Attachment A:

Consent Agenda

LGC Staff Analysis For: **CHARLOTTE, CITY OF**

PAR Amount Not to Exceed: $110,000,000

Financing Type: Revenue Bonds - Bond Anticipation Notes

Purpose and Type: Water/Sewer, Stormwater

Project Description: The 2026 Stormwater Bond Anticipation Note will be issued by the City for the purpose of providing funds (1) to finance the costs of the Projects (including various major and minor flood control projects) and (2) to pay the costs of issuing the Bond Anticipation Note. The use of the proceeds of the Bond Anticipation Note, as described, is necessary to meet the expanding needs of the users of the storm water system and to assure that the storm water system remains in full compliance with all state and federal requirements for the provision of storm water services.

Statutory Reference: G.S. 159 Article 5
Last Request to Borrow: 05/2026; Multiple requests; Revenue Bond, BAN and Refunding; $1,494,000,000 total

FPICs: No
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 funding is necessary and expedient to improve the service and operations of the City's stormwater system by performing necessary periodic capital improvements and upgrades. Projects represent a significant requirement of financing resources and are to be financed over time in a cost-effective manner, as the projects are to be executed.

Proposed amount is adequate and not excessive: This is a drawdown Bond Anticipation Note to fund various projects. It allows the City to accept bids of the various projects as available to 1) only pay interest on amounts drawn, 2) use flexibility to downsize borrowing for any grants or state funding that might be received, and 3) minimize times the City would need to access the market. The amount is provided by the City with estimates made based on some bids, GMPs, and estimates based on current construction market conditions.

Feasibility: The forecast shows that the City's projected net income available for debt service is expected to provide sufficient funds to maintain total debt service coverage.

Tax Increase Anticipated: N/A

Rate Increase Anticipated: No

Additional Information (as applicable): The City approved a 4.40% increase to Storm Water Services fees for FY27, which took effect July 1, 2026. For a typical homeowner, this results in approximately a $0.48 monthly increase. For example, Tier 2 residential rates increased from $10.82 to $11.30 per month under the new schedule.

Public Hearing: N/A

TEFRA Hearing: N/A

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

Terms

Lender/Purchaser/Bank: PNC Bank, NA
Interest Rate: 79% SOFR + 0.26%
Term: 3 years + a 3-year term out period
Payment: Monthly interest only payments until takeout
Structure and Term: Variable
Final Maturity: 8/19/2032

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	DEC Associates, Inc		
Underwriter/Senior			
Lender/Purchaser/Bank	PNC Bank, National Association		
Underwriter's Counsel			
Bond Counsel	Parker, Poe, Adams & Bernstein, LLP		
Purchaser's Counsel			
Trustee			
Trustee's Counsel			

Amount Not to Exceed: $110,000,000

Sources	Amount
2026 Bond Anticipation Note	$110,000,000
Total	**$110,000,000**

Uses	Amount
2026 Stormwater BAN Projects	$110,000,000
Total	**$110,000,000**

LGC Staff Analysis For: **FAYETTEVILLE PUBLIC WORKS COMMISSION**

PAR Amount Not to Exceed: $62,500,000 ($59,500,000 and $3,000,000)

Financing Type: State Revolving Fund (SRF) Loan

Purpose and Type: Water/Sewer, Water

Project Description: P.O. Hoffer Water Treatment Plant (WTP) / Glenville Lake WTP Post-Filter GAC Adsorption Facilities project. (SRF-D-2052 - $59,500,000 and SRP-D-0234 - $3,000,000) - The proposed project includes design and construction of new post-filter granular activated carbon (GAC) facilities at both the P.O Hoffer WTF and Glenville Lake WTF. In addition to GAC contactors, these facilities will be designed to accommodate a future ion-exchange or other adsorbent process to target other PFAS compounds should they become regulated.
Primary project components at the P.O. Hoffer WTF include the following: • Addition of post-filter GAC gravity-fed contactors • Addition of an intermediate pump station • Alterations to post-filter chemical feed system and piping to accommodate the additional process
Primary project components at the Glenville Lake WTF include the following: • Addition of post-filter GAC gravity-fed contactors • Addition of an intermediate pump station • Alterations to post-filter chemical feed system and piping to accommodate the additional process.

Statutory Reference: G.S. 159G-40 and 159-52

Last Request to Borrow: 10/2025; REV; $163,000,000

FPICs: No
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: This project will improve the treatment processes at the P.O. Hoffer WTF and the Glenville Lake WTF with the sole purpose and intent of removing per- and polyfluoroalkyl substances (PFAS). In response to federal regulations finalized in April 2024 regulating six species of PFAS in drinking water for the protection of public health, PWC aims to address PFAS removal with new infrastructure at both facilities.

Proposed amount is adequate and not excessive: The Commission received bids for the project February 26, 2026, per North Carolina G.S. 143-132. Three (3) bids were received and opened. The contract was awarded to the lowest, responsive, responsible bidder.

Feasibility: The projection of net revenues prepared by the unit indicates that future revenues will be adequate to cover the cost of operations and debt service. The average monthly water and sewer bill is currently $84.87 for 4,000 gallons.

Tax Increase Anticipated: N/A

Rate Increase Anticipated: Yes

Additional Information (as applicable): Water and sewer rates are projected to increase 11% by the completion of the project in FY 2027.

Public Hearing: N/A

TEFRA Hearing: N/A

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

Terms

Lender/Purchaser/Bank: State of North Carolina – DEQ/DWI
Interest Rate: NTE 4.0% (stated 1.04% SRF-D-2052 and 2.45% SRP-D-0234)
Term: 20 years
Payment: Semi-annual interest payments / annual principal
Structure and Term: Level principal / declining interest
Final Maturity: N/A
Other: Revenue Bond resolution in place for additional funding required.

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: $62,500,000 ($59,500,000 and $3,000,000)

Sources	Amount
DEQ/DWI State Reserve Fund (SRF) Repayable Loan (SRF-D-2052)	**$59,500,000**
DEQ/DWI State Reserve Program (SRP) Repayable Loan (SRP-D-0234)	**$3,000,000**
DEQ/DWI State Reserve Fund Grant (SRF-D-EC-0003)	$15,000,000
DEQ/DWI State Reserve Fund Grant (SRF-D-EC-0005)	$500,000
DEQ/DWI State Reserve Fund (SRF) Loan Principal Forgiveness (SRF-D-2052)	$11,000,000
Revenue Bonds	$66,163,650
Total	**$155,163,650**

Uses	Amount
Construction (Contract Award Amount)	$133,653,000
Contingency (5%)	$6,682,650
Engineering (Design, Permitting, Bid Support)	$4,790,000
Engineering (Construction Phase)	$8,268,000
Closing Costs (2%)	$1,680,000
Other - PWC Personnel	$90,000
Total	**$155,163,650**

LGC Staff Analysis For: **FAYETTEVILLE PUBLIC WORKS COMMISSION**

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

Financing Type: Revenue Bonds

Purpose and Type: Water/Sewer, Water

Project Description: P.O. Hoffer Water Treatment Plant (WTP) / Glenville Lake WTP Post-Filter GAC Adsorption Facilities project - The proposed project includes design and construction of new post-filter granular activated carbon (GAC) facilities at both the P.O Hoffer WTF and Glenville Lake WTF. In addition to GAC contactors, these facilities will be designed to accommodate a future ion-exchange or other adsorbent process to target other PFAS compounds should they become regulated.
Primary project components at the P.O. Hoffer WTF include the following: • Addition of post-filter GAC gravity-fed contactors • Addition of an intermediate pump station • Alterations to post-filter chemical feed system and piping to accommodate the additional process
Primary project components at the Glenville Lake WTF include the following: • Addition of post-filter GAC gravity-fed contactors • Addition of an intermediate pump station • Alterations to post-filter chemical feed system and piping to accommodate the additional process.

Statutory Reference: G.S. 159 Article 5

Last Request to Borrow: 10/2025; REV; $163,000,000

FPICs: No
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 proceeds of the Bonds will be used to finance the costs of extensions, additions, and capital improvements to, or renewal and replacement of capital assets of, or purchasing and installing new equipment for the P.O. Hoffer WTF and the Glenville Lake WTF with the sole purpose and intent of removing per- and polyfluoroalkyl substances (PFAS). In response to federal regulations finalized in April 2024 regulating six species of PFAS in drinking water for the protection of public health, PWC aims to address PFAS removal with new infrastructure at both facilities.

Proposed amount is adequate and not excessive: The Commission received bids for the project February 26, 2026, per North Carolina G.S. 143-132. Three (3) bids were received and opened. The contract was awarded to the lowest, responsive, responsible bidder.

Feasibility: The projection of net revenues prepared by the unit indicates that future revenues will be adequate to cover the cost of operations and debt service. The average monthly water and sewer bill is currently $84.87 for 4,000 gallons.

Tax Increase Anticipated: N/A

Rate Increase Anticipated: Yes

Additional Information (as applicable): Water and sewer rates are projected to increase 11% by the completion of the project in FY 2027.
Approval is requested of the issuance of NTE $67,000,000 Revenue Bonds for a future date. Additional details of the Revenue Bonds will be finalized closer to the time of issuance (anticipated in 2027). The SRF funding will be utilized for expenditures prior to the issuance of the Revenue Bonds.

Public Hearing: N/A

TEFRA Hearing: N/A

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

Terms

Lender/Purchaser/Bank: To Be Determined
Interest Rate: NTE 5.5%
Term: To Be Determined
Payment: Anticipated - semi-annual interest payments / annual principal
Structure and Term: Anticipated level debt service
Final Maturity: N/A
Other: Revenue Bond resolution in place for additional funding required.

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	TBD		
Lender/Purchaser/Bank			
Underwriter's Counsel			
Bond Counsel	TBD		
Purchaser's Counsel			
Trustee			
Trustee's Counsel			

Amount Not to Exceed: $67,000,000

Sources	Amount
Revenue Bonds	**$66,163,650**
DEQ/DWI State Reserve Fund (SRF) Repayable Loan (SRF-D-2052)	$59,500,000
DEQ/DWI State Reserve Program (SRP) Repayable Loan (SRP-D-0234)	$3,000,000
DEQ/DWI State Reserve Fund Grant (SRF-D-EC-0003)	$15,000,000
DEQ/DWI State Reserve Fund Grant (SRF-D-EC-0005)	$500,000
DEQ/DWI State Reserve Fund (SRF) Loan Principal Forgiveness (SRF-D-2052)	$11,000,000
Total	**$155,163,650**

Uses	Amount
Construction (Contract Award Amount)	$133,653,000
Contingency (5%)	$6,682,650
Engineering (Design, Permitting, Bid Support)	$4,790,000
Engineering (Construction Phase)	$8,268,000
Closing Costs (2%)	$1,680,000
Other - PWC Personnel	$90,000
Total	**$155,163,650**

LGC Staff Analysis For: **GUILFORD COUNTY**

PAR Amount Not to Exceed: $13,500,000

Financing Type: Installment Financing Contract

Purpose and Type: General Government, Law Enforcement/Public Safety

Project Description: The County will be financing the cost of acquiring equipment for use by the Sheriff's Department. The purchase includes Axon body-worn cameras with related equipment, software and services.

Statutory Reference: G.S. 160A-20

Last Request to Borrow: 03/2025; GO; $570,000,000

FPICs: No
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: This is a critical purchase which includes crucial and essential equipment to aid the Sheriffs in their duties.

Proposed amount is adequate and not excessive: Costs are known and defined by way of an invoice received 6/12/2026.

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: N/A

TEFRA Hearing: N/A

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

Terms

Lender/Purchaser/Bank: Axon Enterprise, Inc.
Interest Rate: N/A
Term: 10 years
Payment: Level principal
Structure and Term: Annual payments
Final Maturity: October 31, 2035

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	Axon Enterprise, Inc.		
Underwriter's Counsel			
Co-Special Counsel	Robinson Bradshaw	**Co-Special Counsel**	The Charleston Group
Purchaser's Counsel			
Trustee			
Trustee's Counsel			

Amount Not to Exceed: $13,500,000

Sources	Amount
Financing through Axon Enterprise, Inc.	$13,317,705
Total	**$13,317,705**

Uses	Amount
Equipment Cost	$13,317,705
Total	**$13,317,705**

LGC Staff Analysis For: **LINCOLN COUNTY**

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

Financing Type: Limited Obligation Bonds

Purpose and Type: General Government, School (K-12)

Project Description: The bond proceeds will be used to finance the cost of expanding, renovating, constructing, equipping and improving Rock Springs Elementary School and Catawba Springs Elementary School.

Statutory Reference: G.S. 160A-20

Last Request to Borrow: 08/2025; LOB; $11,103,000

FPICs: No
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 bond issue is necessary or expedient to provide necessary school upgrades and renovations for the Lincoln County Schools.

Proposed amount is adequate and not excessive: Guaranteed maximum price (GMP) received on 07/07/2026. Costs are defined and known.

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: 6/15/2026

TEFRA Hearing: N/A

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

Terms

Lender/Purchaser/Bank: N/A
Interest Rate: Estimated All-in-TIC 3.91%, NTE 6%
Term: 20 Years
Payment: Annual principal and semi-annual interest
Structure and Term: Level principal
Final Maturity: 10/01/2046
Other: Negotiated public sale scheduled for August 26, 2026

Marketability

Moody's: Aa2 **S&P:** AA **Fitch:** AA+ **Kroll:** N/A
Other: These are expected ratings; the actual credit ratings are expected 08/14/2026.

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	Womble Bond Dickinson (US) LLP		
Bond Counsel	Robinson Bradshaw & Hinson P.A.		
Purchaser's Counsel			
Trustee	Truist Corporate Trust and Escrow Services		
Trustee's Counsel	Pope Flynn LLC		

Amount Not to Exceed: $26,000,000

Sources	Amount
Estimated Bond Proceeds	$22,915,000
Estimated Net Premium	$2,240,591
Total	**$25,155,591**

Uses	Amount
Rock Springs GMP	$13,946,361
Rock Springs Furniture & Fixtures/Technology	$653,639
Catawba Springs GMP	$9,282,312
Catawba Springs Furniture & Fixtures/Technology	$750,000
Cost of Issuance	$400,000
Underwriter's Discount	$122,766
Additional Proceeds	$513
Total	**$25,155,591**

LGC Staff Analysis For: **OXFORD, CITY OF**

PAR Amount Not to Exceed: $3,626,000

Financing Type: USDA Revenue Bonds-Interim Financing

Purpose and Type: Water/Sewer, Sewer
Purpose and Type: Water/Sewer, Water

Project Description: 2017 USDA Water and Sewer Improvement Contract No. 2 Project
Wastewater Collection System project includes 300 LF 21-inch gravity sewer installation (upsizing from 18-inch existing); 700 LF 20-inch gravity sewer installation (upsizing from 18-inch existing); 1,100 LF 18-inch gravity sewer installation and rehabilitation/replacement; 900 LF 16-inch gravity sewer installation (560 LF of which is upsizing from 12-inch existing); 1,500 LF 15-inch gravity sewer installation and rehabilitation/replacement (100 LF of which is upsizing from 12-inch existing); 6,900 LF 12-inch gravity sewer installation and rehabilitation/replacement (4,500 LF of which is upsizing from 10-inch existing); 40 LF 10-inch gravity sewer installation (upsizing from 8-inch existing); 1,400 LF 8-inch gravity sewer rehabilitation/replacement; 150 LF 6-inch force main installation; 50 manhole replacements.
Water Distribution System project includes 4,400 LF 6-inch waterline replacement; 2,100 LF 2-inch waterline replacement; 16 valve replacements; 9 new fire hydrant installations and replacements; 102 water service reconnections. Water mains are being replaced on the following streets: Peace Street, Cheatham Avenue, Windimere Avenue, Rectory Street, Frost Street, Ridley Avenue, Hunt Street, and Green Street.

Statutory Reference: G.S. 159 Article 5
Last Request to Borrow: 9/2023; SRF; $1,500,000 and $4,768,674

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: In 2016, the City completed an Asset Management Plan (AMP) to assess the useful life of each system's assets and to begin to develop a capital improvements plan to address any current issues as well as attempt to identify issues which may present themselves in the future. This AMP identified 31 miles of water main and 52 miles of sewer main as needing rehabilitation and/or replacement due to inadequate size, poor condition or vulnerability.

Proposed amount is adequate and not excessive: The City received bids for the project February 24, 2026, per North Carolina G.S. 143-132. Two (2) bids were received and opened. The contract was awarded to the lowest responsive, responsible bidder.

Feasibility: The projection of net revenues prepared by the unit indicates that future revenues will be adequate to cover the cost of operations and debt service. The average monthly water and sewer bill is currently $112.73 for 4,210 gallons.

Tax Increase Anticipated: N/A

Rate Increase Anticipated: No

Additional Information (as applicable): The City anticipates a 2.5% per year system growth rate during the project construction term to provide additional system revenue including increased industrial demand. In 2023, Certainteed announced a major expansion to its Oxford facility that would add up to 50 new jobs. The portion of the project in the southwestern portion of the city provides sewer service to Certainteed.

Public Hearing: N/A

TEFRA Hearing: N/A

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

Terms

Lender/Purchaser/Bank: To be announced
Interest Rate: To be announced
Term: 14.5 months
Payment: Principal due at maturity – November 1, 2027
Structure and Term: Interest paid annually
Final Maturity: November 1, 2027
Other: The Note shall be executed and delivered with the expectation that the principal balance shall be repaid by permanent financing from the United States Department of Agriculture, Rural Development ("USDA-RD") at the earlier of substantial completion of construction or the Maturity Date of the Credit Facility.

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	McGuireWoods LLP		
Purchaser's Counsel			
Trustee			
Trustee's Counsel			

Amount Not to Exceed: $3,626,000

Sources	Amount
Interim Financing Bank Loan/USDA (Loan) Rev Bond	$3,626,000
USDA Grant Funds	$4,350,000
City of Oxford Cash Contribution	$420,000
Total	**$ 8,396,000**

Uses	Amount
Construction Cost	$7,185,920
Engineering Fees	$565,370
Bond Counsel and Legal Fees	$30,000
Other Legal and Fiscal	$90,000
Capitalized Interest	$141,000
Contingency	$373,710
Permit Fees	$10,000
Total	**$8,396,000**

LGC Staff Analysis For: **PERSON COUNTY**

PAR Amount Not to Exceed: $10,200,000

Financing Type: Limited Obligation Bonds

Purpose and Type: General Government, School (K-12)

Project Description: The bond proceeds will be used to finance capital improvements to four (4) County public school facilities; Stories Creek Elementary School, Helena Elementary School, Oak Lane Elementary School, and South Elementary School.

Statutory Reference: G.S. 160A-20

Last Request to Borrow: 10/2024; IFC; $5,804,898

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 bond issue is necessary or expedient to modernize four aging school facilities to meet current ADA accessibility requirements and address the additional space needs generated by projected enrollment growth.

Proposed amount is adequate and not excessive: Construction bids received 06/04/2026. Costs are defined and known.

Feasibility: The debt will be paid from the General Fund.

Tax Increase Anticipated: No

Rate Increase Anticipated: N/A

Additional Information (as applicable): N/A

Public Hearing: 7/20/2026

TEFRA Hearing: N/A

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

Terms

Lender/Purchaser/Bank: N/A
Interest Rate: Estimated All-in-TIC 4.18%; NTE 5.5%
Term: 20 Years
Payment: Annual principal and semi-annual interest
Structure and Term: Level principal
Final Maturity: 12/01/2046
Other: Negotiated public sale scheduled for August 13, 2026.

Marketability

Moody's: Aa3 **S&P:** N/A **Fitch:** N/A **Kroll:** N/A

Other: These are expected ratings; actual ratings are expected the week of August 3, 2026.

Financing Team

Role	Name	Additional Party Role	Additional Party Name
Municipal Advisor	DEC Associates Inc.		
Underwriter/Senior	PNC Capital Markets LLC		
Lender/Purchaser/Bank			
Underwriter's Counsel	Chapman & Cutler		
Bond Counsel	Parker Poe Adams and Bernstein		
Purchaser's Counsel			
Trustee	US Bank Trust Company NA		
Trustee's Counsel			

Amount Not to Exceed: $10,200,000

Sources	Amount
Estimated Loan Proceeds	$9,295,000
Estimated Premiums	$964,820
Total	**$10,259,820**

Uses	Amount
Construction Costs	$9,915,000
Legal Fees	$342,950
Miscellaneous Costs	$1,870
Total	**$10,259,820**

LGC Staff Analysis For: **NCMCC: THE PRESBYTERIAN HOMES AT CHARLOTTE, INC. dba THE SHARON AT SOUTHPARK**

Amount Not to Exceed: $200,000,000

Financing Type: Conduit Revenue Bonds

Purpose and Type: Senior Living

Project Description: Location: Charlotte, NC (Mecklenburg County)
Licensed Beds: 247 Independent Living Units; 38 Assisted Living Units; 96 Nursing Beds
The proceeds of the Bonds will be used to (a) finance, reimbursing expenditures relating to, improvements to the continuing care retirement community known as The Sharon at SouthPark, including, (1) constructing and equipping 64 new independent living units in a five-story building with two levels of underground garage parking, (2) constructing and equipping of mixed-use office, retail and commons areas on the first floor of the new independent living building and (3) constructing and equipping a fitness and wellness facility, (b) fund a debt service reserve fund, if necessary, (c) fund capitalized interest on the Bonds and (d) fund certain costs of issuance on the Bonds.

Statutory Reference: G.S. 131A

Last Request to Borrow: 11/2019; REV; $110,000,000

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.

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

Feasibility: A financial feasibility study completed by CliftonLarsonAllen LLP shows estimated debt service coverage of 2.81 times for 2026 and at least 1.96 times through 2031. The Unit has an estimated average of 462 days of cash on hand through 2031.

TEFRA Hearing Date: 6/29/2026

Terms

Interest Rate: Initial Rate Not to Exceed 6.25%; Estimated All-In TIC: 5.29%
Term:
Series A: 8/1/2061
Series B: 8/1/2061

Series C-1: 8/1/2031
Series C-2: 8/1/2031
Structure and Term: Overall level debt service
Final Maturity: Not to extend beyond December 31, 2061
Other: The NCMCC will issue the Bonds and loan the proceeds to The Presbyterian Home at Charlotte, Inc., d/b/a The Sharon at SouthPark (Borrower). The Borrower is solely responsible for repayment of the Bonds, and not the NCMCC, nor the state of NC.

Marketability

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

Other: A public sale is scheduled for August 6, 2026, not to conflict with any other Bond sales (Series A only, Series B/C-1/C-2 are private placements).

Financing Team

Role	Name	Additional Party Role	Additional Party Name
Municipal Advisor	Kaufman, Hall & Associates, LLC		
Underwriter/Senior	B.C. Ziegler and Company		
Lender/Purchaser/Bank	Truist Bank		
Bank Counsel	Moore & Van Allen, PLLC		
Underwriter's Counsel	Womble Bond Dickinson (US) LLP		
Bond Counsel	Hawkins Delafield & Wood, LLP		
Trustee	U.S. Bank Trust Company, N.A.		
Trustee's Counsel	Holland and Knight		
Borrower's Counsel	Weatherspoon & Voltz LLP		
Feasibility Consultant	Clifton Larson Allen	**Auditor**	Clifton Larson Allen

Amount Not to Exceed: $200,000,000

Sources	Amount
Series 2026A Bonds	$ 74,087,295
Series 2026A Bonds - Sales Tax Refund	$ 1,500,000
Series 2026B Bonds	$ 50,000,000
Series 2026C-1 Bonds	$ 31,000,000
Series 2026C-2 Bonds	$ 13,470,000
Total	**$ 170,057,295**

Uses	Amount
Project Fund	$ 148,138,752
Capitalized Interest Fund	$ 14,275,750
Debt Service Reserve Fund (2026A Bonds)	$ 4,352,600
Cost of Issuance	$ 3,286,823
Additional Proceeds	$ 3,370
Total	**$ 170,057,295**

LGC Staff Analysis For: **VALDESE, TOWN OF**

PAR Amount Not to Exceed: $10,800,000

Financing Type: Installment Financing Contract

Purpose and Type: General Government, Law Enforcement/Public Safety

Project Description: The loan proceeds will be used to finance the construction of a new Public Safety Facility which will consist of a two-story, 25,000 square foot building. The design includes a 17,090 square foot first-floor fire department (with a 9,000 square foot apparatus bay) and a 7,891 square foot second-floor police department.

Statutory Reference: G.S. 160A-20

Last Request to Borrow: 07/2024; SRF; $1,488,510

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 for the Town to provide adequate public safety services to the Town and its citizens.

Proposed amount is adequate and not excessive: The project is under a Guaranteed Maximum Price (GMP) contract; costs are known and defined.

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

Tax Increase Anticipated: Yes

Rate Increase Anticipated: N/A

Additional Information (as applicable): $0.13 tax increase took effect July 1, 2026. Prior Rate = $0.415; Current Rate = $0.545

Public Hearing: 5/28/2026

TEFRA Hearing: N/A

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

Terms

Lender/Purchaser/Bank: Webster Bank, N.A.
Interest Rate: Fixed 4.265%
Term: 15 Years
Payment: Annual Principal and Interest
Structure and Term: Level principal
Final Maturity: 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	First Tryon Advisors, LLC		
Underwriter/Senior			
Lender/Purchaser/Bank	Webster Bank, N.A.		
Bank's Counsel	Gilmore & Bell, P.C.		
Special Counsel	Sanford Holshouser PLLC		
Purchaser's Counsel			
Trustee			
Trustee's Counsel			

Amount Not to Exceed: $10,800,000

Sources	Amount
Loan Proceeds	$ 10,800,000
Pledged Donations	$ 710,000
Total	**$ 11,510,000**

Uses	Amount
Construction Cost	$ 9,194,722
Engineer	$ 988,620
Special Counsel	$ 17,000
Other Cost	$ 63,000
Contingency	$ 1,246,658
Total	**$ 11,510,000**

LGC Staff Analysis For: **WILMINGTON HOUSING AUTHORITY – SOLOMON TOWERS**

Amount Not to Exceed: $20,000,000

Housing Financing Type: Conduit Revenue Bonds

Project Description: The proceeds of the Multifamily Note will be loaned to Solomon Towers, LLC, a North Carolina limited liability company, or an affiliated or related entity (the "Borrower") and used to finance a portion of the acquisition, rehabilitation and equipping of a 150-unit multifamily residential rental facility known as Solomon Towers located at approximately 15 Castle Street, Wilmington, NC. The Project will consist of 150 units and will be financed using low-income housing tax credits (LIHTC) and will include 150 one-bedroom units targeting lower-income households earning 60% of Area Median Income (AMI).

Statutory Reference: G.S. 159-153
Last Request to Borrow: 06/2026; CONREV; $32,950,000
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: Wilmington Housing Authority finds that the project is necessary to continue providing an adequate supply of affordable housing for the residents of the City of Wilmington.

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

Feasibility: The developer provided a 15-year cash flow projection showing debt service coverage for the bonds ranging from 1.17X to 1.33X.

TEFRA Hearing Date: 6/2/2026

Terms

Lender/Purchaser/Bank: Wells Fargo Bank, National Association during construction; Freddie Mac Tax-Exempt Loan during the permanent phase
Interest Rate: Construction phase – One-month Term SOFR + spread of 2.25%. Permanent phase - fixed rate set at 10-year UST + 196 bps (with floor of 3.94%). NTE 12%.
Term: 17 years after a 24-month construction period (with option for 6-month extension) with a 40-year amortization.
Payment: Annual principal and interest permanent loan; 24-month interest only payments during construction.
Structure and Term: Level debt service.
Final Maturity: NTE 12/31/2046.

Financing Team

Role	Name	Additional Party Role	Additional Party Name
Authority's Counsel	The Banks Law Firm, P.A.	**Freddie Mac Servicer:**	Wells Fargo Bank, National Association
Borrower	Solomon Towers, LLC	**Freddie Mac's/Servicer's Counsel:**	Katten Muchin Rosenman LLP
Borrower's Counsel	Nixon Peabody LLP	**Initial Funding Lender:**	Wells Fargo Bank, National Association
Bond Counsel	McGuireWoods LLP	**Initial Funding Lender's Counsel:**	Kutak Rock LLP
Fiscal Agent:	U.S. Bank Trust Company, NA	**Permanent Lender:**	Federal Home Loan Mortgage Corporation
Fiscal Agent's Counsel:	Duane Morris LLP		

Amount Not to Exceed: $20,000,000

Sources	Amount
Low-income housing tax credits	$15,433,463
Developer Equity	$100
Wells Fargo – Freddie MAC Forward Tax-Exempt Loan	$15,449,396
Notice of Intent-Construction	$1,366,328
Seller Note	$19,000,000
Deferred Development Fee	$81,234
Total	**$51,330,521**

Uses	Amount
Acquisition	$20,000,000
Construction	$19,831,000
Soft Costs	$2,447,500
Construction Financing Costs	$1,509,494
Permanent Financing Costs	$356,250
Development Fee	$4,312,500
Tax Credit Fees	$637,660
Bond Issuance Costs	$253,117
Reserves and Escrows	$1,908,000
Soft Costs Contingency	$75,000
Total	**$51,330,521**

Miscellaneous Action Item

Unit: GREENVILLE, CITY OF

Description:

1. The City of Greenville and the *Black Jack Rural Fire Department* are requesting approval for the annexation of 189.98 acres according to G.S. 160A-31.1, whereby Greenville will make a lump sum payment of *$589.22* for the debt related to facilities and equipment. The annexation was completed during the 2023/24 fiscal year.

2. The City of Greenville and the *Eastern Pines Fire Department* are requesting approval for the annexation of approximately 365.49 acres at various locations throughout the Greenville area according to G.S. 160A-31.1. Greenville will make a lump sum payment of *$7,221.00* for the debt related to facilities and equipment. The annexation was completed during 2021/22, 2022/23, 2023/24 fiscal years.

3. The City of Greenville and the *Red Oak Rural Fire Department* are requesting approval for the annexation of approximately 656.72 acres at various locations throughout the Greenville area according to G.S. 160A-31.1. Greenville will make a lump sum payment of *$8,114.22* for the debt related to facilities and equipment. The annexation was completed during 2021/22, 2022/23, 2023/24 fiscal years.

4. The City of Greenville and the *Winterville Community Fire Department* are requesting approval for the annexation of approximately 203.06 acres at various locations throughout the Greenville area according to G.S. 160A-31.1. Greenville will make a lump sum payment of *$4,774.14* for the debt related to facilities and equipment. The annexation was completed during 2020/21, 2021/22, 2022/23, 2023/24 fiscal years.

Miscellaneous Action Item

Unit: Northern Hospital District of Surry County

Description:

Northern Hospital District of Surry County (the "District") owns and operates certain health care facilities in Surry County, including Northern Regional Hospital. The District has previously issued its $16,325,000 Northern Hospital District of Surry County Health Care Facilities Revenue Refunding Bonds, Series 2017 (the "2017 Bonds"), $12,460,000 of which are currently outstanding. The 2017 Bonds are the only District Bonds currently outstanding. The District has determined to sell substantially all its existing health care facilities, including Northern Regional Hospital, to Novant Health Northern Regional Medical Center, LLC, an affiliate of Novant Health, Inc. ("Novant"), pursuant to an Asset Purchase Agreement between the District and Novant.

Section 131E-8(b) and Section 131E-13(b) of the General Statutes of North Carolina, as applicable, requires that the District defease all of the outstanding 2017 Bonds on or prior to the effective date of such asset sale and conveyance by placing into an escrow fund money or direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, the principal of and interest on which will provide sufficient funds to pay the principal of and the interest and redemption premium, if any, on all bonds then outstanding to the maturity date or dates of such bonds or to the date or dates specified for the redemption thereof. Furthermore, such statutes require approval by the Local Government Commission (the "Commission") of such escrow arrangement.

The District has provided to the Local Government Commission a draft of an Escrow Deposit Agreement which provides for the establishment of an escrow fund and the investment of the amounts therein in direct obligations of the United States of America (most likely U.S. Treasury SLGs). The amounts deposited in the escrow fund will be applied to pay the principal or redemption price of the outstanding 2017 Bonds when the same becomes due and payable. The 2017 Bonds maturing on or after October 1, 2028, will be called for optional redemption October 1, 2027, as provided in the Escrow Deposit Agreement. The escrow fund will be primarily funded with amounts currently held in the debt service reserve fund for the 2017 Bonds and from a portion of the asset sale proceeds paid by Novant.

The District requests the Local Government Commission approval of the defeasance escrow for the 2017 Bonds.

<u>Attachment B:</u>

UAL Units: Newport, Norwood

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: **NEWPORT, TOWN OF**

PAR Amount Not to Exceed: $584,384

Financing Type: Lease Financing Agreement

Purpose and Type: General Government, Public Vehicles

Project Description: The Town entered into a lease agreement with Enterprise Fleet Management for 11 vehicles between February and April 2025. All 11 vehicles have been delivered.

Statutory Reference: G.S. 160A-19

Last Request to Borrow: 2/2013; SRF; $8,000,000

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 support essential public safety, public works, and utility operations.

Proposed amount is adequate and not excessive: Lease agreements provided for the vehicles. Costs are defined.

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

Tax Increase Anticipated: No

Rate Increase Anticipated: No

Public Hearing: N/A

TEFRA Hearing: N/A

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

Terms

Lender/Purchaser/Bank: Enterprise Fleet Management, Inc.
Interest Rate: See Other
Term: 5 years
Payment: Monthly
Structure and Term: Variable
Final Maturity: Variable
Other: Dodge Durango Pursuit (5) – 6.242%; Dodge Durango Pursuit (1) – 6.475%
Ford Explorer (1) – 6.242%
Ford F-150 (3) – 6.242%
Ford Transit-350 Passenger (1) – 6.1%

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: $584,384

Sources	Amount
Enterprise Fund	$ 243,069
General Fund	$ 341,315
Total	**$584,384**

Uses	Amount
2025 Dodge Durango Pursuit (6)	$ 341,314
2025 Ford Explorer (1)	$ 46,867
2025 Ford F-150 (3)	$ 137,838
2025 Ford Transit-350 Passenger (1)	$ 58,365
Total	**$ 584,384**

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

Town of Newport

August 2026 LGC Meeting

The Town of Newport has been on the Unit Assistance List since 2018. The Town's audits and account reconciliations became delinquent following staff turnover, multiple hurricanes, and operational disruptions associated with the COVID-19 pandemic. In the period following the pandemic, the Town experienced additional leadership turnover, including three finance officers and two town managers.

Since August 2025, the Town has submitted three audits and is now current with its audited financial statements. The Town presented the fiscal year 2025 audit at its March 12, 2026, governing board meeting and approved the contract for the fiscal year 2026 audit. Based on this schedule, the Town is positioned to submit the fiscal year 2026 audit during fall 2026.

As part of its audit catch-up efforts, the Town submitted responses to the financial performance indicators of concern associated with each audit. The Town has also submitted its required semiannual LGC-203 reports and Powell Bill reports by the applicable deadlines. In addition, the Town is participating in the Unclaimed Property Division's voluntary disclosure program and is working to bring its escheat reporting into compliance.

Current Town staff have been informed of the debt-approval requirements applicable to units on the Unit Assistance List and have indicated that any new leases will be submitted for approval as required. Based on the information provided, LGC staff have no concerns regarding the Town's ability to make the proposed debt service payments. The payments were included in the fiscal year 2026 budget and are included in the fiscal year 2027 budget.

LGC Staff Analysis For: **NORWOOD, TOWN OF**

PAR Amount Not to Exceed: $149,934

Financing Type: Lease Financing Agreement

Purpose and Type: General Government, Public Vehicles

Project Description: The Town will lease two police vehicles with Enterprise Fleet Management.

Statutory Reference: G.S. 160A-19

Last Request to Borrow: 09/2025; LFA; $130,289

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: The lease is necessary to maintain adequate working capital for the Police Department fleet and provide acceptable public safety and day-to-day services to the residents.

Proposed amount is adequate and not excessive: Cost estimates provided 6/2026. Costs are defined.

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

Tax Increase Anticipated: No

Rate Increase Anticipated: No

Public Hearing: N/A

TEFRA Hearing: N/A

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

Terms

Lender/Purchaser/Bank: Enterprise Fleet Management, Inc.
Interest Rate: 7.73%
Term: 5 years
Payment: Monthly
Structure and Term: Variable
Final Maturity: Variable
Other: *Enterprise Fleet Management uses "Sourcewell" for all pricing. The interest rate locks in once the vehicles are delivered. The most recent rate quoted was for July 2026.

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: $149,934

Sources	Amount
General Fund	$ 149,934
Total	**$149,934**

Uses	Amount
2026 Ford Police Interceptor Utility (2)	$ 149,934
Total	**$ 149,934**

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

Town of Norwood

The Town of Norwood was first placed on the Unit Assistance List in 2016 and has remained on the list each year since that time. The Town's historical areas of concern have primarily involved internal controls and the financial condition and operations of the Water and Sewer Fund.

The Town had one late audit submission in the last five years and over the last three years had untimely reconciliations and budget ordinance violations twice as well as an untimely year-end close once. These trends related to internal controls caused the Town to score for UAL inclusion.

For fiscal year 2025, two Financial Performance Indicators of Concern (FPICs) were identified. The first involved an over-expenditure in the Police Department resulting from an expenditure that was not recorded until after year-end. In its FPIC response, the Town stated that additional training had been provided to help ensure that lease proceeds, capital outlay, and related accounting entries are recorded timely and that resulting budget amendments are made before an over-expenditure occurs.

The second over-expenditure occurred in a capital grant project. The Town had adopted the grant capital project ordinance at the function level but did not amend the budget at that same level when expenditures exceeded the authorized amount within the function. Town staff now understand that a project ordinance adopted at the function level must also be amended at the function level, even when the total authorized project cost does not change.

The fiscal year 2025 audit and FPIC response indicate progress in addressing concerns identified in prior years. Other than the two budget over-expenditures described above, the current audit reported no internal control findings.

The Town's General Fund financial position has also strengthened. For fiscal year 2025, fund balance available was 60.69 percent of General Fund expenditures. The Water and Sewer Fund reported operating income of $919,185, reflecting a positive operating result for the year.

LGC staff reviewed Norwood's fiscal year 2025 FPIC response and determined that the corrective actions described were acceptable and sufficient to address the identified concerns. The Town's current audit results reflect improved financial stability, stronger administrative continuity, and progress in addressing prior internal control and statutory compliance issues.

Attachment C:

FPIC Unit: Greensboro

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: **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: **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: • Indicates that current liabilities are greater than unrestricted cash and investments plus accounts receivable. • 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: **GREENSBORO, CITY OF**

PAR Amount Not to Exceed: $290,000,000

Financing Type: Revenue Bonds - Bond Anticipation Notes

Purpose and Type: Water/Sewer, Water
Purpose and Type: Water/Sewer, Sewer

Project Description: The City intends to acquire, construct, and equip various improvements to the City's water system and sanitary sewer system, including without limitation, (1) improvements to the T.Z. Osborne Wastewater Treatment Plant to handle additional capacity, maintain regulatory compliance and replace existing infrastructure, (2) upgrades to the water booster station for resiliency and to increase pumping capacity, (3) improvements to the Mitchell Water Treatment Plant and the Lake Townsend Water Treatment Plant for the advanced treatment and removal of per- and polyfluoroalkyl substances from source water, (4) adding an additional lift station and upgrading capacity on another lift station to support current and future economic growth, and (5) extension of water lines for system redundancy and to support economic growth (collectively, the "2026 Project").

Statutory Reference: G.S. 159 Article 5
Last Request to Borrow: 06/2026; REV; $220,000,000

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: The funding is necessary and expedient to improve the service and operations of the City's water and sewer system by performing necessary periodic capital improvements and upgrades. Projects represent a significant requirement of financing resources and are to be financed over time in a cost-effective manner, as the projects are to be executed.

Proposed amount is adequate and not excessive: This is a drawdown Bond Anticipation Note to fund various projects. It allows the City to accept bids of the various projects as available to 1) only pay interest on amounts drawn, 2) use flexibility to downsize borrowing for any grants or state funding that might be received, and 3) minimize times the City would need to access the market. The amount is provided by the City with estimates made based on some bids, GMPs, and estimates based on current construction market conditions.

Feasibility: The City has projections prepared by Raftelis Financial Consultants for the period 2026-2031. Current projections demonstrate total debt service coverages of 2.22X in FY 2026 and of at least 2.12X through FY 2031.

Tax Increase Anticipated: N/A

Rate Increase Anticipated: Yes

Additional Information (as applicable): Inside-City and Outside-City water rates are projected to increase 11.25% in FY 2027, 11.50% per year in FY 2028 – 2029, and 9% per year in FY 2030 – 2031. Outside-City water customers are assessed a rate differential of approximately 2.5 times the Inside-City rates. Inside-City and

Outside-City sewer rates are projected to increase 8.25% in FY 2027, 8.50% per year in FY 2028 – 2029, and 5.5% per year in FY 2030 – 2031. Outside-City sewer customers are assessed a rate differential of approximately 2.5 times the Inside-City rates.

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

Terms

Lender/Purchaser/Bank: PNC Bank
Interest Rate: 79% SOFR + 0.28%
Term: 3-year initial period with 5-year term out
Payment: Monthly interest only payments until takeout
Structure and Term: Variable
Final Maturity: 36 months maximum initial period with an optional 5-year (60 months) term out

Marketability:

Moody's: Aa1 **S&P:** AAA **Fitch:** N/A **Kroll:** N/A
Other: The rating above represents the City's current Utility ratings. The 2026 BAN will not be rated as a direct bank loan with PNC Bank.

Financing Team

Role	Name	Additional Party Role	Additional Party Name
Municipal Advisor	Davenport & Company LLC		
Underwriter/Senior			
Lender/Purchaser/Bank	PNC Bank, National Association		
Underwriter's Counsel		**Lender's Counsel**	Parker Poe Adams & Bernstein, LLP
Bond Counsel	Womble Bond Dickinson (US) LLP		
Purchaser's Counsel			
Trustee	U.S. Bank Trust Company NA		
Trustee's Counsel	Holland & Knight, LLP		

Amount Not to Exceed: $290,000,000

Sources	Amount
2026 Bond Anticipation Note	$290,000,000
Total	**$290,000,000**

Uses	Amount
2026 Water and Sewer BAN Projects	$290,000,000
Total	**$290,000,000**

	Indicator	Explanation of Indicator	Threshold	Unit Data
	Fund Balance Available as Percentage of Expenditures	Percentage of expenditures.	25%	22.91%
	LGC Summary: The City acknowledged that its FY 2025 available fund balance percentage of 22.91% was below the LGC's 25% benchmark. The City stated that available fund balance dollars have increased since FY 2023, but that General Fund expenditure growth, including a 5.7% increase in FY 2025, reduced the fund balance percentage. The City stated that the 25% goal may be achieved by 2030 if expenditures grow modestly and additional annual dedicated support is provided.			
	Appropriated fund balance (FB) in the General Fund used for operations	If the General Fund has more expenditures than revenues because of operational issues and fund balance was appropriated to cover the loss, the continuation of this practice could result in the deterioration of the unit's fund balance available.	Positive change in fund balance.	Negative change in fund balance of $13 million.
	LGC Summary: The City stated that part of the excess expenditures related to one-time American Rescue Plan program support of approximately $3.2 million, for which the associated revenue had been recognized in a prior year. The City also stated that another capital-type expenditure was approximately $4.4 million in increased Fire Department charges to begin accumulating funds for the purchase of 12 fire trucks. The City further stated that lease and subscription-based IT charges, capital charges for financing solid waste carts, and other expenditures contributed to the overage.			

Indicator	Explanation of Indicator	Threshold	Unit Data
Material weaknesses (MW), significant deficiencies (SD), and/or statutory violations (SV)	Certain internal controls designed to prevent significant financial statement irregularities and improve operation efficiency are ineffective.	None reported.	MW, SD and SV reported concerning: • Restatement of PY balances • Revenue recognition in multiple funds • Reporting of expenditures related to federal awards • Actual expenditures exceeded appropriations at the legal level of budgetary control
LGC Summary: The City concurred with the two material weaknesses and one significant deficiency reported in the FY 2025 audit. For the prior-year restatement finding, the City stated that the items involved beginning-balance restatements, timing differences, or classification issues rather than misuse of funds, and that corrective actions would include earlier year-end close procedures, additional review, procedural checklists, cross-training, staff training, and continued efforts to fill vacancies. For the revenue-recognition finding, the City stated that staff would receive additional revenue-recognition training, management review would increase, and grant terms and documentation would receive additional review. For the federal reporting significant deficiency, the City stated that two quarterly reports were filed late, no questioned costs were identified, the reports were accepted by the Department of Labor, and corrective actions include backup program staff and additional Finance discussions with program staff about federal reporting requirements. The FY 2025 audit Note III.A disclosed budgetary information, including that actual expenditures exceeded appropriations at the legal level of budgetary control in the Employee Risk Retention Fund. The audit note attributed the over-expenditure to rising claim costs and stated that management was implementing procedures to improve monitoring expenditures, increase participant rates and the City's annual contributions, and add additional funding sources as necessary.			

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

GREENSBORO
NORTH CAROLINA

January 21, 2026

Ms. Kendra Boyle
Director, Fiscal Management Section
Department of State Treasurer
State and Local Government Finance Division
3200 Atlantic Avenue
Raleigh, North Carolina 27604

Dear Ms. Boyle,

City of Greensboro management and City Council appreciates the oversight and guidance given by the Local Government Commission (LGC) pertaining to the City's financial condition.

The City completed the annual independent audit of its FY 2024 – 2025 financial statements on December 15, 2025 and received an "unmodified" audit opinion. The auditor reported the results of the City's audit to the Audit Committee on December 18, 2025 with that report available on the City's website under Audit Committee meetings at eSCRIBE Agenda Package. The complete audited Comprehensive Annual Financial Report may be viewed at 2025 Annual Comprehensive Report. The full City Council was provided detail information and adopted a written response on January 20, 2026.

Following a Request for Proposal process, the City selected a new independent auditor, Mauldin & Jenkins beginning in FY 2025, after an extended period with the previous auditor. It was represented to us that it is not uncommon for several items to be noted and communicated in the year of auditor transition. This is mainly due to differences in auditor approaches and assessment of amounts that are considered to be material to the financial statement presentation in order to comply with accounting standards.

As a result, three (3) different categories of items were reported and communicated to the Audit Committee:

1) Audit Findings
2) Compliance with Local Government Commission Financial Indicators
3) Management Letter Comments

City management has thoroughly assessed each of the items noted, provided additional context, as deemed necessary for clarity to City Council, and developed a plan for corrective action.

AUDIT FINDINGS

City Comments: All of the findings under 2025-001 pertain to recalculating the beginning balances for certain FY 2024 – 2025 accounts or funds. This represents a *restatement or change in the timing of when the City recognized revenues and/or expenditures and was not a misappropriation or misuse of funds.*

2025-001 Restatement of Prior Year Balances – Material Weakness

Context/Cause: During our audit for the year ended June 30, 2025, material misstatements in the opening balances of the City were identified and thus audit adjustments were required as follows:

- An overstatement in the calculation of compensated absences due to the inclusion of pension- related liabilities. Therefore, a restatement to the beginning net position of the City's business type activities and governmental activities is required in the amount of $1,742,046; $1,530,307 increase for the governmental activities and $211,739 increase for the business type activities to remove the pension-related liabilities liability within compensated absences.

  City Comments: The Governmental Accounting Standards Board (GASB) issued a new accounting standard which required the City to restate the balances noted above in FY 2025, as part of its implementation. Prior to FY 2025, accounting guidance for compensated absences was not clear.

- An error in amortizing bond premiums resulted in a restatement to beginning net position in the amount of $4,932,797; $8,680,546 decreases for Water Resource fund and Business-Type Activities and $3,747,749 increase for Governmental activities to record the accumulated amortization according to the effective interest rate method.

  City Comments: When analyzing whether the City's selected method to account for bond interest achieved similar results to the method prescribed by GASB, the City determined that it had used an incorrect number of years in the calculation period for one Water and Sewer bond issuance, causing lower interest expense to be recognized cumulatively for the enterprise debt. To be consistent, governmental debt was also reviewed and adjusted, accordingly. For context, prior to the adjustment, total beginning net assets of the Water Resources Fund exceeded $689 million and governmental net assets exceeded $398 million.

- An error of a Subscription-based asset that should have been capitalized in the previous year. Therefore, a restatement to the beginning net position for the Coliseum fund and business type activities is required in the amount of $132,489.

  City Comments: During the normal closing and review process, City staff detected that an IT-related software subscription used by the Coliseum had been fully expensed and was not included in the City's assets/liabilities for periodic expensing over future years, and was corrected. For context, prior to the adjustment, total beginning net assets of the Coliseum Fund exceeded $110 million.

- An error of an asset in construction in progress that should have been capitalized in the previous year. Therefore, a restatement to the beginning net position for the Water Resource fund and business type activities is required in the amount of $38,771 for related depreciation expense.

  City Comments: Assets in the Water Resources fund were recorded at the correct amounts, however, they were classified as Construction in Progress and not as

Equipment and/or Building, as examples, which prevented annual depreciation expense from beginning when the items were placed in service.

- An error in recording the opioid settlement revenue in the Opioid Settlement fund that should have been recognized in the previous year. Therefore, a restatement in the Opioid Settlement fund is required in the amount of $1,776,807 and a restatement in the Governmental Activities in the amount of $4,591,040.

  City Comments: In the prior year (FY 2024) the City completed its audited financial statements before final guidance was available on how to account for opioid settlement funds received by the City. In order to comply with accounting rules, the City was required to restate the balances noted above in FY 2025, following receipt of the new guidance.

- An error in the classification of the Equipment Services Capital Project fund being reported as an Internal Service fund instead of a Capital Project fund when created. Therefore, a restatement of the beginning net position/fund balance of $1,513,878 to remove it from the Internal Service fund to Other Governmental funds.

  City Comments: During the normal closing and review process, City staff detected that a different type of fund should have been used at inception of the project because general revenues are the funding source for the associated debt, instead of revenues from the Equipment Service operation itself. No correction in project amounts or in recorded financial activity were needed, just the corresponding changes due to changes in the reporting format.

- An understatement of accounts receivables in the Redevelopment Commission Fund, a discretely presented component unit, to recognize revenue from prior-year loans. Therefore, a restatement to the beginning net position in the amount of $220,678.

  City Comments: During the normal closing and review process, City staff corrected certain accounting treatment for receivables from other entities to coincide with underlying support documents and with past payment trends, to properly report amounts expected to be returned to the Redevelopment Commission upon sale and development of properties.

CITY'S CORRECTIVE ACTION PLAN FOR FINDING 2025-001: Whenever an adjustment to the beginning net assets in financial statements occurs for a correction of an error, regardless of the dollar amount, the communication is required to be called a "Material Weakness" because the prior year's financial statements had already been issued to readers.

For two of the items noted above, the restatements occurred due to implementation of a new accounting standard or resulted from new available technical guidance and no further action is needed.

For the restatements due to correction of detected errors, management has implemented various steps to help prevent the errors from occurring in future. The Finance Department will begin the year-end accounting and reporting process earlier to allow *enough time for thorough analysis, accurate accounting and reporting and for sufficient internal review by multiple parties. Procedural checklists will be fully developed and more cross-training on existing financial report-writing tools will be provided to further ensure accuracy. Staff will regularly attend seminars to ensure familiarity with the more than 100 GASB technical accounting standards along with federal and state regulations. The City will also continue to strive to fill financial position vacancies to aid in work performance.*

AUDIT FINDINGS - CONTINUED

2025-002 Revenue Recognition – Material Weakness

Context/Cause: During our audit for the year ended June 30, 2025, an audit adjustment in the amount of $11,000,000 was required to correct the revenue and deferred inflows in the State and Federal Grants special revenue fund. The City had overstated the current period deferred revenues for grant award and therefore did meet applicable revenue recognition criteria as stipulated by GASB Statement 33, *Accounting and Financial Reporting for Nonexchange Transactions.*

City Comments and CORRECTIVE ACTION PLAN FOR FINDING 2025-002: The amount of the state-funded award recorded by City staff was accurate, however, revenue would have been recognized in the wrong time period, in FY 2026 when the funds were expended, instead of accurately in FY 2025. Additional training on the accounting standards pertaining to revenue recognition will be provided to staff as well as increased management review to ensure proper accounting and reporting treatment for grant revenue. Special attention will also be given to reviewing particular grant agreement terms and conditions and documentation thereof for full understanding of the funding.

AUDIT FINDINGS - CONTINUED

2025-003 Significant Deficiency over Reporting

Information on the Federal Program: Community Project Funding/Congressionally Directed Spending, Assistance Listing Number 17.289, U.S. Department of Labor.

Criteria: The recipients are required to submit quarterly performance reports by the 15th day of the following month after the quarter end.

Condition: We noted two (2) out of the three (3) quarters tested were not submitted timely required by the Department of Labor. One was submitted on the 18th and one was submitted on the 30th.

Context/Cause: The recipients are required to submit quarterly performance reports by the 15th day of the following month after the quarter end. This is an oversight with respect to the reporting requirement of this grant program.

City Comments and CORRECTIVE ACTION PLAN FOR FINDING 2025-003: In the Compliance section of the City's audited financial statements, the auditor concluded that the City complied, in all material respects, with certain compliance requirements that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025. No questioned costs or return of federal funds were noted. However, as part of assessing and testing the City's internal controls, it was reported *that the certain Workforce Development reports were not filed timely. It was noted by the auditor that the Department of Labor accepted the reports in question. The Workforce Development Department experienced turnover in program service level staffing this year along with periods of staff vacancies. Backup program staff are now in place in case of primary staff absences. Finance staff will also conduct additional discussions with program staff about federal reporting requirements to help acclimate new staff working with grant funding.*

COMPLIANCE WITH LOCAL GOVERNMENT COMMISSION FINANCIAL INDICATORS

The City did not meet the LGC's 25% fund balance indicator in FY 2025, as suggested for municipalities, per the following results:

FY 2023 22.54%
FY 2024 23.29%
FY 2025 22.91%

City Comments: Available fund balance dollars have grown $2.5 million - $3.5 million per year since 2023, (from $92 million to $98.3 million overall) however, General Fund expenditures (the basis for the calculation) have also grown and increased 5.7% in FY 2025. Staff believes that the 25% fund balance goal may be achieved by 2030, if expenditures assume modest growth and additional annual dedicated support is provided. It is recommended that City Council re-affirm the fund balance plan, which was adopted in May 2022, which contains the following key components:

1) *Adopted new fund balance goal that matches LGC 25% minimum threshold*

2) *Review reports to measure annual progress over the next five to seven years, the estimated time period to achieve goal*

3) *Utilize a variety of financial strategies to improve the City's General Fund/ Debt Service Fund fund balance performance by approximately $900,000 to approximately $2,700,000 annually, including assignment of additional dedicated revenues, permanent reductions in operating expenditures and, if necessary, adjustment to the General Fund property tax rate*

4) *Appropriations of General Fund fund balance may be made "mid-year" for the following purposes:*
   - *Immediate health and safety measures needed for Greensboro residents*
   - *Unforeseen emergencies*
   - *Opportunities for efficiencies or other circumstances as recommended by the Finance Director (i.e. a requirement that the City incur expenditures prior to reimbursement from a state or federal grant)*

5) *Maintain "super" majority vote for appropriation of General Fund fund balance (7 of 9 votes needed)*

6) *Continue to support City-wide strategic priorities that promote economic growth in Greensboro, furthering "natural" fund balance growth over the long term with increased sales taxes and property values;*

7) *Review the status of the fund balance plan annually;*

Additional dedicated fund balance support will be recommended during the City's FY 2026 – 2027 annual budget process to help meet the fund balance goal within the targeted timeframe, along with continued conservative budgeting practices.

Another benchmark that the LGC tracks is the actual amount of appropriated fund balance used annually for operations when there are more expenditures than revenues, noting if the practice continues, operational results may not be sustainable.

City Comments: The City did appropriate an amount of fund balance in the FY 2025 budget, which is typical, and used $13,028,406. Part of the excess expenditures included one-time American Rescue Plan program support ($3.2 million), whereby the associated revenue had been recognized in a previous year. Another capital-type expenditure included increased charges to the Fire Department ($4.4 million) to start accumulating a separate fund for the purchase of 12 fire trucks. Lease and subscription-based IT charges, as well as capital charges for financing of solid waste carts, among other expenditures, also contributed to the overage. City staff is committed to securing adequate revenue sources to balance its budgets and to maintain expenditure control for the organization.

The LGC also requires adopted written responses to AUDIT FINDINGS that are considered to be Material Weaknesses and/or Significant Deficiencies, which are included in the attached resolution for Council consideration.

MANAGEMENT LETTER COMMENTS

City Comments: The independent auditor also provided two comments for management consideration, for allocating certain interest income and also to streamline the financial closeout and report preparation process. Management has instituted additional steps in checklist form to ensure that all interest earned on City investments for the month of June is allocated in the correct period. Auditor recommendations have been included in the City's corrective action plans, where feasible, for the closeout and reporting process. The suggested best practices have also been consulted.

Please find attached the City Council resolution addressing these matters, adopted on January 20, 2026.

Again thank you for your continued assistance and recommendations.

Sincerely,

Marlene Druga
Director, Financial and Administrative Services

Nathaniel "Trey" Davis
City Manager

Cc: Mr. Larry Davis, Assistant City Manager

ITEM # 2026 - 55
RESOLUTION # 020-26
BOOK & PAGE # ________

AGENDA ITEM # I.2

____
COUNCIL SIGNATURE

RESOLUTION PROVIDING RESPONSE TO FINANCIAL INDICATORS AND CERTAIN FINDINGS RELATING TO 2024 – 2025 ANNUAL INDEPENDENT AUDIT AS REQUIRED BY LOCAL GOVERNMENT COMMISSION

WHEREAS, on December 18, 2025, the City's external independent auditor, Mauldin & Jenkins, notified the City's Audit Committee of items requiring a formal written response by a majority of the City Council;

WHEREAS, the City's ending FY 2024 - 2025 fund balance of 22.91% did not meet the minimum threshold of 25% as established by the LGC and was deemed to be a Financial Performance Indicator of Concern;

WHEREAS, the City believes its fund balance levels are sound and provide sufficient working capital following an assessment of risk associated with revenue and expenditure volatility and vulnerability to extreme events;

WHEREAS, to provide further flexibility as well as resilience in emergencies, the City Council agrees that working toward a 25% fund balance goal is a prudent financial decision for the City of Greensboro;

WHEREAS, on May 3, 2022, City Council adopted a fund balance improvement plan and City Council desires to re-affirm the provisions of the adopted plan;

WHEREAS, Greensboro City Council commits to the following actions to increase fund balance levels in a multi-year plan:

1) Adopted new fund balance goal that matches LGC 25% minimum threshold

2) Review reports to measure annual progress over the next five to seven years, (by 2030) the estimated time period to achieve goal

3) Utilize a variety of financial strategies to improve the City's General Fund/ Debt Service Fund fund balance performance by approximately $900,000 to approximately $2,700,000 annually, including assignment of additional dedicated revenues, permanent reductions in operating expenditures and, if necessary, adjustment to the General Fund property tax rate

4) Appropriations of General Fund fund balance may be made "mid-year" for the following purposes:

- Immediate health and safety measures needed for Greensboro residents
- Unforeseen emergencies
- Opportunities for efficiencies or other circumstances as recommended by the Finance Director (i.e. a requirement that the City incur expenditures prior to reimbursement from a state or federal grant)

5) Maintain "super" majority vote for appropriation of General Fund fund balance (7 of 9 votes needed)

6) Continue to support City-wide strategic priorities that promote economic growth in Greensboro, furthering "natural" fund balance growth over the long term with increased sales taxes and property values;

7) Review the status of the fund balance plan annually;

WHEREAS, the ending fund balance of the General Fund in FY 2024 – 2025 was reduced by $13,028,406 resulting in use of appropriated fund balance;

WHEREAS, the shortfall was related primarily to timing of receipt and expenditure of one-time American Rescue Plan-enabled funds received in a prior year and accumulation of funds for purchase of fire trucks and for debt service on other capital-related items;

WHEREAS, City staff is committed to securing adequate revenue sources to balance its budgets and to maintain an appropriate level of expenditures control for the organization;

WHEREAS, City Council was provided with full detail of certain auditor findings that were categorized as either a material weakness or a significant deficiency;

WHEREAS, certain restatements of prior year net asset balances occurred due to implementation of new accounting rules or for correction of errors;

WHEREAS, for restatements due to correction of errors, management has implemented various steps to help prevent the errors from occurring in future, including that the Finance Department will begin the year-end accounting and reporting process earlier to allow enough time for thorough analysis, accurate accounting and reporting and for sufficient internal review by multiple parties;

WHEREAS, procedural checklists will be fully developed and more cross-training on existing financial report-writing tools will be provided to further ensure accuracy;

WHEREAS, staff will also regularly attend seminars to ensure familiarity with the more than 100 technical accounting standards along with federal and state regulations;

WHEREAS, the City will strive to continue to fill financial position vacancies to aid in work performance;

WHEREAS, the City did not meet applicable revenue recognition criteria for a state award which caused the revenue to be recorded in the wrong fiscal year, until corrected;

WHEREAS, additional training on the provisions of Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions,* will be provided to staff as well as increased management review to ensure proper accounting and reporting treatment for grant revenue occurs;

WHEREAS, special attention will also be given to reviewing particular grant agreement terms and conditions and documentation thereof for full understanding;

WHEREAS, regarding the audit of compliance with regulations, two required monthly program reports were not filed timely for a federal award, even though the Department of Labor accepted the reports;

WHEREAS, the City's Workforce Development Department experienced turnover in program service level staffing this year along with periods of staff vacancies and backup program staff are now in place in case of primary staff absences;

WHEREAS, Finance staff will also conduct additional discussion with program staff about federal reporting requirements to help acclimate new staff working with grant funding;

WHEREAS, the independent auditor also provided two comments for management consideration for allocating interest income and to streamline the financial closeout process and report preparation process;

WHEREAS, City management has instituted additional steps in checklist form to ensure that all interest earned on City investments for June is allocated in the correct period and recommendations have been included in the City's corrective action plans, where feasible, for the closeout and reporting process;

WHEREAS, City Council has reviewed and approves of management's corrective action plans relating to the FY 2024 – 2025 independent audit; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GREENSBORO:

That the City Council adopts a resolution responding to financial indicators and other auditor findings in the FY 2024 – 2025 independent financial audit, as required by the Local Government Commission.

THE FOREGOING RESOLUTION WAS ADOPTED BY THE CITY COUNCIL OF THE CITY OF GREENSBORO ON THE 20th DAY OF JANUARY 2026.

APPROVED AS TO FORM

Tony Irwin
CITY CLERK

Lora C. Cubbage
CITY ATTORNEY

Attachment D:

Notices of Noncompliance and Appeals - Overview and Successful Appeals

AUGUST 4, 2026
LOCAL GOVERNMENT COMMISSION MEETING

NOTICE OF NONCOMPLIANCE AND APPEALS OVERVIEW

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) Appeal guidelines:
   - LGC's *Revised Guidelines for Successful Appeal* (adopted November 12, 2024) deem an appeal successful if the unit is missing one audit report.
   - Units missing two or more audits may appeal based on "other good cause with evidence." Commission staff published guidance identifying various criteria to consider in reviewing appeals.

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

2026 NOTICE OF NONCOMPLIANCE (for FY 2025 AUDIT REPORTS)

1) 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.

2) 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)

3) As of Monday, July 20, 2026, the audit and appeals statuses were:

- 49 units have filed the FY 2025 audit
- 35 units have filed appeals "deemed successful"
- 19 units have filed appeals based on "other good cause with evidence"
    - 10 units missing 2 years
    - 4 units missing 3 years
    - 5 units missing 4 years
- 1 unit has stated it will not appeal
- 1 unit has been dissolved as of June 30, 2026, pursuant to G.S. 160A-872 (Town of Speed)
- 11 units have not filed an appeal or submitted the FY 2025 audit

UPCOMING COMMISSION ACTION

- August 2026 Meeting: Act upon the 35 appeals qualifying as "successful appeals."
- September 2026 Meeting: Consider appeals based on "other good cause with evidence." Staff will provide appeal letters for review; affected units will be requested to attend the meeting virtually and be available for Commission questions.

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 counties and 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; 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

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 August 4, 2026.

WITNESS my hand this 4th day of August, 2026.

____

Denise H. Canada, Secretary
North Carolina Local Government Commission

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

1.	Ahoskie	19.	Peachland
2.	Aulander	20.	Pender County
3.	Bertie County	21.	Princeville[1]
4.	Boone	22.	Randleman[1]
5.	Bridgeton[1]	23.	Robbinsville[1]
6.	Caswell County	24.	Scotland County
7.	Chocowinity[1]	25.	Scotland Neck
8.	Columbus County	26.	Seagrove
9.	Dobson	27.	Stantonsburg[1]
10.	Eureka	28.	Teachey
11.	Everetts[1]	29.	Walkertown
12.	Garland	30.	Wallace
13.	Godwin	31.	Waynesville
14.	Graham County[1]	32.	Weddington
15.	Kenly[1]	33.	Wesley Chapel
16.	La Grange	34.	Whitakers[1]
17.	Lake Lure[1]	35.	Winton
18.	Middlesex		

[1] As of April 1, 2026, these units were missing two fiscal year audit reports and have since filed the fiscal year 2024 report. As a result, the fiscal year 2025 audit report is the only report not received.