement of a special purpose project consisting of equipment and facilities for the disposal, treatment or recycling of solid or other waste. Specifically, proceeds of the Bonds will be used to finance the costs of (1) diverting the Tributary away from the Existing Cells, (2) installing bio-remediation injectables and taking other corrective actions to remediate emerging constituents and (3) expanding the Facility by sub-grading and installing a synthetic lining system in the space between the Existing Cells and using this space as a new cell (the "New Infill Cell"). The New Infill Cell is expected to increase the capacity of the Facility to seven million cubic yards or 4.9 million tons.

**Statutory reference:** G.S. 159C

**Last Request to Borrow:** N/A

**Debt Management:** Good – no deficiencies and no defaults noted, or reasonable assurance of strict, lawfully compliant management proceeding forward

**Proposed contract or bond issue is necessary or expedient:** N/A – see attached supplement for LGC considerations.

**Proposed amount is adequate and not excessive:** N/A – see attached supplement for LGC considerations.

**Feasibility:** Debt service will be paid from the landfill fees.

**Public Hearing Date:** 5/5/2026

## Terms

**Lender/Purchaser/Bank:** JPMorgan Chase Bank, N.A.
**Interest Rate:** Term SOFR Rate plus 10 bps times 0.80 +175 bps; NTE 12%.
**Term:** 7 years from close.
**Payment:** Interest only during the draw period followed by quarterly principal payments based on a 20-year amortization; principal balance due at maturity.

**Structure and Term:** 20 year straight-line beginning the first quarter after expiration of the draw period – 9/30/27.
**Final Maturity:** NTE 12/31/2033.
**Other:** Private Placement.

## Marketability

**Moody's:** N/A **S&P:** N/A **Fitch:** N/A **Kroll:** N/A
**Other:** N/A

## Financing Team

| Role | Name | Additional Party Role | Additional Party Name |
|---|---|---|---|
| **Municipal Advisor** | | | |
| **Underwriter/Senior** | | | |
| **Lender/Purchaser/Bank** | JPMorgan Chase Bank, N.A. | | |
| **Underwriter's Counsel** | | | |
| **Bond Counsel** | McGuireWoods LLP | | |
| **Purchaser's Counsel** | McGuireWoods LLP | | |
| **Trustee** | | | |
| **Trustee's Counsel** | | | |
| **Borrower** | Greenway Waste Solutions at North Meck, LLC | **Borrower's Counsel** | Robinson, Bradshaw & Hinson, P.A. |
| | | | |

## Amount Not to Exceed: $ 20,000,000

| Sources | Amount |
|---|---|
| Bond Proceeds | $20,000,000 |
| | |
| | |
| | |
| | |
| | |
| **Total** | **$20,000,000** |

| Uses | Amount |
|---|---|
| Stream Construction – Earnhardt | $7,546,210 |
| Construction & Liner cost – Earnhardt | $5,400,000 |
| Wetland Mitigation - Davey | $2,835,000 |
| CDC Subgrade Remediation – Regenesis | $1,955,001 |
| CEC Design & Permitting | $1,345,000 |
| Miscellaneous Costs and Issuance Expenses | $918,789 |
| | |
| | |
| | |
| | |
| **Total** | **$20,000,000** |

# MECKLENBURG COUNTY INDUSTRIAL FACILITIES & POLLUTION CONTROL FINANCING AUTHORITY – GREENWAY WASTE SOLUTIONS AT NORTH MECK, LLC

**SUPPLEMENTAL INFORMATION**

The Mecklenburg County Industrial Facilities & Pollution Control Financing Authority will issue its Solid Waste Disposal Facility Revenue Bond (the "Bond") and loan the proceeds to Greenway Waste Solutions at North Meck, LLC, a North Carolina limited liability company (the "Company") for the expansion of an existing solid waste disposal facility in Mecklenburg County, North Carolina (the "Project").

The Bond for the Project will be sold in a private placement to JPMorgan Chase Bank, N.A., as a variable rate bond. The Bond is being issued for a special purpose project under Chapter 159C with the following four LGC considerations as outlined in 159C-8:

> (1) *Whether the proposed operator and obligor have demonstrated or can demonstrate the financial responsibility and capability to fulfill their obligations with respect to the financing agreement. In making such determination, the Commission may consider the operator's experience and the obligor's ratio of current assets to current liabilities, net worth, earnings trends and coverage of fixed charges, the nature of the industry or business involved and its stability and any additional security such as credit enhancement, insurance, guaranties or property to be pledged to secure such bonds.*

The Company will be the obligor and operator of the facility. JPMorgan Chase Bank, N.A., as purchaser of the Bond, has conducted due diligence into the financials of the Company and the Project and has determined that the financials of the Company are sufficient for its internal credit purposes to authorize the purchase of the Bond.

> (2) *Whether the political subdivisions in or near which the proposed project is to be located have the ability to cope satisfactorily with the impact of the project and to provide, or cause to be provided, the public facilities and services, including utilities, that will be necessary for the project and on account of any increase in population which are expected to result from the project.*

The Project is the improvement of an existing facility and utilities are already present at the location.

> (3) *Whether the proposed date and manner of sale will have an adverse effect upon any scheduled or anticipated sale of obligations by the State or any political subdivision or any agency of either of them.*

The Bond is a conduit bond and is not a debt of the State, the Authority or any political subdivision or agency of the State and, therefore, will not have an adverse effect upon any sale of obligations by the State or its political subdivisions.

> (4) *Any other factors the Commission considers relevant.*

The Bond will be secured by a Deed of Trust and with a guaranty of Greenway Waste Solutions of Harrisburg, Inc., an affiliate of the Company.

Pursuant to Section 159C-8(c), the Company has received approval from the Mecklenburg County Board of Commissioners on May 5, 2026. On August 14, 2026, the North Carolina Tax Reform Allocation Committee approved the allocation of $20,000,000 in the State of North Carolina's private activity bond allocation to the Company for the Project. The Project is not an industrial project or pollution control project requiring the approval of the Secretary of Commerce under Section 159C-7.

# LGC Staff Analysis For: **NORTH CAROLINA HOUSING FINANCE AGENCY (NCHFA)**

**Amount Not to Exceed:** $ 1,250,000,000

**Financing Type:** Revenue Bonds

**Purpose and Type:** Housing

**Project Description:** Home Ownership Revenue Bonds, with a series of Bonds to be issued as demand is warranted by housing mortgage demand. The Agency will use the proceeds to (a) provide funds for the purchase of mortgage loans and other obligations, including mortgage backed securities made for the purpose of assisting in providing home ownership for low and moderate income households in, and throughout the State of North Carolina, (b) refund all or a portion of the bonds previously issued by the Agency for the purpose described in (a) (or to refund bonds of the Agency issued for that purpose), (c) make required deposits to the credit of any debt service reserve fund or other reserve fund required by the terms of the instrument pursuant to which the bonds are issued, (d) finance all or a portion of the cost of termination of interest rate swap agreements in connection with the refunding of Bonds hedged by the terminated interest rate swap agreement and (e) pay all or a portion of the costs of issuance of the Bonds. The bonds shall be issued under and pursuant to the 1998 Trust and Supplemental Trust Agreement as amended. Depending on the financial conditions at the time the Bonds are issued from time to time, there may be benefits to the Agency of issuing a portion of the Bonds as variable interest rate obligations, and there may be benefits to the Agency of entering into interest rate swap agreement arrangements to hedge the variable interest rate. If any of the Bonds bear interest at a variable interest rate, the terms of the Bonds may include provisions to facilitate the variable interest rate provisions, including provisions providing that the Bonds may be delivered to the Agency from time to time for purchase. Bonds will be sold pursuant to a customary form purchase contract between the Agency, the LGC, and the Underwriters.

**Statutory Reference:** G.S. 122A

**Last Request to Borrow:** 6/2026; CONREV; $8,000,000

**Debt Management:** Good – no deficiencies and no defaults noted, or reasonable assurance of strict, lawfully compliant management proceeding forward

**Proposed contract or bond issue is necessary or expedient:** The financing is necessary to increase the State's supply of affordable housing. The Agency plans to issue bonds to continue the home ownership program for 2026, 2027, and 2028 mortgage demand.

**Proposed amount is adequate and not excessive:** The Agency's loan servicer purchases loans from Mortgage Lenders for sale to the Agency in the form of mortgage-backed securities. The pooled mortgage loans were made to people and families of low and moderate income.

**Feasibility:** The Housing Finance Agency decides feasibility, proposed mortgage rates, and size of issue. The financial advisor has evaluated economic soundness.

**TEFRA Hearing Date:** 8/12/2026

## Terms

**Interest Rate:** Fixed Rate or Variable Rate. If the Bonds bear interest at fixed rates, the net interest costs of a Series of the Bonds may not exceed 8%. If the Bonds bear interest at variable rates, the variable interest rate in effect from time to time shall not exceed 22%.
**Term:** Final maturity not to exceed 40 years.
**Structure and Term:** Debt service to match expected revenue.
**Final Maturity:** Not to extend beyond 40 years.
**Other:** With respect to any variable rate bonds issued under this approval, the Agency (a) may enter into an interest rate swap agreement pursuant to NCGS 159-196 to hedge the variable rate on the bonds, and (b) may select any additional financing institutions to serve as liquidity provider, letter of credit provider, and re-marketing agent in support of variable rate demand bonds. If the Agency determines that it may realize interest rate savings on all or a portion of a Series of Bonds through a direct placement of such Bonds to a designated investor such as Fannie Mae or Freddie Mac under terms acceptable to the Agency, all or a portion of such Bonds may be sold directly to such investors.

## Marketability

**Moody's:** Aa1 **S&P:** AA+ **Fitch:** N/A **Kroll:** N/A

**Other:** Public bond sales from time to time scheduled not to conflict with other sales. If directly placed, limited to financial institutions under contracts approved by the Secretary.

## Financing Team

| Role | Name | Additional Party Role | Additional Party Name |
|---|---|---|---|
| **Municipal Advisor** | Caine Mitter & Associates Inc. | **Co-Manager** | BofA Securities, Inc. |
| **Underwriter/Senior** | | **Co-Manager** | Morgan Stanley & Co., LLC |
| **Lender/Purchaser/Bank** | | **Co-Manager** | Raymond James & Associates Inc. |
| **Underwriter's Counsel** | Bode, PLLC | **Co-Manager** | RBC Capital Markets LLC |
| **Bond Counsel** | Womble Bond Dickinson (US) LLP | **Co-Manager** | Wells Fargo Bank, N.A. |
| **Purchaser's Counsel** | | | |
| **Trustee** | Bank of New York Mellon Trust Company, N.A. | | |
| **Trustee's Counsel** | Chapman and Cutler LLP | | |

## Amount Not to Exceed: $ 1,250,000,000

| Sources | Amount |
|---|---|
| | |
| **Total** | |

| Uses | Amount |
|---|---|
| | |
| **Total** | |

# LGC Staff Analysis For: **WINSTON-SALEM HOUSING AUTHORITY: LOFTS AT MOTOR ROAD**

**Amount Not to Exceed:** $25,400,000

**Housing Financing Type:** Conduit Revenue Bonds

**Project Description:** The loan proceeds will be used to finance the acquisition, construction and equipping of the Lofts at Motor Road located at 4738 Mount Pleasant Drive, Winston-Salem, NC. The project consists of 216 units contained within seven residential buildings and will include 36 one-bedroom units, 96 two-bedroom units, and 84 three-bedroom units. This project will be constructed using low-income housing tax credits (LIHTC) targeting lower-income households earning up to 30%, 50% and 80% of Area Median Income (AMI).

**Statutory Reference:** G.S. 159-153

**Last Request to Borrow:** 12/2025; CON REV; $20,500,000

**Debt Management:** Good – no deficiencies and no defaults noted, or reasonable assurance of strict, lawfully compliant management proceeding forward

**Proposed contract or bond issue is necessary or expedient:** The Authority finds the financing is necessary to further the Authority's purpose of promoting low- and moderate-income housing in the City of Winston-Salem, NC.

**Proposed amount is adequate and not excessive:** The developer provided a Market Study and pro forma which support the valuations. The issuer found that the amount of debt to be incurred in connection with the project is adequate but not excessive. Additionally, the Rental Investment section of the NCHFA reviewed this information and found it to be reasonable.

**Feasibility:** The developer provided a 30-year cash flow projection that shows debt service coverage for the bonds will range from 1.20X to 1.37X. The lenders performed their own credit review.

**TEFRA Hearing Date:** 6/30/2026

## Terms

**Lender/Purchaser/Bank:** Federal Home Loan Mortgage Corporation
**Interest Rate:** Construction: Fixed rate estimated at 3.05%; Permanent: Fixed rate estimated at the current ten (10) year U.S. Treasury + spread of 1.83%. NTE 12%.
**Term:** Construction Phase - Approximately 36 months with two possible six-month extensions; Permanent Phase - Approximately 16 years from permanent loan conversion, with 40-year amortization.
**Payment: :** Construction: interest only; Permanent: monthly principal and interest beginning after stabilization of the Development.
**Structure and Term:** Level debt service.
**Final Maturity:** NTE 12/31/2046.
**Other:** N/A

## Financing Team

| Role | Name | Additional Party Role | Additional Party Name |
|---|---|---|---|
| **Authority's Counsel** | | **Tax Credit Investor** | Wincopin Circle LLLP |
| **Borrower** | The Lofts at Motor Road, LLC | **Tax Credit Investor's Counsel** | Jones Walker LLP |
| **Borrower's Counsel** | Blanco Tackabery & Matamoros, P.A. | | |
| **Bond Counsel** | McGuireWoods LLP | | |
| **Lender/Purchaser/Bank** | | | |
| **Trustee** | U.S. Bank Trust Company, N.A. | | |
| **Trustee's Counsel** | | | |
| **Underwriter** | Wells Fargo Bank, N.A. | | |
| **Underwriter's Counsel** | Robinson & Cole LLP | | |
| **Permanent Lender** | Federal Home Loan Mortgage Corporation | | |
| **Freddie Mac Servicer** | Wells Fargo Bank, N.A. | | |
| **Freddie Mac/Servicer's Counsel** | Kutak Rock LLP | | |

## Amount Not to Exceed: $25,400,000

| Sources | Amount |
|---|---|
| Conventional Loan | $46,500,000 |
| Gap Financing | $13,500,000 |
| Cash Flow Prior to Stabilization | $3,811,570 |
| Deferred Fee | $340,643 |
| Surplus | $965,550 |
| | |
| | |
| | |
| | |
| | |
| **Total** | **$65,117,763** |

| Uses | Amount |
|---|---|
| Rehabilitation & New Construction | $41,959,743 |
| Site Work | $7,414,000 |
| Land and Buildings | $1,000,000 |
| Contingency | $2,572,037 |
| Professional Fees | $805,500 |
| Interim Costs | $3,625,000 |
| Financing Fees and Expenses | $1,925,750 |
| Soft Costs | $91,340 |
| Project Reserves | $2,970,393 |
| Developer's Fees | $2,754,000 |
| **Total** | **$65,117,763** |

# Miscellaneous Action Item

**Unit:** LUCAMA, TOWN OF

**Description:** DWSRF Loan Term Extension – CS370602-01

The Town of Lucama was approved by the Division of Water Infrastructure for SRF funding in the amount of $967,500 as a repayable loan for the Sewer Line Replacement & Pump Station Rehabilitation project (CS370602-01). The loan was approved by the LGC on June 9, 2026, with a term of 20 years and an interest rate of 0%. The new term will be 30 years with no change to the loan interest rate.

On February 25, 2026, the Town of Lucama requested a 30-year amortization on the SRF repayable loan to maintain affordable drinking water treatment for residents. As a part of that request for a term extension, the Town noted the total annual payments for the loan with a 20-year term is $48,375. Changing the term to 30 years would result in annual payments of $32,250.

The Town has recently raised both water and sewer fees:

- In FY 2026, the Town raised both water and sewer base rates by 14.21%.
- In FY 2027, the Town raised the water base rate by 18.5% and the water step rate by 5%; it also raised the sewer base rate by 4% and the sewer step rate by 5%.

The Town also adopted a System Development Fee to provide additional revenue to assist the Town with improvements related to new development.

The Division of Water Infrastructure performed a cost-weighted average design life analysis for the project to evaluate the appropriate loan term for this project. Based on the results of the analysis, the Division recommends extending the loan term from 20 years to 30 years.

# Miscellaneous Action Item

**Unit:** Wilmington Housing Authority – Houston Moore

**Description:** The Local Government Commission (LGC) approved the issuance of Multifamily Housing Revenue Bonds by the Housing Authority of the City of Wilmington for Houston Moore Apartments on June 9, 2026. The LGC approved a not to exceed bond amount of $32,950,000, a not to exceed interest rate of 12% and a not to exceed maturity date of December 31, 2045. At the time of the approval, it was expected that the bonds would be sold in a private placement. It is now expected that the bonds will initially be sold in a public offering with Stifel, Nicolaus & Company, Inc. as the underwriter and Tiber Hudson LLC as underwriter's counsel. The not to exceed bond amount, maturity date and interest rate remain the same. The public sale date is to be determined, in coordination with LGC staff.

# Miscellaneous Non-Action Item

**Unit:** CHARLOTTE, City of

**Description:** G.O. Refunding for Savings

The City of Charlotte sold $53,355,000 G.O. Refunding Bonds, dated August 19, 2026, at a negotiated sale on August 5, 2026, the proceeds of which refunded the outstanding maturities of the following bonds and paid the issuance costs:

$58,100,000 G.O. Refunding Bonds, Series 2016A, with $5,810,000 maturing annually on July 1 from 2027 to 2036.

The Series 2026 Refunding Bonds were sold at an All-In true interest cost of 3.1505%. The net present value savings were $2,909,296, or 5.007% of the refunded bonds.

The refunded 2016 bonds have been called and were redeemed on August 19, 2026.

# Attachment B:

# Debt Requests for Units on the Unit Assistance List (UAL)

# REQUESTS FOR LGC APPROVAL OF CERTAIN FINANCINGS BY UNITS ON THE UNIT ASSISTANCE LIST (UAL)

## BACKGROUND

Under G.S. 159-148(a), local governments must receive approval from the Local Government Commission (LGC) before entering into some contracts and financing arrangements. For units on the most recently published Unit Assistance List (UAL), the threshold at which LGC approval is required is lower than for other units. For these units, LGC approval is required for any contract, agreement, memorandum of understanding, or other transaction having the force and effect of a contract relating to the lease, acquisition, or construction of capital assets that:

- Extends for three or more years from the contract date, including periods that may be added to the original term through the exercise of options to renew or extend.

  [For Non-UAL units, this threshold is five or more years under G.S. 159-148(a)(1).]

- Obligates the unit to $50,000 or more, including for the purchase, lease, or lease with option to purchase for motor vehicles.

  [For non-UAL units, this threshold is the lesser of $500,000 or 0.1% of the assessed value of property subject to taxation; motor vehicle financing is not required to receive LGC approval; see G.S. 159-148(a)(3) and G.S. 159-148(b).]

## LGC CONSIDERATION

LGC staff conduct an enhanced review of each UAL unit's fiscal and debt management practices to ensure that these units are making sound financial decisions. UAL units seeking LGC approval are not placed on the Consent Agenda but are presented separately to the Commission, allowing discussion and voting on each UAL financing decision. In addition, representatives of UAL units are requested to be available at the meeting when their application is considered to answer any questions from LGC members.

Under G.S. 159-151(b), the LGC shall approve an application if the Commission makes six required findings, including that the unit's debt management procedures and policies are good or that reasonable assurances have been given that its debt will be managed in strict compliance with law. However, the statute also allows the LGC to approve a financing even if it does not make all of the required findings but it concludes that (i) the proposed project is necessary and expedient, (ii) the proposed undertaking cannot be economically financed by a bond issue, and (iii) the contract will not require an excessive tax increase. This provision allows the LGC to approve requests from UAL units for financing contracts for critical needs.

# LGC Staff Analysis For: **ELIZABETH CITY, CITY OF**

**PAR Amount Not to Exceed:** $19,000,000

**Financing Type:** Revenue Bonds

**Purpose and Type:** Electric, Electric Department
**Purpose and Type:** Water/Sewer, Water
**Purpose and Type:** Water/Sewer, Sewer

**Project Description:** Bond proceeds will be used for the acquisition, construction and equipping of certain improvements to the City's combined enterprise system, including, without limitation, (1) the construction of new water wells and the rehabilitation of existing water wells, (2) the construction of a new electric substation and new electric distribution lines, and (3) the payment of the costs of issuing the 2026 Bonds.

**Statutory Reference:** G.S. 159 Article 5

**Last Request to Borrow:** 6/2026; SRF-LSL; $400,000

**FPICs:** Yes - See Attachment
**UAL Contract:** N/A
**Debt Management:** Good – no deficiencies and no defaults noted, or reasonable assurance of strict, lawfully compliant management proceeding forward

**Proposed contract or bond issue is necessary or expedient:** The Project is necessary to secure adequate and reliable water and electric services and to promote the present and future welfare of the residents of the City and its environs.

**Proposed amount is adequate and not excessive:** Bids were submitted; costs are known and defined.

**Feasibility:** Debt service will be paid from the Water/Sewer Fund and Electric Fund.

**Tax Increase Anticipated:** N/A

**Rate Increase Anticipated:** see below

**Additional Information (as applicable):** Annual rates are projected to increase as reported in the Feasibility Study: water rates increase by 5.25%, sewer rates increase by 3.00% and the electricity rates increase 5.50%. The annual water/sewer increases will be through the first five years of the forecast period (FY 2027 – FY 2031) and the electric increases for the first four years (through FY2030) with the first rate increase effective July 1, 2026 (FY 2027) as adopted by the City Council on May 26, 2026.

**Public Hearing:** N/A

**TEFRA Hearing:** N/A

**Interest Rate Assumptions (GO Bonds Only):** N/A

## Terms

**Lender/Purchaser/Bank:** Webster Public Finance Corporation
**Interest Rate:** 4.665%

**Term:** 19 years, 7 months
**Payment:** Annual principal and semi-annual interest
**Structure and Term:** Level debt service
**Final Maturity:** NTE 6/30/2046

## Marketability

**Moody's:** N/A **S&P:** N/A **Fitch:** N/A **Kroll:** N/A

## Financing Team

| Role | Name | Additional Party Role | Additional Party Name |
|---|---|---|---|
| **Municipal Advisor** | First Tryon Advisors | **Utility Consultant** | Raftelis Financial Consultants, Inc. |
| **Underwriter/Senior** | | | |
| **Lender/Purchaser/Bank** | Webster Public Finance Corporation | **Lender's Counsel** | Gilmore and Bell |
| **Underwriter's Counsel** | | | |
| **Bond Counsel** | Womble Bond Dickinson | | |
| **Purchaser's Counsel** | | | |
| **Trustee** | U.S. Bank Trust Company, N.A. | | |
| **Trustee's Counsel** | Holland & Knight | | |

## Amount Not to Exceed: $19,000,000

| Sources | Amount |
|---|---|
| Bond Proceeds | $19,000,000 |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| **Total** | **$19,000,000** |

| Uses | Amount |
|---|---|
| Halstead Blvd. Lines | $7,500,000 |
| Wells | $6,455,307 |
| Electric Substation | $4,498,546 |
| Additional projects | $348,247 |
| Cost of Issuance | $197,900 |
| | |
| | |
| | |
| **Total** | **$19,000,000** |

## REQUESTS FOR LGC APPROVAL OF CERTAIN FINANCINGS BY UNITS ON THE UNIT ASSISTANCE LIST (UAL)

### City of Elizabeth City

Elizabeth City appeared on the Unit Assistance List in 2020, 2021, 2023, and 2024 due to recurring concerns involving late audits, untimely reconciliations, Finance Department turnover, budgetary and statutory violations, financial reporting weaknesses, and accounting issues related to certain capital projects and grants.

The City's financial position improved in fiscal year 2025. Total net position increased by approximately $8.2 million, governmental fund balance increased by approximately $4.0 million, and long-term liabilities decreased by approximately $2.2 million. General Fund total fund balance was approximately $23.2 million, including $13.0 million of unassigned fund balance, or 51% of expenditures. Audit timeliness also improved, with the FY 2025 audit submitted in December 2025 compared with March 2025 for FY 2024 and August 2024 for FY 2023.

Enterprise fund results were mixed. The Water and Sewer Fund reported approximately $2.7 million of operating income and maintained a strong cash position. The Electric Fund reported approximately $125,000 of operating income, but net position declined by approximately $570,000, operating activities used approximately $1.1 million of cash, and unrestricted cash was only 6.66% of annual expenses.

Water and Sewer Fund expenditures exceeded appropriations by approximately $24,000, while Electric Fund expenditures exceeded appropriations by approximately $3.0 million, resulting in a repeat statutory budget finding. The audit also identified approximately $3.3 million of untimely federal payroll tax remittances and a procurement material weakness. The City subsequently paid the delinquent payroll taxes, restored biweekly remittances, and established additional corrective actions for budgeting, payroll, grant administration, and purchasing controls.

Overall, FY 2025 reflects a stronger General Fund position, improved audit timeliness, reduced long-term liabilities, and positive Water and Sewer operating results, while budget compliance, Electric Fund liquidity, and implementation of corrective actions remain areas of continued attention.

# LGC Staff Analysis For: **LAKE WACCAMAW, TOWN OF**

**PAR Amount Not to Exceed:** $ 175,000

**Financing Type:** Installment Financing Contract

**Purpose and Type:** General Government, Public Vehicles

**Project Description:** Loan proceeds will be used to reimburse the Town for purchasing a used 2012 Marion Spartan Rescue Pumper.

**Statutory Reference:** G.S. 160A-20

**Last Request to Borrow:** 10/2024; SRF; $809,780

**FPICs:** Yes - See Attachment
**UAL Contract:** Application is for a contract subject to approval under modifications to G.S. 159-148 (SL 2022-53)
**Debt Management:** N/A

**Proposed contract or bond issue is necessary or expedient:** Necessary to provide reliable fire protection and emergency response services to the Town residents and surrounding mutual aid partners.

**Proposed amount is adequate and not excessive:** Purchase order provided. Costs are defined.

**Feasibility:** Debt service will be paid from the General Fund.

**Tax Increase Anticipated:** No

**Rate Increase Anticipated:** N/A

**Public Hearing:** N/A

**TEFRA Hearing:** N/A

**Interest Rate Assumptions (GO Bonds Only):** N/A

## Terms

**Lender/Purchaser/Bank:** Civic Financial Partners LLC
**Interest Rate:** Fixed 6.05%
**Term:** 15 years
**Payment:** Monthly
**Structure and Term:** Level debt service payments
**Final Maturity:** May 31, 2041

## Marketability

**Moody's:** N/A **S&P:** N/A **Fitch:** N/A **Kroll:** N/A

## Financing Team

| Role | Name | Additional Party Role | Additional Party Name |
|---|---|---|---|
| **Municipal Advisor** | | | |
| **Underwriter/Senior** | | | |
| **Lender/Purchaser/Bank** | | | |
| **Underwriter's Counsel** | | | |
| **Bond Counsel** | | | |
| **Purchaser's Counsel** | | | |
| **Trustee** | | | |
| **Trustee's Counsel** | | | |

## Amount Not to Exceed: $ 175,000

| Sources | Amount |
|---|---|
| Loan Proceeds | $ 175,000 |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| **Total** | **$ 175,000** |

| Uses | Amount |
|---|---|
| 2012 Marion Spartan Rescue Pumper. | $ 175,000 |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| **Total** | **$ 175,000** |

## REQUESTS FOR LGC APPROVAL OF CERTAIN FINANCINGS BY UNITS ON THE UNIT ASSISTANCE LIST (UAL)

### Town of Lake Waccamaw

The Town of Lake Waccamaw has been on the Unit Assistance List (UAL) since 2021 due to General Fund financial concerns and recurring accounting, internal control, and compliance issues. These have included reliance on fund balance for operations, delayed audits and year-end closing entries, accounting and reconciliation problems, and budgetary and statutory compliance concerns.

The Town's primary current concern is its General Fund financial condition. In FY 2025, total General Fund balance decreased by $648,644 to $959,815, with available fund balance equal to 21.79% of expenditures and a negative three-year trend. Recent fund balance pressure was associated in part with the Town's operation of a non-emergency EMS transport service. The Town increased its property tax rate from $0.22 to $0.30 for FY 2026 and has since discontinued operating the EMS service directly, instead contracting with Whiteville Rescue, a local nonprofit organization.

Accounting and compliance indicators have improved. The Town has completed its accounting software migration, strengthened budget monitoring and reconciliations, and submitted its FY 2025 audit timely. The FY 2025 audit reported no budget violations, material weaknesses, significant deficiencies, or other financial statement findings, and all prior-year findings were resolved..

# Attachment C:

Debt Requests for Units with Financial Indicators of Concern (FPIC)

## REQUESTS FOR LGC APPROVAL OF DEBT BY UNITS WITH MATERIAL FINANCIAL PERFORMANCE INDICATORS OF CONCERN (FPICS)

### BACKGROUND

In 2020, Local Government Commission (LGC) staff changed the North Carolina Administrative Code to define "Financial Performance Indicators" as a tool to identify fiscal management concerns in units of local government subject to LGC oversight. As defined in 20 NCAC 03 .0502:

- **"Financial Performance Indicators"** are values derived from information included in the audited financial statements that assist the Secretary in improving the comparability of reporting a unit's financial condition and financial performance. These criteria include adequacy of a government unit's fund balance; liquidity or the ability to meet short-term obligations; solvency or the ability to meet long-term obligations; debt service coverage; leverage; and such other indicators of financial condition and financial performance as the Secretary may establish.

- **"Financial Performance Indicators of Concern"** are Financial Performance Indicators with values which may indicate inadequate financial conditions or fiscal management concerns.

Under 20 NCAC 03 .0508, if a unit's auditor identifies Financial Performance Indicators of Concern, the unit's governing body must develop a "Response to the Auditor's Findings, Recommendations, and Fiscal Matters" signed by a majority of the governing body and submitted to the Secretary within 60 days of the presentation of the audit. The response must provide a plan to address each Financial Performance Indicator of Concern.

Additional information on FPICs, references to applicable statutes and administrative code, guidance for units, and other related resources are available on the Department of State Treasurer's website.

### LGC CONSIDERATION

When a unit with one or more FPICs requests debt approval from the LGC:

- Staff thoroughly review FPIC responses submitted by the unit.
- If staff deem the FPIC "**material**," the debt request is presented as a separate agenda item so that staff concerns may be presented and LGC member questions addressed.
- Units with material FPICs are requested to have representatives available at the meeting to answer questions.

**FINANCIAL PERFORMANCE INDICATORS GUIDE**

The following tables summarize the Financial Performance Indicators and specify the threshold a unit must meet to avoid an FPIC.

## Table 1: General Fund Financial Performance Indicators

| Indicator | Description | Threshold |
|---|---|---|
| Fund Balance Available (FBA) as a percentage of expenditures | Fund balance available for appropriation is an important reserve for local governments to provide cash flow for emergencies, unforeseen expenditures, and periods of declining revenues. | See below |

| **Municipalities:**<br><br>**General Fund Expenditures** | **Median FBA as a % of Expenditures** (without Powell Bill) | **Minimum FBA as a % of Expenditures** | **Months of FBA Using Annualized Expenditures** |
|---|---|---|---|
| $0 - $100,000 | 260% | 100% | 12.00 |
| $100,001 - $999,999 | 132% | 71% | 8.52 |
| $1M - $9.99M | 63% | 34% | 4.08 |
| $10M+ | 46% | 25% | 3.00 |

| **Counties:**<br><br>**General Fund Expenditures** | **Median FBA as a % of Expenditures** | **Minimum FBA as a % of Expenditures** | **Months of FBA Using Annualized Expenditures** |
|---|---|---|---|
| $0 - $100M | 39% | 20% | 2.40 |
| $100M+ | 32% | 16% | 1.92 |

| | | |
|---|---|---|
| Appropriated fund balance | Fund balance appropriated to cover operating losses may signal ongoing financial issues; if the pattern continues, it can lead to a decline in the unit's available reserves. | Positive change in fund balance |
| Total fund balance | A deficit means that the unit's revenues and other receipts are inadequate to support its operations. | Positive fund balance |

[This section intentionally blank.]

**Table 2: Water/Sewer Financial Performance Indicators**

| Indicator | Description | Threshold |
|---|---|---|
| Capital assets condition ratio | The capital assets condition ratio formula calculates the remaining useful life; a value less than 0.50 may signal the need to replace the assets in the near future. | Remaining useful life of assets greater than or equal to 0.50 |
| Operating Net Income, excluding depreciation, including debt service principal and interest | A negative amount indicates that rates are not covering operating expenses and debt service payments. | Greater than zero |
| Quick Ratio | The "quick ratio" is calculated as current assets divided by current liabilities and provides a measure of financial liquidity in the Water/Sewer fund. A quick ratio of less than 1:<br>• Indicates that current liabilities are greater than unrestricted cash and investments plus accounts receivable.<br>• Could indicate that the fund may have difficulty meeting expenses. If this pattern continues, the fund may not be financially sustainable. | Equal to or greater than 1 |
| Transfers-in to support operations | The rate structure of the Water/Sewer Fund should support the operating expenses of the fund without operating subsidies or transfers from other funds. | Transfers-in of less than 3% |
| Unrestricted cash to total expenses ratio | This indicator calculates how many months of expenses a unit can cover based on its unrestricted cash at year-end; the calculation includes debt principal and interest but not depreciation. The typical billing cycle is one month (8.33% of a year); unrestricted cash equaling two months of expenses (16.66%) is typically sufficient to handle unusual expenses. The 16% threshold is the minimum necessary to keep the fund from experiencing cash flow problems. | Greater than 16% |

**Table 3: Other Performance Indicators**

| Indicator | Description | Threshold |
|---|---|---|
| Date audited financial statements were submitted to the LGC | As stewards of the public's resources, the governing body is responsible for ensuring that the annual financial audit is available timely to the public. | December 31 for units with June 30 fiscal year ends |
| Amount of budgeted ad valorem tax (including motor vehicles) uncollected | Uncollected ad valorem taxes totaling more than 3% of the budgeted amount could be an indicator of negative economic events, inaccurate budgeting, and/or issues with the collection process. | Less than 3% of budgeted ad valorem taxes |
| Expected change in property value at next revaluation | A decrease in property value could result in lost tax revenue. | No estimated decrease |
| Budget violations at the adopted ordinance level | Expenditures that exceed the legal budget ordinance may indicate that the unit's purchase order system, contract approval process, and/or payment process is not in compliance with G.S. Chapter 159. | No over-expenditures |
| Material weaknesses, significant deficiencies, statutory violations, and/or items identified to be addressed in the FPIC response | 20 NCAC 03 .0508 requires a response from the unit addressing each significant deficiency, material weakness, and other audit finding presented to the governing body as well as a plan to address each Financial Performance Indicator of Concern. | None |
| A finance officer or interim finance officer was appointed for the entire fiscal year | G.S. 159-24 requires each local government and public authority to have a finance officer at all times. | Yes |
| The finance officer or interim finance officer was bonded in an amount required by statute | G.S. 159-29 requires that a finance officer give a true accounting and faithful performance bond in an amount not less than the greater of (1) $50,000 or (2) an amount equal to 10% of the unit's annually budgeted funds, up to $1,000,000. | Yes |

[This section intentionally blank.]

**Table 3: Other Performance Indicators (cont'd)**

| Indicator | Description | Threshold |
|---|---|---|
| The unit had late debt service payments and/or did not comply with bond covenants | Debt issued by a unit has established payment schedules and varying covenants or restrictions; failure to make timely payments or to comply with covenants may have negative financial implications and may indicate financial *or* internal control issues. | No |
| Any other issues that affect the unit's fiscal health or internal controls that were communicated to the unit during the audit presentation | The auditor may have reported issues to the governing board that were not required to be disclosed in the financial statements or that did not rise to the level of significant deficiencies or material weaknesses. The unit's FPIC response should explain these issues. | No other issues |

###

# LGC Staff Analysis For: **EDGECOMBE COUNTY**

**PAR Amount Not to Exceed:** $2,200,000

**Financing Type:** Limited Obligation Bonds

**Purpose and Type:** General Government, Multiple Projects

**Project Description:** Improvements and renovations to County facilities, including but not limited to HVAC improvements, courthouse renovations, and equipment; the acquisition of rolling stock and to pay certain costs incurred in connection with entering this financing. This is a direct bank loan Limited Obligation Bond.

**Statutory Reference:** G.S. 160A-20

**Last Request to Borrow:** 9/2025; IFC; $5,000,000

**FPICs:** Yes - See Attachment
**UAL Contract:** N/A
**Debt Management:** Good – no deficiencies and no defaults noted, or reasonable assurance of strict, lawfully compliant management proceeding forward

**Proposed contract or bond issue is necessary or expedient:** To provide necessary building upgrades and renovations to County facilities and to meet vehicle/equipment needs.

**Proposed amount is adequate and not excessive:** Over 70% of the bids are in where costs are known and defined. Estimates are on the remaining projects, and the bids will be received within the next 90 days.

**Feasibility:** Debt Service will be paid from the General Fund.

**Tax Increase Anticipated:** No

**Rate Increase Anticipated:** N/A

**Additional Information (as applicable):** N/A

**Public Hearing:** 8/3/2026

**TEFRA Hearing:** N/A

**Interest Rate Assumptions (GO Bonds Only):** N/A

## Terms

**Lender/Purchaser/Bank:** JP Morgan Chase Bank.
**Interest Rate:** 4.32%
**Term:** Up to 15 years; 4 years for the vehicles and 15 years for the remaining projects.
**Payment:** Annual principal and semi-annual interest.
**Structure and Term:** Level principal for most projects; level debt service for vehicles.
**Final Maturity:** NTE 8/1/2041

## Marketability

**Moody's:** N/A **S&P:** N/A **Fitch:** N/A **Kroll:** N/A

## Financing Team

| Role | Name | Additional Party Role | Additional Party Name |
|---|---|---|---|
| **Municipal Advisor** | Davenport & Company, LLC | | |
| **Underwriter/Senior** | | | |
| **Lender/Purchaser/Bank** | JP Morgan Chase Bank | **Lender's Counsel** | Womble Bond Dickinson (US) LLP |
| **Underwriter's Counsel** | | | |
| **Bond Counsel** | Parker Poe Adams & Bernstein, LLP | | |
| **Purchaser's Counsel** | | | |
| **Trustee** | Truist Corporate Trust and Escrow Services | | |
| **Trustee's Counsel** | Pope Flynn, LLC | | |

## Amount Not to Exceed: $2,200,000

| Sources | Amount |
|---|---|
| Bond Proceeds – County Facilities | $1,127,000 |
| Bond Proceeds – Vehicles | $981,000 |
| | |
| | |
| | |
| | |
| | |
| | |
| **Total** | **$2,108,000** |

| Uses | Amount |
|---|---|
| Project Fund | $1,941,525 |
| Cost of Issuance | $165,000 |
| Additional Proceeds | $1,475 |
| | |
| | |
| | |
| | |
| | |
| **Total** | **$2,108,000** |

| Indicator | Explanation of Indicator | Threshold | Unit Data |
|---|---|---|---|
| Non-compliance with bond covenants. | Bond covenants related to debt service coverage ratio. | Required debt service coverage ratio of 110%. | Reported debt service coverage ratio of 65%. |
| LGC Summary:<br>USDA requires bond covenants to be measured and met by individual districts. The debt service coverage ratio for District 4 did not meet the required level. This is a repeat finding and the County continues to move toward compliance. The coverage ratio has improved from 49% to 65% over the last 2 years. Districts 5 and 6 are in compliance at 111% and 519% respectively. | | | |

**LGC staff reviewed the response of the County and found it to be acceptable.**

# Edgecombe Conty Response to Fy-25 Audit Findings
January 5, 2026

**Financial Performance Indicator of Concern:** Noncompliance with Revenue Bond

**Response:**

The County acknowledges that Water District No. 4 did not meet the 100% debt service coverage requirement for general obligation and installment financing for the fiscal year ended June 30, 2025. While the District exceeded the required revenue bond coverage, the district-level net revenues were not sufficient to meet the combined debt service requirement.

The County operates its water and sewer system as a single integrated utility system and does not maintain district-level rate structures. Revenues are generated and managed on a system-wide basis for financial stability and operational efficiency; however, USDA bond covenants require compliance to be measured by individual district.

Although full compliance has not yet been achieved, the coverage ratio for District No. 4 continues to improve, increasing from 49% in FY 2023 to 61% in FY 2024 and to 65% in FY 2025. Management will continue to address this issue through ongoing financial monitoring and long-term system planning to achieve full covenant compliance

Respectfully submitted,

Leonard Wiggins, Chairman

Viola Harris, Vice-Chair

L. Dewitt Woodley, Commissioner

Ralph Webb, Commissioner

Linda J. Barfield, CFO

Evelyn Powell, Commissioner

George Thorne, Commissioner

Donald Boswell, Commissioner

Eric Evans, County Manager

Attachment D:

Sales Tax Withholding Appeals

Appeal letters available at the link: 2026 Appeals

**SEPTEMBER 1, 2026**
**LOCAL GOVERNMENT COMMISSION MEETING**

# UPDATED NOTICE OF NONCOMPLIANCE AND APPEALS DATA & OVERVIEW

## 1. 2026 NOTICE OF NONCOMPLIANCE (for FY 2025 AUDIT REPORTS)

- As of April 1, 2026, 116 units (16 counties, 100 municipalities) had not filed the FY 2025 audit report within nine months of fiscal year end. Notices were mailed April 29, 2026.

  Of the 116 units receiving Notices of Noncompliance, the audit statuses were:

  - 77 units missing one fiscal year (FY 2025)
  - 23 units missing two fiscal years (FY 2024, 2025)
  - 10 units missing three fiscal years (FY 2023, 2024, 2025)
  - 5 units missing four fiscal years (FY 2022, 2023, 2024, 2025)
  - 1 unit missing five fiscal years (FY 2021, 2022, 2023, 2024, 2025)

- As of August 20, 2026, the 116 units were in the following statuses:

  - 50 units have filed the fiscal year 2025 audit report
  - 36 units have filed Paragraph 1 successful appeals[1]
  - 20 units have filed appeals based on "other good cause with evidence"
  - 9 units have elected not to appeal
  - 1 unit dissolved as of June 30, 2026

## 2. CONSIDERATION OF APPEALS BY THE LGC

- The LGC's November 12, 2024, *Resolution Establishing Revised Guidelines for Successful Appeal of Sales Tax Withholding Pursuant to Session Law 2023-59* ("*Revised Guidelines*") applies to all appeals being considered in 2026.

- The *Revised Guidelines* establish two categories of appeals:

  - Paragraph 1 successful appeals (units missing one fiscal year audit report (i.e., FY 2025))
  - "Other good cause with evidence" appeals (units missing more than one fiscal year audit report)

[1] The Commission acted on 34 of these appeals at its August 2026 meeting; the remaining two are expected to be considered in September.

## A. PARAGRAPH 1 SUCCESSFUL APPEALS

- Under the *Revised Guidelines*, the Commission will deem an appeal successful when the audit identified in the Notice of Noncompliance is the unit's only outstanding annual audit. The written appeal should also explain the delay and provide a plan and timeline for submitting the outstanding audit.

## B. "OTHER GOOD CAUSE WITH EVIDENCE" APPEALS

- Staff developed criteria for evaluating appeals based on "other good cause with evidence." The criteria consider relevant events during the 12 months before the most recently issued Notice of Noncompliance, as well as actions taken to address or mitigate those events. Examples include staffing difficulties, auditor delays, software or IT problems, natural disasters, and other relevant circumstances.

- Units missing three or more audit reports will receive a staff recommendation for denial unless the unit provides information that it experienced an extraordinary event or circumstance in the 12 months preceding Notice of Noncompliance.

- Additional information is available on the Division's website at: Notice of Noncompliance and Appeals.

## C. UNITS NOT APPEALING PRIOR TO INITIATION OF WITHHOLDING

- 9 units elected not to file an appeal for consideration by the LGC prior to the initiation of withholding. G.S. 159-34 permits units to appeal before or after action is taken to initiate withholding. Those 9 units are:

| | |
|---|---|
| Town of Black Creek | Town of Proctorville |
| Town of Como | Town of Siler City |
| Town of Elm City | Town of Spring Lake |
| Town of Fontana Dam | Town of Taylortown |
| Town of Newland | |

## BACKGROUND

Session Law 2023-59 (SB 299), enacted June 27, 2023, and codified at G.S. 159-34(e)-(h), permits the Secretary of the LGC and the Commission to take action with respect to counties and municipalities that do not submit annual audits on time.

## STATUTORY PROCESS

1) Notice of Noncompliance: the Secretary provides a Notice of Noncompliance to all counties and municipalities that have not submitted the audit report within 9 months of fiscal year end (by March 31). (G.S. 159-34(e))

2) Withholding at 12 months: A unit that has not submitted the audit within 12 months after fiscal year end (June 30) is deemed to have consented to the withholding of a portion of its sales tax distribution. (G.S. 159-34(e))

3) Appeals: A unit may appeal before or after withholding begins. After receiving the notice, a unit may request that sales tax not be withheld and explain why the audit has not yet been filed and a plan for submission.

4) Department of Revenue notice: If the audit remains unfiled after 12 months and no successful appeal applies, the Secretary may direct DOR to withhold the required portion of sales tax distributions. (G.S. 159-34(f)-(g))

# Local Government Commission Staff Recommendations on Appeals (2026 Notice of Noncompliance)

| | Unit | 5-Year Audit History | 2025 Appeal Status; Prior Withholdings | Staff Recommendation | Staff Summary | FY 2027 General Fund Budget | Audit Contract | Maximum Withholding (150% of audit contract) |
|---|---|---|---|---|---|---|---|---|
| 1 | **Aurora**<br><br>**Location:**<br>Beaufort County<br><br>**Population:** 454 | **3 audits missing**<br><br>**FY21:** 10/2023<br>**FY22:** 5/2025<br>**FY23:** Missing<br>**FY24:** Missing<br>**FY25:** Missing | 2025 appeal granted; no history of withholding | DENY | The Town of Aurora has not submitted audit reports for fiscal years 2023, 2024, and 2025. In its appeal letter, the Town explains that a new deputy finance officer was hired in March 2026. The Town is working with the NC League of Municipalities Accounting, Instruction, and Mentorship (AIM) program. LGC staff recommend denying appeals of units that are three or more years behind on their audits, unless the unit experienced a recent extraordinary event or circumstance that would explain the continued delay in audit submission. The Town's appeal does not identify or describe such an event or circumstance. | $529,513 | $20,000 (modified fee) | $30,000 |
| 2 | **Autryville**<br><br>**Location:**<br>Sampson County<br><br>**Population:** 171 | **2 audits missing**<br><br>**FY21:** 11/2021<br>**FY22:** 10/2022<br>**FY23:** 10/2025<br>**FY24:** Missing<br>**FY25:** Missing | 2025 appeal denied; 2025 sales tax withholding to be released Sept. 2027 | DENY | The Town of Autryville has not submitted audit reports for fiscal years 2024 and 2025. In its appeal letter, the Town refers to continued issues related to implementation and operation of financial software. The software conversion took place in FY 2023. The Town also describes operating with limited administrative staffing. The Town has contracted with a third-party bookkeeper to assist. The Town remains behind in submitting its annual audit reports and no recent issues or events were identified that would explain the continued delay in audit submission. | $331,166 | $12,750 (modified fee) | $19,125 |
| 3 | **Candor**<br><br>**Location:**<br>Montgomery County<br><br>**Population:** 823 | **4 audits missing**<br><br>**FY21:** 12/2022<br>**FY22:** Missing<br>**FY23:** Missing<br>**FY24:** Missing<br>**FY25:** Missing | 2025 appeal denied; 2025 sales tax withholding to be released Sept. 2027 | DENY | The Town of Candor has not submitted audit reports for fiscal years 2022, 2023, 2024, and 2025. In its appeal letter, the Town explains that it has been working with the audit firm to bring the outstanding audits up to date. The Town has also been working with the NC League of Municipalities Accounting, Instruction, and Mentorship (AIM) program. LGC staff recommend denying appeals of units that are three or more years behind on their audits, unless the unit experienced a recent extraordinary event or circumstance that would explain the continued delay in audit submission. The Town's appeal letter does not identify or describe such an event or circumstance. | $ 1,479,175 | $18,000 (modified fee) | $27,000 |

# Local Government Commission Staff Recommendations on Appeals (2026 Notice of Noncompliance)

| | Unit | 5-Year Audit History | 2025 Appeal Status; Prior Withholdings | Staff Recommendation | Staff Summary | FY 2027 General Fund Budget | Audit Contract | Maximum Withholding (150% of audit contract) |
|---|---|---|---|---|---|---|---|---|
| 4 | **Colerain**<br><br>**Location:**<br>Bertie County<br><br>**Population:** 198 | **3 audits missing**<br><br>**FY21:** 5/2022<br>**FY22:** 10/2024<br>**FY23:** Missing<br>**FY24:** Missing<br>**FY25:** Missing | - 2025 appeal granted<br><br>- 2024 sales tax withholding, to be released Sept. 2026 | GRANT | The Town of Colerain has not submitted audit reports for fiscal years 2023, 2024, and 2025. In its appeal letter, the Town explains that it is awaiting the resolution of a North Carolina State Bureau of Investigation review concerning the alleged embezzlement of funds by the former mayor, who also served as the Town's finance officer. The investigation began in approximately April 2025, and the Town intends to await its conclusion before proceeding with the fiscal year 2023 audit. A new finance officer was appointed in September 2025. Although the Town is missing three years of audit reports, LGC staff recommend granting the appeal because the initiation of an investigation into potential embezzlement by the former mayor is an extraordinary event or circumstance that would explain the Town's lack of progress in submitting its annual audit reports. | $ 211,150 | $7,000 | $10,500 |
| 5 | **Columbus**<br><br>**Location:**<br>Polk County<br><br>**Population:** 1,042 | **2 audits missing**<br><br>**FY21:** 1/2022<br>**FY22:** 9/2025<br>**FY23:** 2/2026<br>**FY24:** Missing<br>**FY25:** Missing | 2025 appeal granted; no history of withholding | GRANT | The Town of Columbus has not submitted audit reports for fiscal years 2024 and 2025. The Town meets one of the guidance criteria for granting an appeal of having two or more finance officers in the 12-month period from April 1, 2025 to April 1, 2026. The former finance director separated in May 2025, and the current finance officer was hired in December 2025. In its appeal letter, the Town also describes "additional operational demands and competing priorities" as effects of Hurricane Helene, which occurred in September 2024. | $ 1,979,511 | $32,500 | $48,750 |
| 6 | **Dover**<br><br>**Location:**<br>Craven County<br><br>**Population:** 351 | **3 audits missing**<br><br>**FY21:** 10/2022<br>**FY22:** 8/2023<br>**FY23:** Missing<br>**FY24:** Missing<br>**FY25:** Missing | 2025 appeal granted; no history of withholding | DENY | The Town of Dover has not submitted audit reports for fiscal years 2023, 2024, and 2025. In its appeal letter, the Town explains that it contracted with an outside bookkeeper to correct the unit's books and to catch up with bookkeeping. A draft of the FY 2023 audit is anticipated to be provided to the Mayor and Board in August 2026 for review. LGC staff recommend denying appeals of units that are three or more years behind on their audits, unless the unit experienced a recent extraordinary event or circumstance that would explain the continued delay in audit submission. The Town's appeal does not identify or describe such an event or circumstance. | $ 225,000* | $12,800 | $19,200 |

* The Town of Dover's general fund budget has been corrected to read $225,000. In materials initially provided for the September 1, 2026 LGC meeting, the general fund budget amount was incorrectly stated as $22,500.

| | Unit | 5-Year Audit History | 2025 Appeal Status; Prior Withholdings | Staff Recommendation | Staff Summary | FY 2027 General Fund Budget | Audit Contract | Maximum Withholding (150% of audit contract) |
|---|---|---|---|---|---|---|---|---|
| 7 | **East Arcadia**<br><br>**Location:** Bladen County<br><br>**Population:** 423 | **2 audits missing**<br><br>**FY21:** 12/2021<br>**FY22:** 7/2024<br>**FY23:** 7/2025<br>**FY24:** Missing<br>**FY25:** Missing | 2025 appeal granted; no history of withholding | GRANT | The Town of East Arcadia has not submitted audit reports for fiscal years 2024 and 2025. The Town meets one of the guidance criteria for granting an appeal where the auditor was delayed in starting and completing the audit. In its appeal letter, the Town explains that approval of the fiscal year 2024 audit contract was delayed, preventing the new auditor from beginning work. The delay resulted from an issue that prevented a previously approved final invoice for the FY 2023 audit from posting correctly. The FY 2024 audit contract was ultimately approved in March 2026. | $ 187,263 | $15,500 | $23,250 |
| 8 | **East Spencer**<br><br>**Location:** Rowan County<br><br>**Population:** 1,650 | **2 audits missing**<br><br>**FY21:** 11/2021<br>**FY22:** 8/2023<br>**FY23:** 6/2025<br>**FY24:** Missing<br>**FY25:** Missing | 2025 appeal granted; no history of withholding | GRANT | The Town of East Spencer has not submitted audit reports for fiscal years 2024 and 2025. The Town meets one of the guidance criteria for granting an appeal of having two or more finance officers in the 12-month period from April 1, 2025 to April 1, 2026. The former finance officer separated in February 2026 and the current finance officer was hired in April 2026. | $ 3,553,701 | $18,000 | $27,000 |
| 9 | **Ellenboro**<br><br>**Location:** Rutherford County<br><br>**Population:** 738 | **2 audits missing**<br><br>**FY21:** 11/2021<br>**FY22:** 11/2022<br>**FY23:** 7/2024<br>**FY24:** Missing<br>**FY25:** Missing | 2025 appeal granted; no history of withholding | GRANT | The Town of Ellenboro has not submitted audit reports for fiscal years 2024 and 2025. The Town meets one of the guidance criteria for granting an appeal of having two or more finance officers in the 12-month period from April 1, 2025 to April 1, 2026. The former finance officer retired at the end of 2024 and the current finance officer was hired in May 2025. The Town is currently participating in the NC League of Municipalities Accounting, Instruction, and Mentorship (AIM) program, having enrolled earlier this year. | $ 603,214 | $15,760 | $23,640 |
| 10 | **Gaston**<br><br>**Location:** Northampton County<br><br>**Population:** 959 | **2 audits missing**<br><br>**FY21:** 4/2023<br>**FY22:** 3/2024<br>**FY23:** 7/2026<br>**FY24:** Missing<br>**FY25:** Missing | 2025 appeal granted; no history of withholding | DENY | The Town of Gaston has not submitted audit reports for fiscal years 2024 and 2025. In its appeal letter, the Town discusses the effort to digitize financial records and the issues encountered in that project which delayed the completion of the FY 2021 audit report. The FY 2021 audit report was filed in April 2023. The Town successfully completed the Advancing Municipal Leaders Program offered through the NC League of Municipalities. However, the Town remains behind in submitting its annual audit reports and no recent issues or events were identified that would explain the continued delay in audit submission. The recommendation is to deny the appeal. | $ 858,580 | $25,000 | $37,500 |

# Local Government Commission Staff Recommendations on Appeals (2026 Notice of Noncompliance)

| | Unit | 5-Year Audit History | 2025 Appeal Status; Prior Withholdings | Staff Recommendation | Staff Summary | FY 2027 General Fund Budget | Audit Contract | Maximum Withholding (150% of audit contract) |
|---|---|---|---|---|---|---|---|---|
| 11 | **Linden**<br><br>**Location:** Cumberland County<br><br>**Population:** 139 | **2 audits missing**<br><br>**FY21:** 2/2022<br>**FY22:** 2/2023<br>**FY23:** 7/2024<br>**FY24:** Missing<br>**FY25:** Missing | 2025 appeal granted; no history of withholding | DENY | The Town of Linden has not submitted audit reports for fiscal years 2024 and 2025. In its appeal letter, the Town describes staffing issues and the difficulty hiring part-time staff to assist with reconciliation and regular accounting. The Town has hired an outside bookkeeper to assist with the general ledger. The Town remains behind in submitting its annual audit reports and no recent issues or events were identified that would explain the continued delay in audit submission. The recommendation is to deny the appeal. | $ 132,137 | $14,500 | $21,750 |
| 12 | **Littleton**<br><br>**Location:** Halifax County<br><br>**Population:** 535 | **4 audits missing**<br><br>**FY21:** 5/2026<br>**FY22:** Missing<br>**FY23:** Missing<br>**FY24:** Missing<br>**FY25:** Missing | 2025 appeal denied; 2025 sales tax withholding to be released Sept.2027<br><br>2024: sales tax withholding, to be released Sept. 2026 | DENY | The Town of Littleton has not submitted audit reports for fiscal years 2022, 2023, 2024, and 2025. In its appeal letter, the Town discusses auditor workload and delays in the preparation of the financial statements by the third-party bookkeeper. The Town has since contracted with a different third-party bookkeeper. LGC staff recommend denying appeals of units that are three or more years behind on their audits, unless the unit experienced a recent extraordinary event or circumstance that would explain the continued delay in audit submission. The Town's appeal letter does not identify or describe such an event or circumstance. | $ 796,665 | $7,000 | $10,500 |
| 13 | **Louisburg**<br><br>**Location:** Franklin County<br><br>**Population:** 3,480 | **2 audits missing**<br><br>**FY21:** 1/2022<br>**FY22:** 10/2023<br>**FY23:** 10/2025<br>**FY24:** Missing<br>**FY25:** Missing | 2025 appeal granted; no history of withholding | GRANT | The Town of Louisburg has not submitted audit reports for fiscal years 2024 and 2025. The Town meets one of the guidance criteria for granting an appeal of having two or more finance officers in the 12-month period from April 1, 2025 to April 1, 2026. The former finance director separated in February 2026 and the current Town Administrator was appointed as interim finance officer in April 2026. | $ 5,801,363 | $144,500 | $216,750 |
| 14 | **Macclesfield**<br><br>**Location:** Edgecombe County<br><br>**Population:** 408 | **4 audits missing**<br><br>**FY21:** 12/2022<br>**FY22:** Missing<br>**FY23:** Missing<br>**FY24:** Missing<br>**FY25:** Missing | 2025 appeal denied; 2025 sales tax withholding to be released Sept. 2027 | DENY | The Town of Macclesfield has not submitted audit reports for fiscal years 2022, 2023, 2024, and 2025. In its appeal letter, the Town explains the current auditor will not be able to resume work on the FY 2022 audit until July, 2026. The Town has requested that the auditor consider turning over unfinished work on the FY 2022 audit so the Town can contract with a different auditor to complete the FY 2022 audit. The Town has contracted with a third-party bookkeeper to assist with the Town's books. LGC staff recommend denying appeals of units that are three or more years behind on their audits, unless the unit experienced a recent extraordinary event or circumstance that would explain the continued delay in audit submission. The Town's appeal does not identify or describe such an event or circumstance. | $ 399,050 | $22,140 | $33,210 |

# Local Government Commission Staff Recommendations on Appeals (2026 Notice of Noncompliance)

| | Unit | 5-Year Audit History | 2025 Appeal Status; Prior Withholdings | Staff Recommendation | Staff Summary | FY 2027 General Fund Budget | Audit Contract | Maximum Withholding (150% of audit contract) |
|---|---|---|---|---|---|---|---|---|
| 15 | **Madison County**<br><br>**Population:** 21,944 | **1 audit missing**<br><br>**FY21:** 3/2022<br>**FY22:** 4/2023<br>**FY23:** 5/2024<br>**FY24:** 6/2025<br>**FY25:** Missing | No 2025 appeal; no history of appeals or withholding | GRANT - Paragraph 1 Successful Appeal | Madison County has not submitted an audit report for fiscal year 2025. The County filed an appeal in response to the Notice of Noncompliance. The County qualifies for a successful appeal under the Commission's Revised Guidelines. | NOT APPLICABLE | NOT APPLICABLE | NOT APPLICABLE |
| 16 | **Morven**<br><br>**Location:**<br>Anson County<br><br>**Population:** 331 | **2 audits missing**<br><br>**FY21:** 8/2023<br>**FY22:** 2/2025<br>**FY23:** 10/2025<br>**FY24:** Missing<br>**FY25:** Missing | 2025 appeal denied; 2025 sales tax withholding to be released Sept. 2027 | DENY | The Town of Morven has not submitted audit reports for fiscal years 2024 and 2025. In its appeal letter, the Town describes delays in completing the audit attributable to workload constraints, scheduling challenges and the time required to obtain, review and reconcile supporting documentation. The Town completed the NC League of Municipalities Accounting, Instruction, and Mentorship (AIM) Program in June 2026. The Town has a third-party bookkeeper assisting with accounting reconciliations. However, the Town remains behind in submitting its annual audit reports and no additional issues or events were identified that would explain the continued delay in audit submission. The recommendation is to deny the appeal. | $ 786,052 | $39,000 (modified fee) | $58,500 |
| 17 | **Pilot Mountain**<br><br>**Location:**<br>Surry County<br><br>**Population:** 1,437 | **2 audits missing**<br><br>**FY21:** 3/2022<br>**FY22:** 5/2023<br>**FY23:** 6/2024<br>**FY24:** Missing<br>**FY25:** Missing | 2025 appeal granted; no history of withholding | GRANT | The Town of Pilot Mountain has not submitted audit reports for fiscal years 2024 and 2025. The Town meets one of the guidance criteria for granting an appeal because its finances were under investigation by the NC State Bureau of Investigation and the Office of State Auditor (OSA) for suspected fraud or other criminal activity during the 12-month period from April 1, 2025 to April 1, 2026. The Town's previous finance officer was terminated in December 2024 following accusations of misuse of Town funds. The OSA investigation identified a range of potentially fraudulent purchases. In May 2026, the former finance officer was indicted on a charge of embezzlement of Town funds. The NC SBI investigation is ongoing as of June 24, 2026. | $ 2,695,707 | $32,500 | $48,750 |
| 18 | **Rich Square**<br><br>**Location:**<br>Northampton County<br><br>**Population:** 835 | **2 audits missing**<br><br>**FY21:** 9/2023<br>**FY22:** 9/2025<br>**FY23:** 6/2026<br>**FY24:** Missing<br>**FY25:** Missing | 2025 appeal denied; 2025 sales tax withholding to be released Sept. 2027 | GRANT | The Town of Rich Square has not submitted audit reports for fiscal years 2024 and 2025. The Town meets one of the guidance criteria for granting an appeal of having two or more finance officers in the 12-month period from April 1, 2025 to April 1, 2026. The former finance officer separated in April 2025. The current finance officer, who also functions as the Town Clerk, was appointed in April 2025. The Town is participating in the NC League of Municipalities' Accounting, Instruction, and Mentorship (AIM) program. | $ 826,657 | $50,000 | $75,000 |

| | Unit | 5-Year Audit History | 2025 Appeal Status; Prior Withholdings | Staff Recommendation | Staff Summary | FY 2027 General Fund Budget | Audit Contract | Maximum Withholding (150% of audit contract) |
|---|---|---|---|---|---|---|---|---|
| 19 | **Robbins**<br><br>**Location:**<br>Moore County<br><br>**Population:** 1,305 | **4 audits missing**<br><br>**FY21:** 10/2022<br>**FY22:** Missing<br>**FY23:** Missing<br>**FY24:** Missing<br>**FY25:** Missing | 2025 appeal granted; no history of withholding | DENY | The Town of Robbins has not submitted audit reports for fiscal years 2022, 2023, 2024, and 2025. In its appeal letter, the Town describes the same issues reported last year, including the need to recreate its fiscal year 2022 audit file because it did not receive the necessary workpapers from a former auditor. The Town subsequently changed auditors again after the next auditor was unable to complete the audit without first recreating the fiscal year 2022 audit file. The FY 2022 audit is in progress. LGC staff recommend denying appeals of units that are three or more years behind on their audits, unless the unit experienced a recent extraordinary event or circumstance that would explain the continued delay in audit submission. The Town's appeal does not identify or describe such an event or circumstance. | $ 2,193,419 | $22,000 | $33,000 |
| 20 | **Robersonville**<br><br>**Location:**<br>Martin County<br><br>**Population:** 1,237 | **3 audits missing**<br><br>**FY21:** 6/2024<br>**FY22:** 5/2025<br>**FY23:** Missing<br>**FY24:** Missing<br>**FY25:** Missing | 2025 appeal granted; no history of withholding | DENY | The Town of Robersonville has not submitted audit reports for fiscal years 2023, 2024, and 2025. In its appeal letter, the Town describes states that it continues to work with the auditor to bring its required filings up to date. The Town has hired an outside bookkeeper to assist with compiling the financial statements. LGC staff recommend denying appeals of units that are three or more years behind on their audits, unless the unit experienced a recent extraordinary event or circumstance that would explain the continued delay in audit submission. The Town's appeal letter does not identify or describe such an event or circumstance. | $ 2,294,719 | $80,000 (modified fee) | $120,000 |
| 21 | **Sims**<br><br>**Location:**<br>Wilson County<br><br>**Population:** 346 | **2 audits missing**<br><br>**FY21:** 2/2022<br>**FY22:** 2/2023<br>**FY23:** 1/2024<br>**FY24:** Missing<br>**FY25:** Missing | 2025 appeal granted; no history of withholding | DENY | The Town of Sims has not submitted audit reports for fiscal years 2024 and 2025. The Town explains a new finance officer was hired in February 2025, after the previous finance officer resigned in October 2024. The Town contracted with a new auditor in February 2026. The Town is utilizing a third-party bookkeeper to assist with financial statements. The Town remains behind in submitting its annual audit reports and no recent issues or events were identified that would explain the continued delay in audit submission. The recommendation is to deny the appeal. | $ 715,118 | $16,940 | $25,410 |

# Local Government Commission Staff Recommendations on Appeals (2026 Notice of Noncompliance)

| | Unit | 5-Year Audit History | 2025 Appeal Status; Prior Withholdings | Staff Recommendation | Staff Summary | FY 2027 General Fund Budget | Audit Contract | Maximum Withholding (150% of audit contract) |
|---|---|---|---|---|---|---|---|---|
| **22** | **Star**<br><br>**Location:** Montgomery County<br><br>**Population:** 824 | **1 audit missing**<br><br>**FY21:** 11/2021<br>**FY22:** 11/2022<br>**FY23:** 5/2025<br>**FY24:** 7/2026<br>**FY25:** Missing | 2025 appeal granted; no history of withholding | GRANT - Paragraph 1 Successful Appeal | The Town of Star filed the FY 2024 audit report on July 27, 2026. The Town is now missing one audit report, the FY 2025 report. The Town filed an appeal in response to the Notice of Noncompliance. The Town qualifies for a successful appeal under the Commission's Revised Guidelines. | NOT APPLICABLE | NOT APPLICABLE | NOT APPLICABLE |

# RESOLUTION OF SUCCESSFUL APPEALS PURSUANT TO PARAGRAPH 1 OF THE LOCAL GOVERNMENT COMMISSION'S REVISED GUIDELINES FOR SUCCESSFUL APPEAL

WHEREAS, pursuant to G.S. 159-34(f), the Local Government Commission ("Commission") adopted the *Revised Guidelines for Successful Appeal of Sales Tax Withholding Pursuant to Session Law 2023-59* on November 12, 2024 (the "*Revised Guidelines*"); and

WHEREAS, the county and municipality listed within Attachment A ("Units") failed to submit a fiscal year 2025 annual audit report as required by G.S. 159-34(a) within nine (9) months of fiscal year end; and

WHEREAS, the Secretary of the Local Government Commission ("Secretary") provided Notices of Noncompliance on April 29, 2026, to the Units as required by G.S. 159-34(e); and

WHEREAS, the Units have failed to comply with the Notice of Noncompliance and have not submitted their fiscal year 2025 annual audit report within twelve (12) months of fiscal year end; and

WHEREAS, as provided by G.S. 159-34(e), the Units are deemed to have given consent to the withholding of a portion of their sales tax distributions as provided in G.S. 159-34(g); and

WHEREAS, as provided in G.S. 159-34(f), a county or municipality may notify the Secretary in writing that it plans to appeal the action to withhold a portion of its sales tax distributions; and

WHEREAS, Paragraph 1 of the *Revised Guidelines* states, "that the Commission shall deem an appeal successful if the audit for which the noncompliance notice was issued to the county or municipality is the only audit not submitted as required pursuant to G.S. 159-34(a);" and

WHEREAS, staff of the Commission have determined, and verified with Commission records, that the Units identified in Attachment A have met the Paragraph 1 guideline for a successful appeal, namely that the fiscal year 2025 audit report is the only audit report not submitted, and that a written appeal was filed by the Unit; and

WHEREAS, Paragraph 3 of the *Revised Guidelines* states, "that the Commission may waive the requirement for a county or municipality to appear before the Commission if the appeal is considered successful based on the guideline established in Paragraph 1;" and

PROPOSED

WHEREAS, the Commission, in accordance with Paragraph 3, hereby waives the requirement that the Units appear before the Commission; and

WHEREAS, the Commission emphasizes the importance of every unit of local government submitting the required annual audit report in a timely manner pursuant to G.S. 159-34(a); and

WHEREAS, the Commission expects all Units identified in Attachment A to make every effort to file the fiscal year 2025 audit report as soon as possible;

NOW, THEREFORE, BE IT RESOLVED that:

1. The appeals filed by the Units listed in Attachment A are granted and no portion of sales tax distributions shall be withheld from those Units for the Commission's fiscal year 2025 review cycle.

2. The Commission directs the Secretary to provide written notice to the Units in Attachment A that each Unit has qualified for a successful appeal and that no portion of sales tax distributions will be withheld from the Unit.

I, Denise Canada, Secretary of the North Carolina Local Government Commission, DO HEREBY CERTIFY that the foregoing is a true and correct copy of the resolution adopted by the North Carolina Local Government Commission at its meeting held on September 1, 2026.

WITNESS my hand this 1st day of September 2026.

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Denise Canada, Secretary
North Carolina Local Government Commission

PROPOSED

## ATTACHMENT A: APPEALS BASED ON PARAGRAPH 1 OF THE LGC'S REVISED GUIDELINES FOR SUCCESSFUL APPEAL

| | |
|---|---|
| 1. | Madison County |
| 2. | Town of Star |

PROPOSED

NORTH CAROLINA
DEPARTMENT OF STATE TREASURER

BRADFORD B. BRINER
STATE TREASURER OF NORTH CAROLINA

STATE AND LOCAL GOVERNMENT FINANCE DIVISION
AND THE LOCAL GOVERNMENT COMMISSION

DENISE H. CANADA
DIVISION DIRECTOR

RESOLUTION **GRANTING** APPEALS BASED ON "OTHER GOOD CAUSE WITH EVIDENCE" PURSUANT TO THE LOCAL GOVERNMENT COMMISSION'S REVISED GUIDELINES

WHEREAS, the municipalities listed within Attachment A ("Units") failed to submit a fiscal year 2025 annual audit report as required by G.S. 159-34(a) within nine (9) months of fiscal year end;

WHEREAS, on April 29, 2026, the Secretary of the Local Government Commission ("Secretary") provided a Notice of Noncompliance to each Unit as required by G.S. 159-34(e);

WHEREAS, the Units have failed to comply with the Notice of Noncompliance and have not submitted their fiscal year 2025 annual audit reports within twelve (12) months of fiscal year end;

WHEREAS, as provided by G.S. 159-34(e), the Units are deemed to have given consent to the withholding of a portion of their sales tax distributions as provided in G.S. 159-34(g);

WHEREAS, the Units listed in Attachment A have each submitted a written notice pursuant to G.S. 159-34(f) appealing the action of withholding a portion of their sales tax distributions;

WHEREAS, the Commission emphasizes the importance of every unit of local government submitting required annual audit reports in a timely manner pursuant to G.S. 159-34(a); and

WHEREAS, the Commission expects all Units identified in Attachment A to make every effort to file all missing audit reports as soon as possible;

NOW, THEREFORE, BE IT RESOLVED that:

1. The Commission finds that each Unit identified in Attachment A has provided an explanation that the failure to submit its fiscal year 2025 annual audit report is due to a circumstance within the Commission's established guidelines of other good cause to support the basis for its appeal;

2. The Commission finds that each Unit identified in Attachment A has provided sufficient relevant evidence that the failure to submit its fiscal year 2025 annual audit report is due to a circumstance within the Commission's established guidelines of other good cause, supporting the basis for a successful appeal for the Commission's fiscal year 2025 review cycle; and therefore, those appeals are GRANTED;

Proposed

3. The Commission directs the Secretary to notify each Unit in Attachment A that its appeal has been considered and granted for the Commission's fiscal year 2025 cycle and that no portion of its sales tax distributions will be withheld.

I, Denise Canada, Secretary of the North Carolina Local Government Commission, DO HEREBY CERTIFY that the foregoing is a true and correct copy of the resolution adopted by the North Carolina Local Government Commission at its meeting held on September 1, 2026.

WITNESS my hand this 1st day of September 2026.

_____

Denise Canada, Secretary
North Carolina Local Government Commission

Proposed

## ATTACHMENT A:

## APPEALS GRANTED BASED ON OTHER GOOD CAUSE WITH EVIDENCE PURSUANT TO THE LGC'S REVISED GUIDELINES

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|---|---|
| 1. | **Town of Colerain**<br>The Town of Colerain has not submitted audit reports for fiscal years 2023, 2024, and 2025. In its appeal letter, the Town explains that it is awaiting the resolution of a North Carolina State Bureau of Investigation review concerning the alleged embezzlement of funds by the former mayor, who also served as the Town's finance officer. The investigation began in approximately April 2025, and the Town intends to await its conclusion before proceeding with the fiscal year 2023 audit. A new finance officer was appointed in September 2025. Although the Town is missing three years of audit reports, LGC staff recommend granting the appeal because the initiation of an investigation into potential embezzlement by the former mayor is an extraordinary event or circumstance that would explain the Town's lack of progress in submitting its annual audit reports. |
| 2. | **Town of Columbus**<br>The Town of Columbus has not submitted audit reports for fiscal years 2024 and 2025. The Town meets one of the guidance criteria for granting an appeal of having two or more finance officers in the 12-month period from April 1, 2025 to April 1, 2026. The former finance director separated in May 2025, and the current finance officer was hired in December 2025. In its appeal letter, the Town also describes "additional operational demands and competing priorities" as effects of Hurricane Helene, which occurred in September 2024. |
| 3. | **Town of East Arcadia**<br>The Town of East Arcadia has not submitted audit reports for fiscal years 2024 and 2025. The Town meets one of the guidance criteria for granting an appeal where the auditor was delayed in starting and completing the audit. In its appeal letter, the Town explains that approval of the fiscal year 2024 audit contract was delayed, preventing the new auditor from beginning work. The delay resulted from an issue that prevented a previously approved final invoice for the FY 2023 audit from posting correctly. The FY 2024 audit contract was ultimately approved in March 2026. |
| 4. | **Town of East Spencer**<br>The Town of East Spencer has not submitted audit reports for fiscal years 2024 and 2025. The Town meets one of the guidance criteria for granting an appeal of having two or more finance officers in the 12-month period from April 1, 2025 to April 1, 2026. The former finance officer separated in February 2026, and the current finance officer was hired in April 2026. |
| 5. | **Town of Ellenboro**<br>The Town of Ellenboro has not submitted audit reports for fiscal years 2024 and 2025. The Town meets one of the guidance criteria for granting an appeal of having two or more finance officers in the 12-month period from April 1, 2025 to April 1, 2026. The former finance officer retired at the end of 2024 and the current finance officer was hired in May 2025. The Town is currently participating in the NC League of Municipalities' Accounting, Instruction, and Mentorship (AIM) program, having enrolled earlier this year. |

Proposed

| | |
|---|---|
| 6. | **Town of Louisburg**<br>The Town of Louisburg has not submitted audit reports for fiscal years 2024 and 2025. The Town meets one of the guidance criteria for granting an appeal of having two or more finance officers in the 12-month period from April 1, 2025 to April 1, 2026. The former finance director separated in February 2026, and the current Town Administrator was appointed as interim finance officer in April 2026. |
| 7. | **Town of Pilot Mountain**<br>The Town of Pilot Mountain has not submitted audit reports for fiscal years 2024 and 2025. The Town meets one of the guidance criteria for granting an appeal because its finances were under investigation by the NC State Bureau of Investigation (SBI) and the Office of State Auditor (OSA) for suspected fraud or other criminal activity during the 12-month period from April 1, 2025 to April 1, 2026. The Town's previous finance officer was terminated in December 2024 following accusations of misuse of Town funds. The OSA investigation identified a range of potentially fraudulent purchases. In May 2026, the former finance officer was indicted on a charge of embezzlement of Town funds. The NC SBI investigation is ongoing as of June 24, 2026. |
| 8. | **Town of Rich Square**<br>The Town of Rich Square has not submitted audit reports for fiscal years 2024 and 2025. The Town meets one of the guidance criteria for granting an appeal of having two or more finance officers in the 12-month period from April 1, 2025 to April 1, 2026. The former finance officer separated in April 2025. The current finance officer, who also functions as the Town Clerk, was appointed in April 2025. The Town is participating in the NC League of Municipalities' Accounting, Instruction, and Mentorship (AIM) program. |

Proposed

NORTH CAROLINA
DEPARTMENT OF STATE TREASURER

BRADFORD B. BRINER
STATE TREASURER OF NORTH CAROLINA

STATE AND LOCAL GOVERNMENT FINANCE DIVISION
AND THE LOCAL GOVERNMENT COMMISSION

DENISE H. CANADA
DIVISION DIRECTOR

RESOLUTION **DENYING** APPEALS BASED ON "OTHER GOOD CAUSE WITH EVIDENCE" PURSUANT TO THE LOCAL GOVERNMENT COMMISSION'S REVISED GUIDELINES; AND ACKNOWLEDGING SALES TAX WITHHOLDING FROM REMAINING UNITS

WHEREAS, the municipalities listed within Attachment A and Attachment B (together the "Units") failed to submit a fiscal year 2025 annual audit report as required by G.S. 159-34(a) within nine (9) months of fiscal year end;

WHEREAS, on April 29, 2026, the Secretary of the Local Government Commission ("Secretary") provided a Notice of Noncompliance to each Unit as required by G.S. 159-34(e);

WHEREAS, the Units have failed to comply with the Notice of Noncompliance and have not submitted their fiscal year 2025 annual audit report within twelve (12) months of fiscal year end;

WHEREAS, as provided by G.S. 159-34(e), the Units are deemed to have given consent to the withholding of a portion of their sales tax distributions as further provided in G.S. 159-34(g);

WHEREAS, the Units listed within Attachment A have each submitted a written notice of appeal prior to the initiation of action to withhold a portion of sales tax distributions pursuant to G.S. 159-34(f);

WHEREAS, the Units listed within Attachment B have not filed a written notice of appeal pursuant to G.S. 159-34(f) prior to the initiation of action to withhold a portion of sales tax distributions;

WHEREAS, the Commission emphasizes the importance of every unit of local government submitting required annual audit reports in a timely manner pursuant to G.S. 159-34(a); and

WHEREAS, the Commission expects all Units identified within Attachment A and Attachment B to make every effort to file all missing audit reports as soon as possible;

NOW, THEREFORE, BE IT RESOLVED that:

1. The Commission finds that the Units' explanations, as described within Attachment A, do not show that the failure of each Unit to submit its fiscal year 2025 annual audit report is due to a circumstance within the Commission's established guidelines of other good cause;

2. The Commission finds that the Units identified within Attachment A have not provided sufficient relevant evidence of other good cause to show that the failure of each Unit to submit its fiscal year 2025 annual audit report is due to a circumstance within the Commission's established guidelines; and therefore, those appeals are DENIED;

Proposed

3. The Commission directs the Secretary to provide written notice to each Unit within Attachment A that each Unit's appeal has been considered by the Commission and has been denied due to lack of sufficient evidence of other good cause to support the basis for its appeal and that a portion of sales tax distributions will be withheld from those Units pursuant to G.S. 159-34(g);

4. The Commission directs the Secretary to provide written notice to each Unit within Attachment B that a portion of sales tax distributions will be withheld from those Units pursuant to G.S. 159-34(g); and

5. The Commission directs the Secretary to provide the North Carolina Secretary of Revenue with a schedule of the required sales tax withholding, including the total cumulative amount to be withheld from each Unit listed within Attachment A and Attachment B.

I, Denise Canada, Secretary of the North Carolina Local Government Commission, DO HEREBY CERTIFY that the foregoing is a true and correct copy of the resolution adopted by the North Carolina Local Government Commission at its meeting held on September 1, 2026.

WITNESS my hand this 1st day of September 2026.

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Denise Canada, Secretary
North Carolina Local Government Commission

Proposed

## ATTACHMENT A:

## APPEALS DENIED FOR FAILURE TO PROVIDE SUFFICIENT EVIDENCE OF OTHER GOOD CAUSE TO SUPPORT THE APPEAL PURSUANT TO THE LGC'S REVISED GUIDELINES

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|---|---|
| 1. | **Town of Aurora**<br>The Town of Aurora has not submitted audit reports for fiscal years 2023, 2024, and 2025. In its appeal letter, the Town explains that a new deputy finance officer was hired in March 2026. The Town is working with the NC League of Municipalities Accounting, Instruction, and Mentorship (AIM) program. LGC staff recommend denying appeals of units that are three or more years behind on their audits, unless the unit experienced a recent extraordinary event or circumstance that would explain the continued delay in audit submission. The Town's appeal does not identify or describe such an event or circumstance. Accordingly, the recommendation is to deny the appeal. |
| 2. | **Town of Autryville**<br>The Town of Autryville has not submitted audit reports for fiscal years 2024 and 2025. In its appeal letter, the Town refers to continued issues related to implementation and operation of financial software. The software conversion took place in FY 2023. The Town also describes operating with limited administrative staffing. The Town has contracted with a third-party bookkeeper to assist. The Town remains behind in submitting its annual audit reports, and no recent issues or events were identified that would explain the continued delay in audit submission. The recommendation is to deny the appeal. |
| 3. | **Town of Candor**<br>The Town of Candor has not submitted audit reports for fiscal years 2022, 2023, 2024, and 2025. In its appeal letter, the Town explains that it has been working with the audit firm to bring the outstanding audits up to date. The Town has also been working with the NC League of Municipalities Accounting, Instruction, and Mentorship (AIM) program. LGC staff recommend denying appeals of units that are three or more years behind on their audits, unless the unit experienced a recent extraordinary event or circumstance that would explain the continued delay in audit submission. The Town's appeal letter does not identify or describe such an event or circumstance. Accordingly, the recommendation is to deny the appeal. |
| 4. | **Town of Dover**<br>The Town of Dover has not submitted audit reports for fiscal years 2023, 2024, and 2025. In its appeal letter, the Town explains that it contracted with a third-party bookkeeper to correct the unit's books and to catch up with bookkeeping. A draft of the FY 2023 audit is anticipated to be provided to the Mayor and Board in August 2026 for review. LGC staff recommend denying appeals of units that are three or more years behind on their audits, unless the unit experienced a recent extraordinary event or circumstance that would explain the continued delay in audit submission. The Town's appeal does not identify or describe such an event or circumstance. Accordingly, the recommendation is to deny the appeal. |

| | |
|---|---|
| 5. | **Town of Gaston**<br>The Town of Gaston has not submitted audit reports for fiscal years 2024 and 2025. In its appeal letter, the Town discusses the effort to digitize financial records and the issues encountered in that project which delayed the completion of the FY 2021 audit report. The FY 2021 audit report was filed in April 2023. The Town successfully completed the Advancing Municipal Leaders Program offered through the NC League of Municipalities. However, the Town remains behind in submitting its annual audit reports, and no recent issues or events were identified that would explain the continued delay in audit submission. The recommendation is to deny the appeal. |
| 6. | **Town of Linden**<br>The Town of Linden has not submitted audit reports for fiscal years 2024 and 2025. In its appeal letter, the Town describes staffing issues and the difficulty hiring part-time staff to assist with reconciliation and regular accounting. The Town has hired a third-party bookkeeper to assist with the general ledger. The Town remains behind in submitting its annual audit reports, and no recent issues or events were identified that would explain the continued delay in audit submission. The recommendation is to deny the appeal. |
| 7. | **Town of Littleton**<br>The Town of Littleton has not submitted audit reports for fiscal years 2022, 2023, 2024, and 2025. In its appeal letter, the Town discusses auditor workload and delays in the preparation of the financial statements by the third-party bookkeeper. The Town has since contracted with a different third-party bookkeeper. LGC staff recommend denying appeals of units that are three or more years behind on their audits, unless the unit experienced a recent extraordinary event or circumstance that would explain the continued delay in audit submission. The Town's appeal does not identify or describe such an event or circumstance. Accordingly, the recommendation is to deny the appeal. |
| 8. | **Town of Macclesfield**<br>The Town of Macclesfield has not submitted audit reports for fiscal years 2022, 2023, 2024, and 2025. In its appeal letter, the Town explains that the current auditor will not be able to resume work on the FY 2022 audit until July 2026. The Town has requested that the auditor consider turning over unfinished work on the FY 2022 audit so the Town can contract with a different auditor to complete the FY 2022 audit. The Town has contracted with a third-party bookkeeper to assist with the Town's books. LGC staff recommend denying appeals of units that are three or more years behind on their audits, unless the unit experienced a recent extraordinary event or circumstance that would explain the continued delay in audit submission. The Town's appeal does not identify or describe such an event or circumstance. Accordingly, the recommendation is to deny the appeal. |

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|---|---|
| 9. | **Town of Morven**<br>The Town of Morven has not submitted audit reports for fiscal years 2024 and 2025. In its appeal letter, the Town describes delays in completing the audit attributable to workload constraints, scheduling challenges and the time required to obtain, review and reconcile supporting documentation. The Town completed the NC League of Municipalities Accounting, Instruction, and Mentorship (AIM) program in June 2026. The Town has a third-party bookkeeper assisting with accounting reconciliations. The Town remains behind in submitting its annual audit reports, and no additional issues or events were identified that would explain the continued delay in audit submission. The recommendation is to deny the appeal. |
| 10. | **Town of Robbins**<br>The Town of Robbins has not submitted audit reports for fiscal years 2022, 2023, 2024, and 2025. In its appeal letter, the Town describes the same issues reported last year, including the need to recreate its fiscal year 2022 audit file because it did not receive the necessary workpapers from a former auditor. The Town subsequently changed auditors again after the next auditor was unable to complete the audit without first recreating the fiscal year 2022 audit file. The FY 2022 audit is in progress. LGC staff recommend denying appeals of units that are three or more years behind on their audits, unless the unit experienced a recent extraordinary event or circumstance that would explain the continued delay in audit submission. The Town's appeal does not identify or describe such an event or circumstance. Accordingly, the recommendation is to deny the appeal. |
| 11. | **Town of Robersonville**<br>The Town of Robersonville has not submitted audit reports for fiscal years 2023, 2024, and 2025. In its appeal letter, the Town states that it continues to work with the auditor to bring its required filings up to date. The Town has hired a third-party bookkeeper to assist with compiling the financial statements. LGC staff recommend denying appeals of units that are three or more years behind on their audits, unless the unit experienced a recent extraordinary event or circumstance that would explain the continued delay in audit submission. The Town's appeal does not identify or describe such an event or circumstance. Accordingly, the recommendation is to deny the appeal. |
| 12. | **Town of Sims**<br>The Town of Sims has not submitted audit reports for fiscal years 2024 and 2025. The Town explains that a new finance officer was hired in February 2025, after the previous finance officer resigned in October 2024. The Town contracted with a new auditor in February 2026. The Town is utilizing a third-party bookkeeper to assist with financial statements. The Town remains behind in submitting its annual audit reports, and no recent issues or events were identified that would explain the continued delay in audit submission. The recommendation is to deny the appeal. |

**ATTACHMENT B:**

**UNITS NOT FILING WRITTEN APPEAL
PRIOR TO INITIATION OF ACTION TO WITHHOLD**

| | |
|---|---|
| 1. | Town of Black Creek |
| 2. | Town of Como |
| 3. | Town of Elm City |
| 4. | Town of Fontana Dam |
| 5. | Town of Newland |
| 6. | Town of Proctorville |
| 7. | Town of Siler City |
| 8. | Town of Spring Lake |
| 9. | Town of Taylortown |

Proposed

# Attachment E:

# Town of Ronda Financial Condition

NORTH CAROLINA
DEPARTMENT OF STATE TREASURER

BRADFORD B. BRINER
STATE TREASURER OF NORTH CAROLINA

STATE AND LOCAL GOVERNMENT FINANCE DIVISION
AND THE LOCAL GOVERNMENT COMMISSION

DENISE H. CANADA
DIVISION DIRECTOR

To: Local Government Commission Members

From: Denise Canada, Secretary, Local Government Commission

Date: August 25, 2026

Re: Summary of Concerns about the Town of Ronda

---

Your meeting materials include a draft Resolution of Notice and Warning for the Town of Ronda. The proposed resolution is intentionally stated at a high level; here is additional information supporting the concerns in the draft resolution.

**Whereas, the staff of the Local Government Commission have advised officials and the Board of Commissioners of the Town of Ronda of their responsibilities for improving the Town's financial operations and position and for complying with the Local Government Budget and Fiscal Control Act, G.S. Chapter 159, Article 3, and related rules; and**

Our involvement with Ronda has been extensive and intensive, over multiple years, as the Town has been on the Unit Assistance List since 2015.

- Our assistance to the Town has included visits by a member of the Commission's Coach Team on January 13, 2025, and September 18, 2025, and on-site meetings with other Commission staff in April and August 2026.

- Our assistance has included written corrective action plans, quarterly progress reviews, reviews of the Town's interim financial reports and proposed budget, fiscal training, internal control guidance, and information concerning the statutory responsibilities of the governing board and finance officer.

- The Town's late audits and budget violations were identified in our FY 2025 and FY 2026 planning memos, and the operating loss in the Town's Water and Sewer Fund was also identified in the FY 2026 planning memo.

- On April 14, 2026, Commission staff spoke at a meeting of the Town Board and reviewed the Town's financial condition, the governing board's statutory responsibilities, the concerns requiring continued Commission monitoring, recommended corrective actions, and available assistance.

- On August 11, 2026, Kendra Boyle, Director of Fiscal Management, spoke at a meeting of the Town Board, advising that the Town faced severe and immediate financial distress, could

exhaust its limited unrestricted cash within several months, and needed to take prompt corrective action to avoid an inability to meet payroll and the possible exercise of financial control by the Commission.

**Whereas, the Town has repeatedly failed to submit required annual audited financial statements timely; and**

The Town's five most recent audits were submitted as follows:

| Fiscal Year | Audit Due Date | Audit Submitted |
|---|---|---|
| FY 2021 | October 31, 2021 | October 12, 2022 |
| FY 2022 | October 31, 2022 | December 22, 2022 |
| FY 2023 | October 31, 2023 | April 4, 2024 |
| FY 2024 | October 31, 2024 | May 30, 2025 |
| FY 2025 | December 31, 2025 | May 29, 2026 |

These repeated late audits delayed confirmation of the Town's financial condition and fiscal management practices.

**Whereas, the Town has repeatedly expended funds in excess of budget appropriations, in violation of state law; and**

- The Town had findings in the FY 2023, FY 2024, and FY 2025 audits indicating violations of G.S. 159-28(a) related to expenditures which exceeded budget appropriations in the Environmental Protection portion of the General Fund; and

- In the Town's FY 2025 audit, spending in the Water and Sewer Fund exceeded the amount budgeted by approximately 97% ($202,718), reflecting a general disregard for the requirements of the Local Government Budget and Fiscal Control Act, G.S. Chapter 159, Article 3.

**Whereas, the Town has failed to maintain the financial management and oversight necessary to comply with the LGBFCA and to safeguard public funds.**

- Among other concerns noted in this memo, the Town has received multiple penalty notices from the Internal Revenue Service for failing to remit federal payroll taxes by the applicable deadlines.

**Whereas, the Town's water and sewer operations have experienced persistent operating deficits that have contributed to the Town's deteriorating financial condition.**

- According to the annual financial audits, the Town's Water and Sewer enterprise fund had a deficit in unrestricted net position at year end for fiscal years 2023, 2024, and 2025 due to operating expenditures exceeding operating revenues.

- The "Management's Discussion and Analysis" section in the Town's Fiscal Year 2025 audit states that "Business-type activities decreased the Town's net position by $120,161, primarily due to the cost of providing services have [sic] increased, but water and sewer rates have not increased to offset the cost increases."

**Whereas, the Town faces severe and immediate financial distress and has reported that it is at risk of being unable to meet payroll and other operating obligations.**

- The Town's Mayor Pro Tem contacted Commission staff on August 3, 2026, to state that the Town had limited cash available.

- At a Town Board meeting on August 11, 2026, a Town Commissioner stated, "it's a real possibility that within a few months, the Town [will not] have enough [money] to make payroll."

I hope this additional information is helpful as you contemplate potential action by the Local Government Commission at our September 1, 2026, meeting. Please reach out to me anytime with questions or concerns.

NORTH CAROLINA
DEPARTMENT OF STATE TREASURER

BRADFORD B. BRINER
STATE TREASURER OF NORTH CAROLINA

STATE AND LOCAL GOVERNMENT FINANCE DIVISION
AND THE LOCAL GOVERNMENT COMMISSION

DENISE H. CANADA
DIVISION DIRECTOR

August 21, 2026

Senator Eddie D. Settle
Representative Blair Eddins
Representative Dan Kiger
*[Sent via electronic mail]*

Dear Senator Settle and Representatives Eddins and Kiger:

Thank you for your time this morning discussing the Town of Ronda.

Despite extensive monitoring and technical assistance, Ronda has remained on the Local Government Commission's (LGC) Unit Assistance List since 2015 and continues to face serious financial management and statutory compliance problems.

As Kendra Boyle and I shared, Ronda's financial condition is dire, and we do not believe the Town is viable. I recommend that the Town initiate voluntary dissolution under Part 3 of G.S. Chapter 160A, Article 32. Alternatively, the LGC could initiate the process under Part 2 of G.S. Chapter 160A, Article 32, but we would prefer that the Town take the initiative to remedy this situation.

**Compliance and Financial Concerns**

We have the following serious concerns about the Town's finances:

- Although Ronda is now current with its audits, its FY 2023, FY 2024, and FY 2025 audits were late, delaying confirmation of its deteriorating financial condition.
- The FY 2024 and FY 2025 audits found that the Town violated Chapter 159 of the General Statutes by spending more than was appropriated in both the General Fund and Water and Sewer Fund.
- The Town has received multiple IRS penalty notices for failing to remit federal payroll taxes timely. It may have at times used these funds to cover other expenses.
- The Water and Sewer Fund, which provides service to nearly 1,000 customers, has reported a deficit in unrestricted net position for three consecutive years because operating expenses have exceeded operating revenues.

- On August 3, the Town's Mayor Pro Tem called LGC staff to report that the Town had limited unrestricted cash. At the Town's August 11 Board meeting, he repeatedly warned that the Town might soon be unable to make payroll. More recent information indicates that the Town could exhaust its unrestricted cash as soon as next week.

These issues reflect inadequate budget oversight, poor internal controls, and insufficient action by the Town's governing board. They have persisted despite extensive LGC assistance, including on-site support, a written corrective-action plan, quarterly progress reviews, budget assistance, fiscal training, internal-control guidance, and resources addressing the responsibilities of the Town Board and Finance Officer.

## Town's Request for Referendum

As you know, the Town Board voted at its August 11 meeting to seek authority from the General Assembly to hold a referendum on dissolution. The Town's financial condition will not allow it to wait until November 2027, which is likely the earliest that a referendum could be held. The Town may hold this referendum only if:

- The General Assembly authorizes it; or
- The Town initiates the voluntary dissolution process, adopts a resolution to dissolve, and citizens then petition for a referendum under G.S. 160A-870.

For the General Assembly to authorize the referendum, it would need to return to session and vote on authorizing legislation. Even then, the Wilkes County Board of Elections has advised that it is too late to add the referendum to the November 2026 ballot. Under G.S. 163-287, it appears that the next opportunity would be the November 2027 municipal general election.

## Need for Immediate Action

The Town does not have enough unrestricted cash to continue operating through November 2027. If it runs out of cash:

- Payments to critical vendors—including the Town of Elkin and the Town's certified water-system operator—could be delayed, threatening continued water and wastewater service.
- The Town may be unable to make payroll or remit employee withholdings and payroll taxes.
- The Town may be unable to respond to a water-line break, equipment failure, or other emergency.
- The Town could be unable to make future debt service payments on its loan from the Drinking Water State Revolving Fund (SRF).

Ronda has little capacity to absorb any unexpected expenses. Although its next SRF debt service payment is not due until May 2027, its immediate operating obligations cannot wait.

**Recommended Path Forward**

Ronda's governing board must recognize the economic and administrative realities facing the Town and move forward with dissolution. Ronda is not alone; earlier this year, the Town of Speed in Edgecombe County completed the voluntary dissolution process. Dissolution would end Ronda's municipal government, but municipal status is not what makes Ronda a community. Its shared history, civic pride, bonds among neighbors, and identity as the Community of Ronda will endure.

As Secretary of the LGC, I believe the Town's elected officials should take responsibility for making the difficult but necessary decision to initiate dissolution under Part 3 of G.S. Chapter 160A, Article 32. That process requires the Board to adopt a resolution of intent to dissolve, prepare and release an impact statement for residents, hold multiple required public hearings, and develop an LGC-approved plan for distributing the Town's assets and liabilities before adopting a final resolution to dissolve.

Wilkes County and the Town of Elkin would be essential partners in determining how future services would be provided and how the Town's assets and liabilities would be distributed. LGC staff are prepared to guide the Town through this process.

I hope this information is helpful as you consider different paths forward. Please share this letter with other interested officials or stakeholders in your community who may need information about the Town. My staff and I stand ready to assist the Town, Wilkes County, the Town of Elkin, and you through this transition. The LGC's next meeting is September 1 at 1:30 p.m., and I hope to hear from you before then.

Sincerely,

Denise Canada
Secretary, Local Government Commission
Denise.Canada@nctreasurer.gov

Cc: Members, North Carolina Local Government Commission

# RESOLUTION GIVING NOTICE AND WARNING TO THE TOWN OF RONDA, PURSUANT TO N.C. Gen. Stat. § 159-181(c), REGARDING THE TOWN'S FAILURE TO COMPLY WITH THE BUDGET AND FISCAL CONTROL REQUIREMENTS OF CHAPTER 159 OF THE GENERAL STATUTES OF NORTH CAROLINA

WHEREAS, the Town of Ronda (the "Town") in Wilkes County had a population of 439 as of July 1, 2024; and

WHEREAS, the Town operates a water and sewer system that provides services essential to public health and daily life, and a reported year-round population of 938 depended on the Town for these services as of 2025, according to information reported to the North Carolina Department of Environmental Quality; and

WHEREAS, the staff of the Local Government Commission (the "Commission") have advised officials and the Board of Commissioners (the "Board") of the Town of their responsibilities for improving the Town's financial operations and position and for complying with the Local Government Budget and Fiscal Control Act, G.S. Chapter 159, Article 3 (the "LGBFCA"), and related rules; and

WHEREAS, the Town has repeatedly failed to submit required annual audited financial statements timely; and

WHEREAS, the Town has repeatedly expended funds in excess of budget appropriations, in violation of state law; and

WHEREAS, the Town has failed to maintain the financial management and oversight necessary to comply with the LGBFCA and to safeguard public funds; and

WHEREAS, the Town's water and sewer operations have experienced persistent operating deficits that have contributed to the Town's deteriorating financial condition; and

WHEREAS, the Town faces severe and immediate financial distress and has reported that it is at risk of being unable to meet payroll and other operating obligations; and

WHEREAS, despite extensive monitoring, technical assistance, and guidance from Commission staff, the Town has not corrected its financial management deficiencies; and

WHEREAS, Commission staff have advised officials and the Board that the Commission may intervene when a municipality fails or refuses to improve its financial operations, fails to comply with budget and fiscal control laws, or is in danger of defaulting on debt service payments; and

WHEREAS, under N.C. Gen. Stat. § 159-181(c), after notice and warning, the Commission may assume full control of all financial affairs of any unit of government that willfully or

PROPOSED

negligently fails or refuses to comply with the provisions of Chapter 159 of the General Statutes of North Carolina;

NOW, THEREFORE, the Commission directs its Secretary, pursuant to N.C. Gen. Stat. § 159-181(c):

1. To notify the Town, its officers, and its Board that the Town has:

    - Failed to submit its five most recent annual audit reports timely, which is a violation of North Carolina G. S. 159-34(a); and

    - Spent funds repeatedly without sufficient appropriations, which is a violation of North Carolina G. S. 159-28(a); and

    - Failed to comply with G.S. 159-25(a)(1) which requires that the finance officer "keep the accounts of the local government or public authority in accordance with generally accepted principles of governmental accounting and the rules and regulations of the Commission;" and

2. To notify the Town, its officers, and its Board that the Commission:

    - Expects a response not later than 30 days from the date of this Resolution that provides an action plan that addresses and remedies the deficiencies detailed in this Resolution; and

    - May act under its authority in the North Carolina General Statutes and Administrative Code prior to the receipt of a response to this document from the Town if the Commission finds it necessary to do so to safeguard the assets of the Town;

3. To deliver to the Town, its officers, and its Board of this Resolution as Notice and Warning from the Commission pursuant to the provisions of Chapter 159 of the General Statutes of North Carolina; and

4. To report to the Commission any failure of the Town to comply with this notice and warning or with the requirements of Chapter 159 of the General Statutes of North Carolina.

Failure to comply with this notice may result in the enforcement of N.C. Gen. Stat. § 159-181(c) under which the Commission may assume full control of the Town's financial affairs.

**********

I, Denise H. Canada, Secretary of the North Carolina Local Government Commission, DO HEREBY CERTIFY that the foregoing is a true and correct copy of the Resolution adopted by the North Carolina Local Government Commission at its meeting held on

PROPOSED

September 1, 2026.

WITNESS my hand this 1st day of September, 2026.

_____

Denise H. Canada, Secretary
North Carolina Local Government Commission

PROPOSED

# Attachment F:

# Town of Rowland

# Financial Condition

NORTH CAROLINA
DEPARTMENT OF STATE TREASURER

BRADFORD B. BRINER
STATE TREASURER OF NORTH CAROLINA

STATE AND LOCAL GOVERNMENT FINANCE DIVISION
AND THE LOCAL GOVERNMENT COMMISSION

DENISE H. CANADA
DIVISION DIRECTOR

To: Local Government Commission Members

From: Denise Canada, Secretary, Local Government Commission

Date: August 25, 2026

Re: Summary of Concerns about the Town of Rowland

---

Your meeting materials include a draft Resolution of Notice and Warning for the Town of Rowland. The proposed resolution is intentionally stated at a high level; here is additional information supporting the concerns in the draft resolution.

**Whereas, staff of the Local Government Commission (the "Commission") have advised Town officials and the Town's Board of their responsibilities under the Local Government Budget and Fiscal Control Act, G.S. Chapter 159, Article 3, and related rules; and**

The Town of Rowland has been on the Commission staff's Unit Assistance List continuously since 2020, after previously appearing on the list in 2015 and 2016. Commission staff's extensive monitoring and assistance have included:

- On October 24, 2024, Commission staff met with Town officials to discuss the Town's financial condition, budget amendments, preaudit requirements, internal financial processes, and the need to rebuild fund balance.

- During visits in September and December 2025, Commission staff reviewed the Town's negative General Fund balance, Water and Sewer Fund operating loss, use of restricted grant proceeds for operations, past-due obligations, budget deficiencies, and other financial and operational risks.

- Following those visits, Commission staff provided finance officer resources, a sample budget ordinance and worksheet, an internal control memorandum, fiscal training information, and specific corrective actions and financial reporting requirements.

- On February 25, 2026, Commission staff and the North Carolina League of Municipalities trained the Board on realistic budgeting, preaudit requirements, the use of fund balance for operations, financial policies, and options for rebuilding fund balance.

- After identifying additional concerns with the Town's proposed budget and general ledger postings in June 2026, Commission staff met with the Town again on July 31, 2026, to discuss its financial condition.

- On August 24, 2026, the Secretary notified the Board of its failure to fulfill its responsibilities under Chapter 159, expressed a lack of confidence in the Board's ability to return the Town to financial compliance, and requested that the Town attend the September 1, 2026 Commission meeting to discuss the Town's future.

**Whereas, the Town has repeatedly failed to submit required annual audited financial statements timely; and**

- The Town's four most recent audits were submitted late, delaying confirmation of the Town's financial condition and fiscal management practices:

| Fiscal Year | Audit Due Date | Audit Submitted |
|---|---|---|
| FY 2022 | October 31, 2022 | February 2, 2023 |
| FY 2023 | October 31, 2023 | May 9, 2024 |
| FY 2024 | October 31, 2024 | May 6, 2025 |
| FY 2025 | December 31, 2025 | June 25, 2026 |

**Whereas, the Town has repeatedly failed to comply with statutory budget requirements, including requirements governing appropriations and reasonable revenue estimates; and**

- The FY 2024 and FY 2025 audits included findings that the Town violated G.S. 159-28(a) by exceeding budget appropriations in multiple General Fund functions. The FY 2024 audit also reported a violation at the General Fund level.

- The FY 2025 audit reported the following expenditures in excess of appropriations:

| Fund or Function | Expenditures in Excess of Appropriation |
|---|---|
| General Fund—Transportation | $518,996 |
| General Fund—Public Safety | $58,135 |
| General Fund—General Government | $35,941 |
| General Fund—Environmental Protection | $16,944 |
| Sewer Capital Project Fund | $462,000 |
| Water Capital Project Fund | $219,725 |
| AIA Water Capital Project Fund | $137,000 |

- The Town's FY 2027 adopted budget also raises concerns under G.S. 159-13(b)(7), which requires that budgeted revenues be limited to amounts that can reasonably be expected to be

realized during the budget year. The budget included $93,800 in anticipated "prior years' tax revenue", while in comparison, in FY 2025, the Town collected $22,450 of tax revenue from prior years.

**Whereas, the Town has failed to maintain the financial management, internal controls, and oversight necessary to comply with the Local Government Budget and Fiscal Control Act, G.S. Chapter 159, Article 3, and safeguard public funds; and**

- The FY 2023 audit contained a material weakness finding because the Town did not provide the adjustments necessary to reconcile its bank accounts timely. The auditor stated that this created a risk that errors, irregularities, and other necessary adjustments would not be identified promptly.

**Whereas, despite receiving advance notice of its debt service obligations, the Town failed to anticipate scheduled debt service payments, raising serious doubt about its ability to identify and ensure the timely payment of future debt service obligations; and**

- On April 30, 2026, our office notified the Town of three upcoming debt service payments totaling $55,437 due to the United States Department of Agriculture on June 1, 2026:
    - $9,500 on a Sanitary Sewer bond issued July 3, 1989;
    - $36,622.50 on a Sanitary Sewer Series 2001A bond issued January 8, 2001; and
    - $9,314.50 on a Sanitary Sewer Series 2001B bond issued January 8, 2001.
- Despite our sending this notice, the Town later stated that it had been "blindsided" when the payments were debited from its accounts on June 1, 2026.
- The Town's failure to anticipate known debt service payments raises concern about whether it is adequately maintaining its debt records, planning for upcoming obligations, and ensuring that sufficient funds will be available to make future payments when due.

**Whereas, the Town has repeatedly used restricted grant funds for purposes outside the approved project scope, including to finance current operations; and**

- The FY 2024 audit reported that the Town used $65,575 from an Office of State Budget and Management Downtown Redevelopment Grant for activities outside the approved project scope.
- The FY 2025 audit reported that the Town used an additional $136,218 during FY 2025, bringing the total amount used outside the approved project scope during the two fiscal years to $201,793.

- The FY 2024 and FY 2025 audits state that the Town used the restricted grant funds to finance current operations.

- The audits further state that the resulting repayment obligation adversely affected the Town's liquidity and attribute the unauthorized use to significant cash-flow shortages, insufficient General Fund reserves, and a lack of strong internal controls.

**Whereas, the Town's water and sewer operations have experienced persistent operating losses that have contributed to the Town's deteriorating financial condition; and**

- The Town's Water and Sewer Fund ended each of the four most recent fiscal years with an operating loss.

- The Management's Discussion and Analysis in the FY 2025 audit reported that the Water and Sewer Fund had a negative unrestricted net position of $186,900 at June 30, 2025.

**Whereas, the Town faces serious financial distress that threatens its ability to sustain its operations; and**

- The Town's General Fund had a deficit fund balance of $167,203 at June 30, 2025.

- The Town has past due bills totaling $152,970 as of August 20, 2026, and has limited resources available to fund ongoing operations.

- The Town's external auditor stated in both the FY 2024 and FY 2025 audited financial statements that the Town's financial circumstances raised substantial doubt about its ability to continue as a going concern.

- The Town's financial condition is further strained by persistent Water and Sewer Fund operating losses and the obligation to repay restricted grant funds used for unauthorized purposes.

I hope this additional information is helpful as you contemplate potential action by the Local Government Commission at our September 1, 2026, meeting. Please reach out to me anytime with questions or concerns.

NORTH CAROLINA
DEPARTMENT OF STATE TREASURER

BRADFORD B. BRINER
STATE TREASURER OF NORTH CAROLINA

STATE AND LOCAL GOVERNMENT FINANCE DIVISION
AND THE LOCAL GOVERNMENT COMMISSION

DENISE H. CANADA
DIVISION DIRECTOR

# RESOLUTION GIVING NOTICE AND WARNING TO THE TOWN OF ROWLAND, PURSUANT TO N.C. Gen. Stat. § 159-181(c), REGARDING THE TOWN'S FAILURE TO COMPLY WITH THE BUDGET AND FISCAL CONTROL REQUIREMENTS OF CHAPTER 159 OF THE GENERAL STATUTES OF NORTH CAROLINA

WHEREAS, the Town of Rowland (the "Town") in Robeson County had a population of 888 as of July 1, 2024; and

WHEREAS, the Town operates a water and sewer system that provides services essential to public health and daily life, and a reported year-round population of 1,341 depended on the Town for these services as of 2025, according to information reported to the North Carolina Department of Environmental Quality; and

WHEREAS, the Town's Board of Commissioners (the "Board") holds the fiduciary responsibility to manage public funds prudently, to safeguard the fiscal health of the Town for its taxpayers and residents, and to ensure that the Town complies with the Local Government Budget and Fiscal Control Act, G.S. Chapter 159 (Article 3), and related rules; and

WHEREAS, staff of the Local Government Commission (the "Commission") have advised Town officials and the Town's Board of their responsibilities under the Local Government Budget and Fiscal Control Act, G.S. Chapter 159 (Article 3), and related rules; and

WHEREAS, the Town has repeatedly failed to submit required annual audited financial statements timely; and

WHEREAS, the Town has repeatedly failed to comply with statutory budget requirements, including requirements governing appropriations and reasonable revenue estimates; and

WHEREAS, the Town has failed to maintain the financial management, internal controls, and oversight necessary to comply with the Local Government Budget and Fiscal Control Act, G.S. Chapter 159, Article 3, and safeguard public funds; and

WHEREAS, despite receiving advance notice of its debt service obligations, the Town failed to anticipate scheduled debt service payments, raising serious doubt about its ability to identify and ensure the timely payment of future debt service obligations; and

WHEREAS, the Town has repeatedly used restricted grant funds for purposes outside the approved project scope, including to finance current operations; and

WHEREAS, the Town's water and sewer operations have experienced persistent operating losses that have contributed to the Town's deteriorating financial condition; and

PROPOSED

WHEREAS, the Town faces serious financial distress that threatens its ability to sustain its operations; and

WHEREAS, despite extensive monitoring, technical assistance, notice, and corrective-action commitments, the Town has not corrected its financial management deficiencies; and

WHEREAS, under G.S. 159-181(c), after notice and warning, the Commission may assume full control of the financial affairs of a unit of local government that persists in willfully or negligently failing or refusing to comply with Chapter 159 of the General Statutes of North Carolina.

NOW, THEREFORE, the Commission directs the Secretary, pursuant to N.C. Gen. Stat. § 159-181(c):

1. To notify the Town, its officers, and its Board that the Town has:

    - Failed to submit its four most recent annual audit reports timely, which is a violation of North Carolina G. S. 159-34(a); and

    - Spent funds repeatedly without sufficient appropriations, which is a violation of North Carolina G. S. 159-28(a); and

2. To notify the Town, its officers, and its Town Board of Commissioners that the Commission:

    - Expects a response not later than 30 days from the date of this Resolution that provides an action plan that addresses and remedies the deficiencies detailed in this Resolution; and

    - May take action under its authority in the North Carolina General Statutes and Administrative Code prior to the receipt of a response to this document by the Town if the Commission finds it necessary to do so to safeguard the assets of the Town;

3. To deliver to the Town, its officers, and its Town Board of Commissioners this Resolution as Notice and Warning from the Commission pursuant to the provisions of Chapter 159 of the General Statutes of North Carolina; and

4. To report to the Commission any failure of the Town to comply with this notice and warning or with the requirements of Chapter 159 of the General Statutes of North Carolina.

Failure to comply with this notice may result in the enforcement of N.C. Gen. Stat. § 159-181(c) under which the Commission may assume full control of the Town's financial affairs.

**********

PROPOSED

I, Denise H. Canada, Secretary of the North Carolina Local Government Commission, DO HEREBY CERTIFY that the foregoing is a true and correct copy of the Resolution adopted by the North Carolina Local Government Commission at its meeting held on September 1, 2026.

WITNESS my hand this 1st day of September, 2026.

_____

Denise H. Canada, Secretary
North Carolina Local Government Commission

PROPOSED