

AGENDA

CITY OF NEWTON



March 1, 2016

AGENDA
CITY OF NEWTON
NEWTON CITY COUNCIL - REGULAR MEETING

March 1, 2016
7:00 p.m.

- | | |
|------|--|
| Page | 1. <u>Call to Order – Mayor Anne P. Stedman</u> |
| | 2. <u>Opening – Council Member Jerry Hodge</u> |
| 1 | 3. <u>Approval of Minutes from the February 16, 2016 Regular Meeting</u> |
| | 4. <u>Consideration of Consent Agenda Items</u> |
| 11 | A. Sewer Adjustments |
| 12 | B. Consideration of Audit Contract for Fiscal Year 2015-2016 |
| 22 | C. Consideration of Road Closure – Cruisin’ Newton |
| 27 | D. Consideration of Resolution – Certificate of Achievement Newton-Conover High School Men’s Wrestling Team State 2A |
| | 5. <u>Comments from the Public: (PERSONS WANTING TO MAKE A PUBLIC COMMENT ON NON-AGENDA ITEMS ARE REQUESTED TO SIGN IN WITH THE CITY CLERK PRIOR TO THE MEETING):</u> |
| | 6. <u>New Business</u> |
| 28 | A. Consideration of Main Street Solutions Grant Application |
| 30 | B. Consideration of Non-Profit Funding Policy |
| | C. Consideration of the Addition of “Approval of the Agenda” to all Future City Council Meeting Agendas |
| | 7. <u>City Manager’s Report</u> |
| | 8. <u>Questions and Comments From Mayor and Council</u> |
| | 9. <u>Closed Session to Consult with City Attorney - G.S. 143-318-11(a)(4)</u> |
| | 10. <u>Adjournment</u> |

PERSONS WANTING TO SPEAK ON AN AGENDA ITEM MUST SIGN IN WITH THE CITY CLERK PRIOR TO THE MEETING. PERSONS WANTING TO BE PLACED ON THE AGENDA FOR THE NEXT MEETING MUST CONTACT THE CITY MANAGER AT LEAST SEVEN WORKING DAYS BEFORE THE MEETING.

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**MINUTES
REGULAR MEETING OF THE NEWTON CITY COUNCIL**

February 16, 2016 – 7 p.m.

The regular meeting of the Newton City Council was held at 7 p.m. Tuesday, February 16, 2016 at Newton City Hall.

PRESENT: Mayor Anne P. Stedman, Mayor Pro Tem John Stiver and Council Members Tom Rowe, Wes Weaver, Robert C. Abernethy, Jr., Jody Dixon, and Jerry Hodge

STAFF: City Manager Todd Clark, City Clerk Amy S. Falowski, City Attorney John Cilley, City Department Heads and members of the management team

ITEM 1: CALL TO ORDER

Mayor Anne P. Stedman welcomed everyone and called the meeting to order.

Mayor Stedman stated that a Newton police officer Caleb Costner received attention on social media after he played football with neighborhood kids. Officer Caleb Costner was called to a home Monday after a neighbor complaint. Rather than punish the kids or chasing them off, he spent time with them and threw around a football. Mayor Stedman commended Newton Police Department and Officer Costner.

ITEM 2: OPENING Invocation and Pledge of Allegiance

Council Member John Stiver provided the invocation and Pledge of Allegiance.

ITEM 3: APPROVAL OF MINUTES

Upon motion duly made by Council Member Jerry Hodge, seconded by Council Member Tom Rowe, it was unanimously RESOLVED:

That the Regular Minutes of the February 2, 2016 City Council meeting be –
APPROVED

ITEM 4: CONSIDERATION OF CONSENT AGENDA ITEMS

Upon motion duly made by Council Member Robert C. Abernethy, Jr., seconded by Mayor Pro Tem John Stiver, it was unanimously RESOLVED:

That the Consent Agenda be – APPROVED

A. Tax Releases

(Ordinances, Resolutions and Proclamations are hereby referenced and on file in the Office of the City Clerk)

ITEM 5: COMMENTS FROM THE PUBLIC: PEOPLE WHO WISH TO COMMENT ON NON-AGENDA ITEMS ARE ASKED TO SIGN IN WITH THE CITY CLERK PRIOR TO THE MEETING.

Mayor Anne P. Stedman asked if anyone present would like to make comment concerning non-agenda items. No one appeared.

ITEM 6: **Presentation**

A. Library Update – Suzanne White

Ms. Suzanne White gave a presentation about recent and ongoing happenings at the Catawba County Library.

ITEM 7: **Public Hearings**

A. Consideration of Text Amendment #2016-01

Mayor Stedman opened the Public Hearing.

Assistant Planner Alex Fulbright stated that Mr. Kong Thao has filed an application to amend the Zoning Ordinance so that he can operate a banquet hall within the R-20 Single Family Residential District as a place of assembly with a special use permit. Mr. Fulbright stated that Mr. Thao is pursuing the text amendment and the special use permit concurrently.

Mr. Fulbright stated the applicant wants to purchase a 20,000 square foot building located at 1175 Smyre Farm Rd for the purpose of providing a banquet hall for rent to host events. The property is zoned R-20 Single Family Residential. Mr. Fulbright stated that the City of Newton Zoning ordinance does not permit the use because the ordinance considers facilities rented out for private parties after 6 pm as nightclubs. Mr. Fulbright stated that nightclubs are only allowed in B-4 General Business Districts provided that they meet the separation requirements from residential and other uses. The definition of “Nightclub” is provided below:

Nightclub means an establishment offering food, drink and entertainment after 6:00 p.m. Structures being held out for rental for the purposes of accommodating "private parties" shall be considered nightclubs if the activities are to occur after 6:00 p.m. This shall not apply to uses classified as recreation and amusement services by this chapter.

Recreation and amusement services are mentioned as an exception and are defined as:

Amusement services means a commercial facility providing recreational activities including, but not limited to, swimming pools, amusement arcades, bowling alleys, shuffleboard courts, baseball hitting ranges, miniature and par-three golf courses, golf driving ranges, billiard and pool halls, skating rinks, movie theaters, dance and exercise studios.
Recreation services means privately owned outdoor amusement facilities such as golf and country clubs, swimming and tennis clubs, equestrian centers, marinas, not built as part of a residential development. The term also includes publicly owned and operated facilities such as athletic fields, golf courses, tennis courts, swimming pools, parks, marinas and similar uses not associated with a school.

Mr. Fulbright stated there are facilities within the City of Newton that are similar to requested use but are either amusement and recreation services or accessory to the principle use. He explained that examples of amusement and recreation services are bowling alleys and pool halls; and examples of accessory uses are the rental of civic clubs and churches to host non-related functions and events.

Mr. Fulbright stated that it is requested that the definition of “nightclub” be amended so that a place of assembly would not be classified as a nightclub. Places of assembly are allowed within the R-20 Single Family Residential District as a special use. A Special Use is one that would not be appropriate in all areas of R-20 zoning, but could be acceptable if certain conditions are required that mitigate any impacts

to adjacent uses. Permitted use by right are approved by planning staff and cannot be subjected to additional special conditions.

Place of assembly means a place designed to accommodate the assembly of persons attending athletic events, musical performances, dramatic or dance performances, speeches or ceremonies, and other such entertainment events, and including, but not limited to, coliseums, athletic centers, concert halls, and auditoriums.

Mr. Fulbright stated that it is important to note that a text amendment is not location specific or specific to the applicant. Currently, “place of assembly” are permitted in all residential districts as a special use and in the P-1, B-2, B-3, and B-4 as permitted uses by right. There are no specific standards for “place of assembly” as a special use; however, the City Council may impose any conditions in order to protect the surrounding development.

Mr. Fulbright stated that the Planning Commission recommends that the definition of nightclub be amended to read as follows:

Nightclub means an establishment offering food, drink and entertainment after 6:00 p.m. Structures being held out for rental for the purposes of accommodating "private parties" shall be considered nightclubs if the activities are to occur after 6:00 p.m. This shall not apply to uses classified as recreation and amusement services by this chapter; nor shall this apply to uses classified as places of assembly and are permitted as a special uses.

Council Member Jerry Hodge asked what designates the difference between a nightclub and the place of assembly. Mr. Fulbright stated that it has to do with distance from schools, churches and residential.

Mayor Stedman asked if there was anyone else that would like to speak. No one appeared.

Upon motion duly made by Mayor Pro Tem John Stiver, seconded by Council Member Robert C. Abernethy, Jr., it was unanimously RESOLVED:

That Public Hearing be – CLOSED

Upon motion duly made by Council Member Robert C. Abernethy, Jr., seconded by Mayor Pro Tem John Stiver, it was unanimously RESOLVED:

That Text Amendment #2016-01- Amending the Definition of Nightclub be - APPROVED

(Ordinances, Resolutions and Proclamations are hereby referenced and on file in the Office of the City Clerk)

B. Consideration of Special Use Permit #2016-01

Mayor Stedman recessed the Council Meeting and called to order a Public Hearing as scheduled to receive public input on Special Use Permit #2016-01 – as filed by Kong Thao.

Alex Fulbright, Assistant Planner, reviewed the requirements for the quasi-judicial process (evidentiary hearing) the Council must follow for considering Special Use Permits. He stated that all persons wanting to make a statement, either for or against the Special Use Permit, must be sworn. Mr. Fulbright, Mr. Josh Stoner, and Planning Director Randy Williams were sworn in at that time.

Mr. Fulbright stated that Mr. Kong Thao, the applicant has filed an application for a special use permit for the operation of a banquet hall within the R-20 Single Family Residential District as a place of assembly. Mr. Thao is pursuing the text amendment and the special use permit concurrently.

Mr. Fulbright stated that for this special use permit the City Council has to make four findings and they are listed in the Zoning Ordinance Section 102-462, which is included below. These findings are required for all special use permits:

- 1) The use will promote the public health, safety and general welfare, if located where proposed and developed and operated according to the application.
- 2) The use, which is listed as a special use in the district in which it is proposed to be located, complies with all required regulations and standards, including the provisions of articles IV, V, and VI of this chapter, unless greater or different regulations are contained in the individual standards for that special use.
- 3) The use will maintain or enhance the value of contiguous property, or that the use is a public necessity.
- 4) The use is in compliance with the general plans for the physical development of the city as embodied in these regulations. The board of adjustment or the council, as appropriate, shall make these general findings based upon substantial evidence contained in its proceedings. It shall be the responsibility of the applicant to present evidence in the form of testimony, exhibits, documents models, plans and the like to support the application for approval of a special use.

Mr. Fulbright stated the applicant wants to purchase a 20,000 square foot building located at 1175 Smyre Farm Rd for the purpose of providing a facility that can be rented as an assembly hall. He stated the 9.71 acre property is zoned R-20 Single Family Residential and is located approximately 1,500 feet to the East of the intersection of S US 321 Hwy and Smyre Farm Road.

Mr. Fulbright stated that a special use is a use that would not be appropriate in all locations, but if certain conditions were applied to protect adjacent development would be appropriate. The special use permit is reviewed by the Planning Commission and approved by City Council.

Mr. Fulbright stated the Planning Commission recommends to the City Council approval of this special permit as presented with the conditions that the hours of operation be limited to 8 am to 11 pm and that a row of evergreen shrubs be planted along the western property line.

Council Member Tom Rowe asked if there is city sewer at the property. Mr. Fulbright stated that the property will be served by septic tank.

Mr. Josh Stoner stated that he would like to ask the council for permission for his client to have events until midnight instead of the 11:00 p.m. deadline since this in no way is a nightclub. Mayor Stedman asked if the events would be held outside. Mr. Stoner stated that the events would all be inside. Mayor Stedman explained that the noise ordinance that goes in to effect at 11:00 is enforced by the county. Council Member Abernethy asked if there is any opposition from the neighbors, Mr. Fulbright stated that there has been nothing negative said.

Upon motion duly made by Council Member Robert C. Abernethy, Jr., seconded by Council Member Tom Rowe, it was unanimously RESOLVED:

That Public Hearing be – CLOSED

Mayor Stedman asked for a motion and second on the general standards that shall be met by the applicants for approval for a Special Use Permit.

1. Based upon the evidence presented, it is the Council's conclusion that the proposed banquet hall will promote the public health, safety and general welfare.

A motion was made by Council Member Robert C. Abernethy, Jr., seconded by Council Member Tom Rowe, and unanimously adopted;

2. Based upon the evidence presented, it is the Council's conclusion that the proposed banquet hall which is listed as a special use in the district in which it is proposed to be located, complies with all required regulations and standards, including the provisions of articles IV, V, and VI of this chapter, unless greater or different regulations are contained in the individual standards for that special use.

A motion was made by Council Member Jerry Hodge, seconded by Council Member Robert C. Abernethy, Jr., and unanimously adopted;

3. Based upon the evidence presented, it is the Council's conclusion that the proposed banquet hall will maintain or enhance the value of contiguous property, or that the use is a public necessity.

A motion was made by Council Member Robert C. Abernethy, Jr., seconded by Mayor Pro Tem John Stiver, and unanimously adopted;

4. Based upon the evidence presented, it is the Council's conclusion that the banquet hall is in compliance with the general plans for the physical development of the city as embodied in these regulations.

A motion was made by Council Member Wes Weaver, seconded by Council Member Tom Rowe, and unanimously adopted;

Upon motion duly made by Council Member Robert C. Abernethy, Jr., seconded by Council Member Jody Dixon, it was unanimously RESOLVED:

That based upon the forgoing findings, Special Use Permit Application #2016-01 – Filed by Mr. Kong Thao be - APPROVED

(Ordinances, Resolutions and Proclamations are hereby referenced and on file in the Office of the City Clerk)

C. Consideration of Rezoning 2016-01

Mayor Stedman opened the Public Hearing.

Alex Fulbright, Assistant Planner, stated that Carolyn Stokes, the applicant is seeking to rezone the property, which is described as follows from an existing R-20A Single Family Residential and manufactured home District to PD-H Planned Development Housing. The property is located off of NC Hwy 10 just east of Pocono Place and contains 68.8 acres. Mr. Fulbright stated that a portion of the property is the subdivision previous known as Oakridge and the Village of Newton. He stated the Applicants proposed to create 137 Single Family lots for site built homes. The minimum lot size would be 8,625 with proposed setbacks of 30 ft. for the front and rear; and 10 ft. for the sides. Mr. Fulbright stated the proposed development would set aside 14 acres to be used as open space.

Zoning History:

The subject property has been zoned R-20A Single Family and Manufacturing housing. The adjoining property is zoned mostly residential as shown on the attached map. The following cases are within close proximity of the subject site: **Case #2005-01 – Terry Stokes**, who petitioned to have property that is now Oakridge Townhomes rezoned from R-20 & B-4 to PD-H to allow for the construction of the Townhomes. This was approved by both the Planning Commission and City Council.

Transportation:

NC Hwy 10 is a main arterial that adjoins the development. The 2013 average daily traffic count is 3,100 vehicles per day.

Utilities:

Utilities are available to the site. The completion of the utilities within the development is subject to approval prior to platting of lots.

Land Development Plan:

The proposal is consistent with the Eastside Area Plan which was adopted in 2005.

Public Safety:

The plan adds one additional entrance to the development as well as several stub outs within the development which will improve access within and to/from the development. Fire hydrant placement and water system specifications will be addressed if the plan is approved.

Planned Development Review Standards:

The Development meets the Planned Development Review Standards with the exception of buffers around the site. The Developer has requested a waiver on this due to the project being single family lots abutting the same.

Mr. Fulbright stated that the City of Newton Planning Commission recommended that the subject property be rezoned as requested based on availability of Sewer and Water; and the fact that the request is consistent with the land development plan for the area with the following conditions; that all stubouts be extended to property lines and; that the additional entrance be installed when required by the Fire Department which may be needed sooner than Phase III as shown.

Mayor Stedman asked if there provisions for the subdivision to have proper infrastructure. Public Works and Utilities Director Dusty Wentz stated that there are.

Council Member Jerry Hodge asked if there would be open space. Mr. Fulbright stated that there would be walking trails as well as open space.

Mr. Myles Wright, representing Mrs. Stokes, stated that the houses would be stick built housing using a green approach and that the entrance will be DOT approved.

Mayor Stedman asked if there would be sidewalks, Mr. Wright stated that there would. Mr. Abernethy asked if they would be on one side or two, Mr. Wright said sidewalks would be on one side. Mr. Rowe asked if the sidewalks would be five feet, Mr. Wright said whatever the city required. Mr. Hodge asked if there were any concerns about buffers, Mr. Fulbright said that there would be a continuation from the existing buffer.

Upon motion duly made by Mayor Pro Tem John Stiver, seconded by Council Member Jerry Hodge, it was unanimously RESOLVED:

That Public Hearing be – CLOSED

Upon motion duly made by Council Member Tom Rowe, seconded by Mayor Pro Tem John Stiver, it was unanimously RESOLVED:

That Rezoning #2016-01 filed by Carolyn Stokes be – APPROVED

(Ordinances, Resolutions and Proclamations are hereby referenced and on file in the Office of the City Clerk)

ITEM 8: New Business

A. Consideration Change Order for Smart Grid Project – Adding Additional Meters

Public Works and Utilities Director Dusty Wentz stated that Public Works and Utilities is in the process of changing out water and electric meters as part of the Smart Meter / AMI project. The water meter installation portion of the project is rapidly reaching conclusion. Mr. Wentz stated that staff and the contractor have agreed there will be a shortfall of small meters in the contract bid.

Mr. Wentz stated in order to complete the project; the city seeks to increase the contract amount for ¾” meters by 110, and 1” meters by 39, at a price of \$44,677.32.

Mr. Wentz stated that in November 2015, council approved Change Orders 1 and 2, with a combined total of \$19,269.55. Including Change Order 3, the increase in project cost for all three Change Orders is \$63,946.87, for a total project cost of \$3,563,946.87. This represents a 1.83% increase in the original cost of the project.

Mr. Wentz stated that presently, the city has \$200,000 in contingency reserved for this project. If Change Order 3 is approved, \$136,053.13 will remain in contingency.

The following milestones have been achieved to date:

- Installation of all three base stations. Locations are the water treatment plant, the Mt. Olive water tank, and the Broyhill water tank.
- Installation of 6,229 water meters (96.66% as of 2-10-16).
- Installation of 3,893 electric meters (82.79% as of 2-10-16).

Upon motion duly made by Council Member Tom Rowe, seconded by Mayor Pro Tem John Stiver, it was unanimously RESOLVED:

That Change Order for Smart Grid Project – Adding Additional Meters be –
APPROVED.

B. Consideration of Road Closure

1. Carolina Vines Request

Planning Director Randy Williams stated that Dennis Baucom of Carolina Vines is requesting street closure dates for “Get Your NewtOn”, an event with live music and a beer/ wine garden. He stated the requested dates are May 26th, June 2nd, June 9th, June 16th, June 23rd, and June 30th, 2016 from 6:00 p.m until 10:00 p.m.

Mr. Williams stated the requested street to close is College Avenue between East A Street and East 1st Street, and that the streets will be re-opened the same evening at 10 p.m.

If approved by City Council, staff will assist with filing the request on behalf of Dennis Baucom of Carolina Vines for the street closure with the N.C.D.O.T. for the closure of this street per the attached map.

Mr. Williams asked that City Council decide whether to authorize the closure of the street as requested by Dennis Baucom of Carolina Vines for the “Get Your NewtOn” event, for the dates of May 26th, June 2nd, June 9th, June 16th, June 23rd, and June 30th, 2016.

Council Member Jerry Hodge asked if the event would be covered by insurance. City Manager Todd Clark stated that Carolina Vines is covered under Second Nature Technology's insurance policy.

Council Member Robert C. Abernethy, Jr. asked if there have been any complaints after previous events. Mr. Clark stated that some concerns are ones that can be addressed better this year, such as porta johns and trash clean up. Mayor Stedman stated that these issues need to be addressed this year. Mr. Abernethy asked if the porta johns were near Callahan's and stated that he agreed, these issues must be addressed.

Council Member Jerry Hodge stated that these events are successful and that the city wants more. He stated that he thought the estimate was for 200 people and wondered if more could be attracted.

Council Member John Stiver stated that the start time is 6:00 p.m. and that a complaint was received from a Perfect Image that they are still taking clients up until 7:00 p.m. He stated that he would like to see this issue resolved. Mr. Abernethy stated that is correct and that surely there could be some kind of compromise. Council Member Jody Dixon agreed. Mayor Stedman stated that the city doesn't want to hurt one business while helping another. Council Member Hodge stated that there needs to be communication between the businesses. Mayor Stedman stated that staff needs to make sure that the message gets out to all the merchants. Council Member Wes Weaver stated that the city wants to promote business and downtown and he was wondering about the limited time of 6:00 p.m. until 10:00 p.m. Mr. Stiver stated that it works both ways and that there should be a simple solution. Mr. Abernethy agreed with Mr. Stiver and stated that some of the weekly appointments at Perfect Image are made far in advance.

Council Member Jerry Hodge mentioned that the Ordinance states there must be 120 days notice and this request falls short. Mr. Clark stated that the NCDOT requires a 90 day notice and that this was implemented to help staff meet that requirement.

Upon motion duly made by Council Member Jody Dixon, seconded by Council Member Wes Weaver, it was unanimously RESOLVED:

That Consideration of Road Closure for Carolina Vines Events "Get Your NewtOn" for the dates May 26th, June 2nd, June 9th, June 16th, June 23rd, and June 30th, 2016 be – APPROVED.

2. Second Nature Technology Request

Planning Director Randy Williams stated that Dennis Baucom of Second Nature Technology is requesting street closure dates for "Get Your NewtOn", an event with live music and a beer/ wine garden. He stated the requested dates are July 07th, July 14th, July 21st, July 28th, August 04th, and August 11th, 2016 from 6:00 p.m. until 10:00 p.m.

Mr. Williams stated the requested street to close is College Avenue between East A Street and East 1st Street, and that the streets will be re-opened the same evening at 10 p.m.

Mr. Williams explained that if approved by City Council, staff will assist with filing the request on behalf of Dennis Baucom of Carolina Vines for the street closure with the N.C.D.O.T. for the closure of this street per the attached map.

Mr. Williams asked that City Council decide whether to authorize the closure of the street as requested by Dennis Baucom of Carolina Vines for the "Get Your NewtOn" event, for the dates of July 07th, July 14th, July 21st, July 28th, August 04th, and August 11th, 2016.

Council Member Tom Rowe stated that he thought the intent of the ordinance was to limit a business to 6 times for year for road closures. He stated that he would like to think about the second request more. He stated that he would not support it, and that they should think about their neighbor more. Council Member Robert Abernethy, Jr. stated that he understands the concern, and that the original intent of the ordinance was to allow one entity six events, but that this doesn't exactly go against the ordinance. Mr. Rowe stated that there is simply a loop hole in the ordinance, and that both are good businesses, he just needs to think more about it. Council Member Wes Weaver stated that they shouldn't punish a business owner for owning more than one business. Council Member Jerry Hodge stated that both businesses were a tremendous asset, and that they needed to work together with Perfect Image to find a compromise. Mayor Stedman asked if the request should be sent back to staff to help work on a compromise.

Mayor Stedman asked if Perfect Image has parking on the back side of building. Mayor Pro Tem John Stiver stated that they don't always have business until 7:00 p.m., but some cooperation would send a great signal. Council Member Robert Abernethy asked if Shannon Johnson, DNDA should facilitate a meeting between the businesses. Council Member Wes Weaver stated he was ready to make a motion. He stated that the events are viable and that it isn't for city council to decide, that the businesses should work it out. Mr. Abernethy asked why would they compromise if it was already approved. Mr. Rowe stated that he would prefer the vote be delayed.

Council Member Wes Weaver made a motion that with the understanding there be a compromise in the change of start time that both parties agree to, that the request be approved.

Council Member Tom Rowe stated that he would like for the agreement to be made before the request is voted on. City Attorney John Cilley stated that if the final vote is tonight and is defeated that that will be the end of the request.

Mayor Stedman stated that she would like to let Mr. Talbert from a Perfect Image speak.

Mr. Talbert stated that they have a full service salon that has been in downtown Newton since 1996. He stated that closing at 6:00 p.m. on Thursdays for twelve weeks is too much. He said it wouldn't be so bad if it was Wednesday or Friday, but Thursdays are busy for them. Mr. Dennis Baucom, Managing Partner from Carolina Vines stated that he would be willing to start at 7:00 p.m. and go until 11:00 p.m. and to let customers of Perfect Image through the barricades until 8:00 p.m. Council Member Tom Rowe asked if that is acceptable to Mr. Talbert. Mr. Talbert stated that it is acceptable.

Council Member Wes Weaver amended his motion to say that Second Nature Technology and Carolina Vines start their events at 7:00 p.m. and go until 11:00 p.m. and that they would let customers of Perfect Image through the barricades until 8:00 p.m. The motion was seconded by Council Member Robert C. Abernethy, Jr., it was unanimously RESOLVED:

That Consideration of Road Closure for Carolina Vines Events "Get Your NewtOn" for the dates May 26th, June 2nd, June 9th, June 16th June 23rd, and June 30th, 2016 with the times being changed to 7:00 p.m. until 11:00 p.m. and Consideration of Road Closure for Second Nature Technology "Get Your NewtOn" for the dates July 7th, July 14th, July 21st, July 28th, August 4th, and August 11th, 2016, also with the times being changed to 7:00 p.m. until 11:00 p.m. be – APPROVED.

ITEM 9: City Manager's Report

- March 7th – Meeting with Mark Stafford at Noon - Abernethy Laurels
- March 9th – Economic Outlook "Future of Catawba County" 7:30 a.m. – 11:00 a.m. at The Crossing at Hollar Mill
- March 11th - City of Newton Community Awareness Meeting 5:30 p.m. at Catawba Farms
- March 15th – Presentation on Streetscape by Newton City Planning Director Randy Williams at 11:30 a.m. at Catawba Country Club

- Update to Hometown Hospitality
- Information on Code of Ethics for City Council
- Update on Application for Special Appropriations
- Information on Quarterly Committee Reports
- Approval of Agenda

Council Member Robert C. Abernethy asked what adding “Approval of the Agenda” serves. City Manager Todd Clark stated that it allows items to be added to the agenda by majority vote of the council. Mr. Abernethy stated that he doesn’t see where this would be beneficial. City Attorney John Cilley stated that the School of Government recommends adding this to the council agendas and means that items could be added by majority vote. Council Member Jerry Hodge stated that it is more procedural and Mr. Abernethy stated that it seems like the city is getting closer to tyranny. Mayor Stedman asked Mr. Clark to add this to the next agenda for consideration.

- Update on Teen Leadership

ITEM 10: Questions and Comments from Mayor and Council

Mayor Anne P. Stedman asked if any Council Members would like to make any comments.

Council Member Jerry Hodge wanted to thank the Planning Commission Chairman and board for the work done on the B3 Zoning.

ITEM 11: Closed Session to Consult with the City Attorney – G.S. 143-318-11(a)(1) and G.S. 143-318-11(a)(6)

Upon motion duly made by Council Member Wes Weaver, seconded by Mayor Pro Tem John Stiver, it was unanimously RESOLVED:

That the City Council enter CLOSED SESSION per G.S. 143-318-11(a)(1) and G.S. 143-318-11(a)(6)

Council Member Jerry Hodge made the motion to go back into open session, which was seconded by Council Member Robert C. Abernethy, Jr. All Ayes.

Council Member Robert C. Abernethy, Jr. made the motion that City Council acknowledge that the City Manager has done a good job as the City Manager and has performed to expectations, and further that City Council reaffirms the contract between the City of Newton and City Manager for the remaining two years of the contract, seconded by Council Member Wes Weaver. All Ayes.

ITEM 12: Adjournment

Upon motion duly made by Mayor Pro Tem John Stiver, seconded by Council Member Wes Weaver, it was unanimously RESOLVED:

That the Meeting be – ADJOURNED

Amy S. Falowski, City Clerk



Anne P. Stedman, Mayor

CITY OF NEWTON

Sewer Adjustments

TO: E. Todd Clark, City Manager **DATE:** February 22, 2016

RE: Sewer Adjustments – March 1, 2016

FROM: Serina Hinson, Finance Director

The following sewer adjustment is recommended for approval. The adjustment is recommended as a result of a water leak at the service address or a pool fill up.

Account Number	Name	Service Address	Adjustment Period	Amount of Adjustment
18022500-005	Edward Groves	1798 New Star Dr	Jan	\$43.26
54000630-005	Kay B Mann	1583 Mt Olive Church Rd	Jan	\$74.44
21000580-002	Angie Harris-Ramseur	142 Pinehurst Ln	Jan	\$25.15
34001080-008	Spurgeon Walker III	100 W 17 th St #C15	Jan	\$18.11

Backup documentation to support each adjustment is on file in the Finance Department. Should you have questions or require further clarification, please notify.

CITY OF NEWTON REQUEST FOR COUNCIL ACTION

DATE: February 22, 2016

TO: E. Todd Clark, City Manager

FROM: Serina Hinson, Finance Director

CONSIDERATION OF: Audit Contract for Fiscal Year 2016

Approved for Council Consideration



The City is now preparing for the Fiscal Year 2016 audit. The audit will be conducted in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS); Government Auditing Standards by the State Single Audit Implementation Act, as codified in G.S. 159-34; and OMB Circular A-133, if required. Those standards require that the audit be planned and performed to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, if any, as well as evaluating the overall presentation of the financial statements.

It is staff's recommendation that City Council approve the contract with Martin Starnes & Associates, CPAs to provide audit services for FY 2016 in the amount of \$25,200 which is a \$700 increase compared to the prior year.

Action Suggested:

- 1) Approve the attached contract with Martin, Starnes & Associates, CPAs to provide audit services for Fiscal Year 2016.

CONTRACT TO AUDIT ACCOUNTS

Of City of Newton, NC
Primary Governmental Unit
N/A

Discretely Presented Component Unit (DPCU) if applicable

On this 15th day of February, 2016,

Auditor: Martin Starnes & Associates, CPAs, P.A. Auditor Mailing Address: _____

730 13th Avenue Drive SE, Hickory, NC 28602 Hereinafter referred to as The Auditor

and City Council (Governing Board(s)) of City of Newton, NC
(Primary Government)

and N/A: hereinafter referred to as the Governmental Unit(s), agree as follows:
(Discretely Presented Component Unit)

1. The Auditor shall audit all statements and disclosures required by generally accepted accounting principles (GAAP) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit (s) for the period beginning July 1, 2015, and ending June 30, 2016. The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion will be rendered in relation to (as applicable) the governmental activities, the business-type activities, the aggregate DPCUs, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types).
2. At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with generally accepted auditing standards. The Auditor shall perform the audit in accordance with *Government Auditing Standards* if required by the State Single Audit Implementation Act, as codified in G.S. 159-34. If required by OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act, the Auditor shall perform a Single Audit. This audit and all associated workpapers may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit and/or workpapers are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners (NC CPA Board).

County and Multi-County Health Departments: The Office of State Auditor will designate certain programs that have eligibility requirements to be considered major programs in accordance with OMB Circular A-133 for the State of North Carolina. The LGC will notify the auditor and the County and Multi-Health Department of these programs. A County or a Multi-County Health Department may be selected to audit any of these programs as major.
3. If an entity is determined to be a component of another government as defined by the group audit standards - the entity's auditor will make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.
4. This contract contemplates an unqualified opinion being rendered. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.
5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, 2011 revisions, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he has met the requirements for a peer review and continuing education as specified in *Government*

Governmental Unit

N/A

Discretely Presented Component Units (DPCU) if applicable

Auditing Standards. The Auditor agrees to provide a copy of their most recent peer review report regardless of the date of the prior peer review report to the Governmental Unit and the Secretary of the LGC prior to the execution of the audit contract (See Item 22). **If the audit firm received a peer review rating other than pass**, the Auditor shall not contract with the Governmental Unit without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.

If the audit engagement is not subject to Government Accounting Standards or if financial statements are not prepared in accordance with GAAP and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment.

6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to the State and Local Government Finance Division (SLGFD) within four months of fiscal year end. Audit report is due on: October 31, 2016. If it becomes necessary to amend this due date or the audit fee, an amended contract along with a written explanation of the delay must be submitted to the secretary of the LGC for approval.
7. It is agreed that generally accepted auditing standards include a review of the Governmental Unit's systems of internal control and accounting as same relate to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor will make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his findings, together with his recommendations for improvement. That written report must include all matters defined as "significant deficiencies and material weaknesses" in AU-C 265 of the *AICPA Professional Standards (Clarified)*. The Auditor shall file a copy of that report with the Secretary of the LGC.
8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. **Invoices for services rendered under these contracts shall not be paid by the Governmental Unit until the invoice has been approved by the Secretary of the LGC.** (This also includes any progress billings.) [G.S. 159-34 and 115C-447] All invoices for Audit work must be submitted by email in PDF format to the Secretary of the LGC for approval. The invoices must be sent via upload through the current portal address: <http://nctreasurer.slgfd.leapfile.net> Subject line should read "Invoice – [Unit Name]. The PDF invoice marked 'approved' with approval date will be returned by email to the Auditor to present to the Governmental Unit for payment. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.
9. In consideration of the satisfactory performance of the provisions of this contract, the Primary Governmental Unit shall pay to the Auditor, upon approval by the Secretary of the LGC, the fee, which includes any cost the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (Federal and State grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts. (Note: **Fees listed on signature pages.**)
10. If the Governmental Unit has outstanding revenue bonds, the Auditor shall include documentation either in the notes to the audited financial statements or as a separate report submitted to the SLGFD along with the audit report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor should be aware that any other bond compliance statements or additional reports required in the authorizing bond documents need to be submitted to the SLGFD simultaneously with the Governmental Unit's audited financial statements unless otherwise specified in the bond documents.

Governmental Unit

N/A

Discretely Presented Component Units (DPCU) if applicable

11. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, but not be limited to, the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the client or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board as soon as practical after the close of the accounting period.
12. If the audit firm is required by the NC CPA Board or the Secretary of the LGC to have a pre-issuance review of their audit work, there must be a statement added to the engagement letter specifying the pre-issuance review including a statement that the Governmental Unit will not be billed for the pre-issuance review. The pre-issuance review must be performed **prior** to the completed audit being submitted to the LGC. The pre-issuance report must accompany the audit report upon submission to the LGC.
13. The Auditor shall electronically submit the report of audit to the LGC as a text-based PDF file when (or prior to) submitting the invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the SLGFD by any interested parties. Any subsequent revisions to these reports must be sent to the Secretary of the LGC. These audited financial statements, excluding the Auditors' opinion, may be used in the preparation of official statements for debt offerings, by municipal bond rating services to fulfill secondary market disclosure requirements of the Securities and Exchange Commission and other lawful purposes of the Governmental Unit without subsequent consent of the Auditor. If it is determined by the LGC that corrections need to be made to the Governmental Unit's financial statements, they should be provided within three days of notification unless another time frame is agreed to by the LGC.

If the OSA designates certain programs to be audited as major programs, as discussed in item #2, agreed-upon procedures report, a turnaround document and a representation letter addressed to the OSA shall be submitted to the LGC.

The LGC's process for submitting contracts, audit reports and invoices is subject to change. Auditors should use the submission process in effect at the time of submission. The most current instructions will be found on our website: <https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx>

14. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Secretary of the LGC, this contract may be varied or changed to include the increased time and/or compensation as may be agreed upon by the Governing Board and the Auditor
15. If an approved contract needs to be varied or changed for any reason, the change must be made in writing, on the Amended LGC-205 contract form and pre-audited if the change includes a change in audit fee. This amended contract needs to be completed in full, including a written explanation of the change, signed and dated by all original parties to the contract, and then must be submitted through the audit contract portal to the Secretary of the LGC for approval. The portal address to upload your amended contract is <http://nctreasurer.slgfd.leapfile.net>. No change shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.
16. Whenever the Auditor uses an engagement letter with the Governmental Unit, Item #17 is to be completed by referencing the engagement letter and attaching a copy of the engagement letter to the contract to incorporate the engagement letter into the contract. In case of conflict between the terms of the engagement letter and the terms of

Governmental Unit

N/A

Discretely Presented Component Units (DPCU) if applicable

this contract, the terms of this contract will control. Engagement letter terms are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item #22 of this contract. Engagement letters containing indemnification clauses will not be approved by the LGC.

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

See attached engagement letter.

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

19. The contract must be executed, pre-audited, physically signed by all parties including Governmental Unit and Auditor signatures and submitted in PDF format to the Secretary of the LGC. The current portal address to upload your contractual documents is <http://nctreasurer.slgfd.leapfile.net> Electronic signatures are not accepted at this time. Included with this contract are instructions to submit contracts and invoices for approval as of October 2015. These instructions are subject to change. Please check the NC Treasurer’s web site at www.nctreasurer.com for the most recent instructions.

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

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

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

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

SIGNATURE PAGES FOLLOW

Contract to Audit Accounts (cont.) City of Newton, NC
Governmental Unit N/A
Discretely Presented Component Units (DPCU) if applicable

City of Newton, NC - FEES

Year-end bookkeeping assistance – [For audits subject to Government Auditing Standards, this is limited to bookkeeping services permitted by revised Independence Standards] _____

Audit \$20,250

Preparation of the annual financial Statements \$4,950

Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees above. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year audit fee.

The 75% cap for interim invoice approval for this audit contract is \$ 18,900

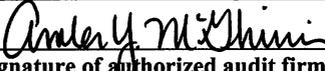
** NA if there is to be no interim billing

Communication regarding audit contract requests for modification or official approvals will be sent to the email addresses provided in the spaces below.

Audit Firm Signature:

Martin Starnes & Associates, CPAs, P.A.
Name of Audit Firm

By Amber Y. McGhinnis, Senior Audit Manager
Authorized Audit firm representative name: Type or print


Signature of authorized audit firm representative

Date February 15, 2016

amcghinnis@martinstarnes.com
Email Address of Audit Firm

Governmental Unit Signatures:

City of Newton, NC
Name of Primary Government

By Anne P. Stedman, Mayor
Mayor / Chairperson: Type or print name and title

Signature of Mayor/Chairperson of governing board
Date _____

By N/A
Chair of Audit Committee - Type or print name

N/A **
Signature of Audit Committee Chairperson

Date N/A
** If Governmental Unit has no audit committee, mark this section "N/A"

City of Newton, NC

PRE-AUDIT CERTIFICATE: Required by G.S. 159-28 (a)

This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act. Additionally, the following date is the date this audit contract was approved by the governing body.

By Serina T. Hinson, Finance Director
Primary Governmental Unit Finance Officer:
Type or print name

Primary Government Finance Officer Signature

Date _____
(Pre-audit Certificate must be dated.)

shinson@newtonnc.gov
Email Address of Finance Officer

Date Primary Government Governing Body Approved Audit Contract - G.S. 159-34(a)

Contract to Audit Accounts (cont.)

City of Newton, NC

Governmental Unit

N/A

Discretely Presented Component Units (DPCU) if applicable

**** This page to only be completed by Discretely Presented Component Units ****

N/A

FEES

Year-end bookkeeping assistance – [For audits subject to Government Auditing Standards, this is limited to bookkeeping services permitted by revised Independence Standards]

Audit N/A

Preparation of the annual financial Statements N/A

Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees above. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year audit fee.

The 75% cap for interim invoice approval for this audit contract is \$ N/A

**** NA if there is to be no interim billing**

Communication regarding audit contract requests for modification or official approvals will be sent to the email addresses provided in the spaces below.

DPCU Governmental Unit Signatures:

N/A

Name of Discretely Presented Component Unit

By N/A

DPCU Board Chairperson: Type or print name and title

Signature of Chairperson of DPCU governing board

Date N/A

By N/A

Chair of Audit Committee - Type or print name

N/A

**

Signature of Audit Committee Chairperson

Date N/A

** If Governmental Unit has no audit committee, mark this section "N/A"

N/A

PRE-AUDIT CERTIFICATE: Required by G.S. 159-28

(a)

This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act. Additionally, the following date is the date this audit contract was approved by the governing body.

By N/A

DPCU Finance Officer:

Type or print name

N/A

DPCU Finance Officer Signature

Date N/A

(Pre-audit Certificate must be dated.)

N/A

Email Address of Finance Officer

Date DPCU Governing Body Approved Audit Contract - G.S. 159-34(a)

N/A

Governmental Unit

N/A

Discretely Presented Component Units (DPCU) if applicable

Steps to Completing the Audit Contract

1. Complete the Header Information – **NEW: If a DPCU is subject to the audit requirements as detailed in the Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not issued for the DPCU and is to be included in the Primary Government’s audit, the DPCU must be named with the parent government on this Audit contract. The Board chairman of the DPCU also must sign the Audit contract.**
2. Item No. 1 – Complete the period covered by the audit
3. Item No. 6 – Fill in the audit due date. For Governmental Unit (s), the contract due date can be no later than 4 months after the end of the fiscal year, even though amended contracts may not be required until a later date.
4. Item No. 8 – If the process for invoice approval instructions changed, the Auditor should make sure he and his administrative staff are familiar with the current process. Instructions for each process can be found at the following link. <https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx>
5. Item No. 9 – **NEW: Please note that the fee section has been moved to the signature pages, Pages 5 & 6.**
6. Item No. 16 – If there is a reference to an engagement letter or other document (ex: Addendum), has the engagement letter or other document been acknowledged by the Governmental Unit and attached to the contract submitted to the SLGFD?
 - a. Do the terms and fees specified in the engagement letter agree with the Audit contract? *“In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract will control.”*
 - b. Does the engagement letter contain an indemnification clause? **The audit contract will not be approved if there is an indemnification clause – refer to LGC Memo # 986.**
7. Complete the fee section for BOTH the Primary Government and the DPCU (if applicable) on the signature pages, please note:
 - The cap on interim payments is 75% of the current audit fee for services rendered if the contracted fee amount is a fixed amount. If any part of the fee is variable, interim payments are limited to 75% of the prior year’s total audit fee. If the contract fee is partially variable, we will compare the authorized interim payment on the contract to 75% of last year’s actual approved total audit fee amount according to our records. There is a report of audit fees paid by each governmental unit on our web site: <https://www.nctreasurer.com/slg/Pages/Non-Audit-Services-and-Audit-Fees.aspx> - Auditors and Audit Fees.
Please call or email Steven Holmberg of our office at 919-807-2394 steven.holmberg@nctreasurer.com if you have any questions about the fees on this list.
 - For variable fees for services, are the hourly rates or other rates clearly stated in detail? If issued separately in an addendum, has the separate page been acknowledged in writing by the Governmental Unit?

Governmental Unit

N/A

Discretely Presented Component Units (DPCU) if applicable

- For fees for services that are a combination of fixed and variable fees, are the services to be provided for the fixed portion of the fee clearly stated? Are the hourly rates or other rates clearly stated for the variable portion of the fee? (Note: See previous bullet point regarding variable fees.)
 - If there is to be no interim billing, please indicate N/A instead of leaving the line blank.
8. Signature Area – There are now 2 Signature Pages: one for the Primary Government and one for the DPCU. Send the page(s) that are applicable to your Unit of Government. Make sure all signatures have been obtained, and properly dated. **The contract must be approved by Governing Boards pursuant to G.S. 159-34(a). NEW - If this contract includes auditing a DPCU that is a Public Authority under the Local Government Budget and Fiscal Control Act it must be named in this Audit contract and the Board chairperson of the DPCU must also sign the Audit contract in the area indicated. If the DPCU has a separate Audit, a separate Audit contract is required for the DPCU.**
9. Please place the date the Unit's Governing Board and the DPCU's governing Board (if applicable) approved the audit contract in the space provided.
- a. Please make sure that you provide email addresses for the audit firm and finance officer as these will be used to communicate official approval of the contract.
 - b. Has the pre-audit certificate for the Primary Government (and the DPCU if applicable) been signed and dated by the appropriate party?
 - c. Has the name and title of the Mayor or Chairperson of the Unit's Governing Board and the DPCU's Chairperson (if applicable) been typed or printed on the contract and has he/she signed in the correct area directly under the Auditor's signature?
10. If the Auditor is performing an audit under the yellow book or single audit rules, has year-end bookkeeping assistance been limited to those areas permitted under the revised GAO Independence Standards? Although not required, we encourage Governmental Units and Auditors to disclose the nature of these services in the contract or an engagement letter. Fees for these services should be shown in the space indicated on the applicable signature page(s) of the contract.
11. Has the most recently issued peer review report for the audit firm been included with the contract? This is required if the audit firm has received a new peer review report that has not yet been forwarded to us. The audit firm is only required to send the most current Peer Review report to us once – not multiple times.
12. After all the signatures have been obtained and the contract is complete, please convert the contract and all other supporting documentation to be submitted for approval into a PDF file. Peer Review Reports should be submitted in a separate PDF file. These documents should be submitted using the most current submission process which can be obtained at the NC Treasurer's web site – <https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx>.
13. NEW: If an audit is unable to be completed by the due date, an Amended Contract should be completed and signed by the unit and auditor, using the new "Amended LGC-205" form (Rev. 2015). The written explanation for the delay is now included on the contract itself to complete, and must be signed by the original parties to the contract.



SYSTEM REVIEW REPORT

To the Partners of Martin Starnes & Associates, CPAs, P.A.
and the Peer Review Committee of the North Carolina Association
of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Martin Starnes & Associates, CPAs, P.A. (the firm) in effect for the year ended December 31, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Martin Starnes & Associates, CPAs, P.A. in effect for the year ended December 31, 2014, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Martin Starnes & Associates, CPAs, P.A. has received a peer review rating of *pass*.

Koonce, Wooten & Haywood, LLP

Koonce, Wooten & Haywood, LLP

May 21, 2015

Raleigh
4060 Barrett Drive
Post Office Box 17806
Raleigh, North Carolina 27619
919 782 9265
919 783 8937 FAX

Durham
3511 Shannon Road
Suite 100
Durham, North Carolina 27707
919 354 2584
919 489 8183 FAX

Pittsboro
10 Sanford Road
Post Office Box 1399
Pittsboro, North Carolina 27312
919 542 6000
919 542 5764 FAX

CITY OF NEWTON REQUEST FOR COUNCIL ACTION

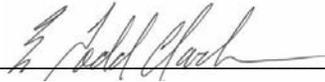
DATE: February 22, 2016

TO: E. Todd Clark, City Manager

FROM: Sean Hovis, Assistant City Manager

CONSIDERATION OF: Street Closure

Approved for Council Consideration



Background:

Richard Dixon of Richie's Rides is requesting street closure dates for "Cruisin Newton" a car show event for pre 1979 cars. The requested dates are April 09th, May 14th, June 11th, July 9th, September 10th, and October 08th from 3:00 p.m. until 9:00 p.m. Richard Dixon has requested that the following streets be closed:

Saturday afternoon 3:00 p.m.: A Street between Brady and North Main Avenue, College Avenue between B Street and 1st Street, and 1st Street between College Avenue and Main Avenue.

The streets will be re-opened Saturday evening at 9 p.m.

If approved by City Council, staff will assist with filing the request on behalf of Richard Dixon of Richie's Rides for the street closure with the N.C.D.O.T. for the closure of this street per the attached map.

Requested Action:

That City Council decide whether to authorize the closure of the streets as requested by Richard Dixon and the Cruisin Newton event, for the dates of April 09th, May 14th, June 11th, July 09th, September 10th, and October 08th, 2016 from 3:00 p.m. until 9:00 p.m.

North Carolina Department of Transportation
Special Event Request Form
Revised 8/5/14, Effective 7/31/15

This request form is required for non-governmental entities for all special events requiring a road, lane, and/or shoulder closure, or repurposing a State Highway System facility for something other than its intended use, except where a county or municipality is regulating the use of the highways in accordance with General Statute §20-169. This form must be submitted with a formal request to the appropriate Division Engineer(s) at least sixty (60) days prior to the scheduled beginning of the event. See a listing of the Highway Divisions and their contact information at the following URL:

<https://apps.dot.state.nc.us/dot/directory/authenticated/UnitPage.aspx?id=630>

Section A: Event Information

Name of Event: Craze in Newton
Type of Event: Car cruise
County/Countries: Catawba
City/Cities: Newton
Event Date(s): April 9th / May 14th / June 11th / July 9th / Sept 10 / Oct 8th
Event Time(s): 3:00 pm to 9:00 pm
Primary Sponsoring Organization: Richie's Rides
Anticipated number of participants (estimate): 150+
Anticipated number of spectators (estimate): 100+
Approximate distance in miles: _____
Requested Action(s): Road Closure Lane Closure Shoulder Closure
(Check all that apply) Repurposing a State Highway System facility for something other than its intended use

Section B: Contact Information

Director/Organizer Name: Richard Dixon Email: richiesrides@yahoo.com
Mailing Address: 2070 Vance St
Newton NC, 28658
Telephone 1: 828-461-0634 Telephone 2: _____ Fax: _____
Responsible Local Government: _____
Local Government Contact: _____ Telephone: _____
Responsible Law Enforcement Agency: _____
Law Enforcement Contact: _____ Telephone: _____

Section C: Support Material (check list)

The following support documentation must be attached to this request before it will be considered (as applicable following discussions with the local Highway Division(s))...

- 1. Detailed location(s) of event including maps indicating proposed route(s) used by the event. Any changes to the proposed routes shall be submitted as soon as the change is made.
- 2. Detailed description of the event and how it will affect the route(s) used by the event.
- 3. Written acknowledgement and approval by all local governments whose jurisdiction the event is being held in.
- 4. Written acknowledgement and approval by local law enforcement and/or the State Highway Patrol.
- 5. Type, description, and location of any proposed temporary lane closures/interference, road closures/interference, traffic control and signing with appropriate maps, sketches, detour routes, and written acknowledgement from the agency providing the temporary closures/interference, traffic control, and/or signing accepting responsibility for such.
- 6. Description of notification to residents along the route as a safety and informational service.
- 7. Waiver modification or insurance (select one)
 - a. Addition of the State of North Carolina and the North Carolina Department of Transportation into participant release waivers (see Appendix A). A copy of a blank waiver shall be provided.
 - OR –
 - b. Certificate of liability insurance as follows:
 - General Liability, Each Occurrence: minimum amount of \$1,000,000
 - Description field: name and type of the event (as indicated in Section A, above)
 - Description field: the State of North Carolina and the North Carolina Department of Transportation named as additional insured parties (this is at the discretion of the individual insurance company)
 - Note – Additional liability insurance may be requested at the discretion of the Department

Section D: Terms and Conditions

The following applies to all approved events...

- 1. Requestor shall be responsible for proper closure of the lanes/roads according to the Manual on Uniform Traffic Control Devices (MUTCD).
- 2. Requestor shall be responsible for providing all necessary traffic control using the appropriate law enforcement agency/agencies or individuals trained in traffic control as set forth in General Statute §20-114.1.
- 3. Requestor shall be responsible for notification of all emergency services and other responders of any impending closures and/or interference.
- 4. Event shall be supported by, or endorsed by, the local governing body/bodies.
- 5. If the event is a bicycle race, requestor shall be responsible for following rules and statutes specific to bicycle racing as provided for in General Statute §20-171.2.
- 6. Requestor shall ensure that all debris, litter, decorations, and other items associated with the event are removed following the event.

Section E: Signatures

Requestor Signature: 

Date: 2/12/2016

Appendix A

Example of Including the State of North Carolina and the North Carolina Department of
Transportation in Release Waivers

*** Only required if not submitting a certificate of liability insurance ***

[EVENT NAME]
AGREEMENT TO PARTICIPATE RELEASE WAIVER

In consideration of being allowed to participate in any way in [Organization Name] related events and activities; the undersigned acknowledges, appreciates and agrees that:

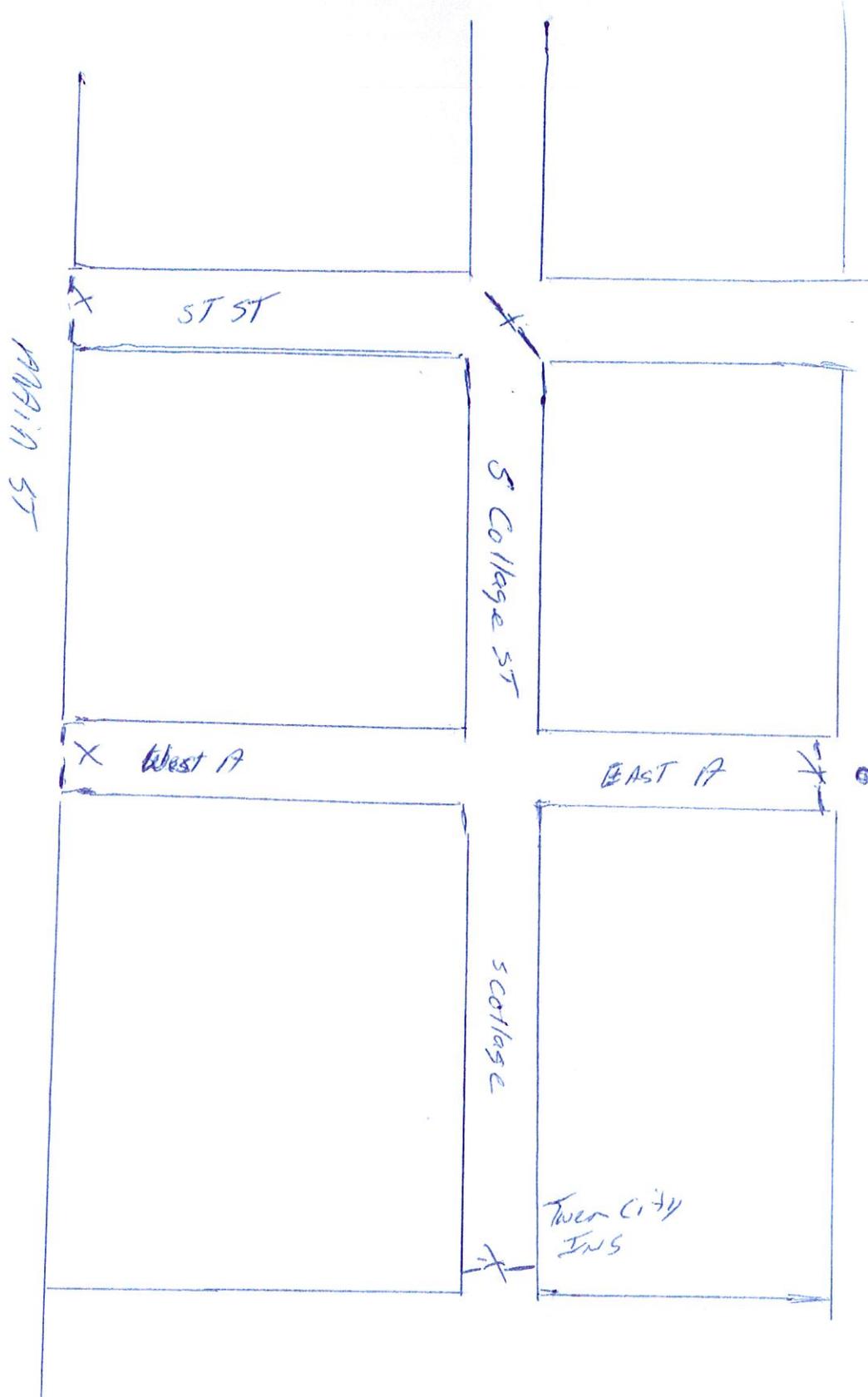
1. The risk of injury from the activities involved in [Event Name] is significant, including the potential for permanent paralysis and death; and,
2. I knowingly and freely assume all such risks, both known and unknown, even if arising from the negligence of the releasees or others, and assume full responsibility for my participation; and,
3. I willingly agree to comply with the stated and customary terms and conditions for participation. If, however, I observe any unusual significant hazard during my participation, I will remove myself from participation and bring such to the attention of the nearest [Organization Name] representative; and,
4. I, for myself and on behalf of my heirs, assigns, personal representatives and next of kin, hereby release and hold harmless [Organization Name], their officers, officials, agents and/or employees, volunteers, other participants, sponsoring agencies, sponsors, advertisers, and if applicable, owners and lessors of premises used to conduct the event.
5. I, for myself and on behalf of my heirs, assigns, personal representatives and next of kin, hereby release and hold harmless the State of North Carolina, the North Carolina Department of Transportation, [County Name] County, [Municipality Name, if applicable], their officers, officials, agents and/or employees, volunteers.
6. I grant to [Organization Name] my permission to use without charge any and all photographs, video reproductions or other like kinds of image productions taken during the event.
7. I understand that [Event Name] and its staff are not responsible for the loss, theft, or any damages to personal property which includes, but is not limited to bicycles, vehicles, tents, trailers, luggage, etc.
8. I understand that I can be removed from the ride at any time for any reason with no refund.

I have read this release of liability and assumption of risk agreement, fully understand its terms, understand that I have given up substantial rights by signing it, and sign it freely and voluntarily without any inducement.

Richard Dixon
Name

Richard Dixon
Signature

2/22/2016
Date



Vehicles will be parked in an Both sides of Street
 Spectators will be walking in Streets.
 This is pre 99 car cruise in/Car Show

**CERTIFICATE OF ACHIEVEMENT
NEWTON-CONOVER HIGH SCHOOL MEN'S WRESTLING TEAM
STATE 2A DUAL-TEAM CHAMPIONS**

WHEREAS, the Newton-Conover High School Men's Wrestling Team captured the State 2A Dual-Team Championship on February 6, 2016 with a 34-25 victory over Dixon High School; and

WHEREAS, this season the Red Devils reached the dual-team semifinals for the tenth straight year; and

WHEREAS, their season record is 44-2 and this is their third dual team State title in four years; and

WHEREAS, they are Southern District 7 Champions and Southern District 7 Tournament Champions; and

WHEREAS, the team players are Spencer Harris, Cole Yoder, Nick Foster, Jayden Kimsey, Austin Scott, Luke Canrobert, Elias Little, Logan Spencer, Morgan Fulbright, Carson Dollarhide, Matthew Minor, Chris Payne, Alexander Barkley, Will Gaither, Jacob Holt, Jacob Hardee, Andy Henze, Ben Benson, Isaiah Provance, Dakota Leatherman, Sam Smith, Josh Walker, Isaiah Swofford, CJ Blanton, Riley Butler, James Rimerez, Jarad Sigmon, DaQuan Reinhardt, Isaac Punch, Damion Epps, and Jonathan Dellinger. They are coached by Eddy Clark, Vallie Murray and Justin Shuffler and managed by Dawson Chambers, Savannah Schronce and Sarah Walker.

NOW, THEREFORE, BE IT RESOLVED that the Newton City Council, on behalf of the citizens of Newton, and the Conover City Council, on behalf of the citizens of Conover, publicly commends the **Newton-Conover High School Men's Wrestling Team** for these outstanding achievements.

Adopted this the 1st day of March, 2016.

Adopted this the 7th day of March, 2016.

Newton Mayor
Anne P. Stedman

Newton City Clerk
Amy S. Falowski

Conover Mayor
Lee E. Moritz, Jr.

Conover City Clerk
Cara C. (Chris) Reed



**CITY OF NEWTON
REQUEST FOR COUNCIL ACTION**

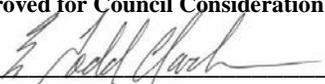
DATE: February 19, 2016

TO: Todd Clark, City Manager

FROM: Shannon Johnson, Main Street Program Coordinator

CONSIDERATION OF: 2016 Main Street Solutions Grant Application

Approved for Council Consideration



Background:

A state fund, known as the Main Street Solutions Fund, was established in the Department of Commerce through N.C. Gen. Stat. § 143B-472.35. This Fund is administered by the N.C. Main Street Center/Office of Urban Development, and is being used to provide economic development grants to Main Street communities and other eligible micropolitans located in Tier 2 and Tier 3 counties. The City of Newton applied for and received a Main Street Solutions Fund grant on behalf of Second Nature Technology/Carolina Vines during the 2011 round of the Main Street Solutions Fund program.

Review

A local business owner has requested the City of Newton's assistance with an application for a Main Street Solutions grant. The grant would be used for the renovation of a downtown building which would serve as a new business in downtown. City staff has reviewed the project with the North Carolina Main Street grant administrator. We believe that the project will likely meet the criteria required for a Main Street Solutions Fund grant. An application must be submitted as soon as possible to have a chance at being funded before existing monies are depleted.

The minimum grant amount is \$25,000 and the maximum per community is \$200,000 for each round of Solutions Fund grant money. The minimum required match in non-state or non-federal money is \$2.00 for each \$1.00 in grant funds. The grant amount is also limited to \$25,000 for each full-time, permanent job created.

The Main Street Solutions Fund grants funds for qualified projects on a first-come first-serve basis. Funds are expected to be depleted before the end of June 2016

This grant program is a reimbursement of eligible expenditures, and payment of the grant is contingent upon meeting investment and job creation expectations. The City of Newton would serve as the legal applicant for this grant. Like the 2011 grant awarded to the City, the City would be the grant administrator and would be responsible for certifying the accuracy of the final grant payment request.

REQUESTED ACTION

Staff requests that City Council approve the Resolution in support of a 2016 Main Street Solutions Grant Application and authorizing the City Manager to execute the grant application and agreement on behalf of the City.

RESOLUTION 2-2016

CITY OF NEWTON RESOLUTION OF SUPPORT OF A MAIN STREET SOLUTIONS GRANT APPLICATION AND AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE THE APPLICATION AND GRANT AGREEMENT ON BEHALF OF THE CITY

WHEREAS, the State of North Carolina Department of Commerce, Division of Community Assistance has announced the opportunity for Designated Main Street Program Cities to apply for a state funded grant known as the Main Street Solutions Grant; and

WHEREAS, the City of Newton is a designated Main Street Program City and is eligible to apply for said grant; and

WHEREAS, City staff has received a request for grant assistance from a locally-owned business concerning this grant opportunity; and

WHEREAS, City staff has reviewed the proposed project and has found that the project will likely meet the criteria for the Main Street Solutions Grant; and

WHEREAS, the grant application requires a resolution of support of the grant application and authorization of a designated agent to execute the grant application and execute a grant agreement on behalf of the City if awarded the grant; and

WHEREAS, staff has recommended that the City submit an application on behalf of this locally-owned business for the renovation of a downtown building and the creation of new jobs in the downtown area,

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Newton does hereby declare its support of submission of a 2016 Main Street Solutions Grant application and authorizes the City Manager to execute the grant application and grant agreement on behalf of the City.

Adopted this 1st day of March, 2016

Anne P. Stedman, Mayor

Amy S. Falowski, City Clerk



**CITY OF NEWTON
REQUEST FOR COUNCIL ACTION**

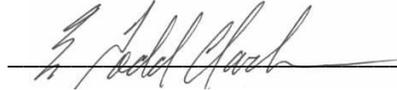
DATE: February 26, 2016

TO: Newton City Council

FROM: Todd Clark, City Manager

CONSIDERATION OF: Nonprofit Funding Policy

Approved for Council Consideration



Background:

The City Council receives a number of requests each year from various nonprofit organizations that are seeking grant funding. These requests are reviewed by the City Manager and a recommendation for funding is made to City Council as part of the Manager's proposed annual budget to Council.

Review:

The City Council asked the City Manager to draft a "Nonprofit Funding Policy" to assist the Council in making funding decisions each year. As directed, a Policy was drafted and subsequently presented to City Council as information in the City Manager's Report during the February 16, 2016, city council meeting.

City Council is advised that the Finance Director and I have given additional consideration to small nonprofit organizations that may not be able to comply with certain provisions of the policy as originally drafted. As an example, some smaller organizations may not be able to produce an IRS tax-exempt letter confirming 501(c)(3) status or provide an annual independent financial audit for their organization. Consequently, we added the following paragraph to assist smaller organizations:

"Organizations with annual gross receipts under \$5,000 are exempt from providing an application and required eligibility documents; however, a request for funding in writing is required annually."

As amended, the policy is for City Council's consideration and there are no statutory requirements to adopt any or all of the policy.

Recommendation:

The City Council is asked to consider the "Nonprofit Organization Funding Policy" for adoption.



City of Newton Nonprofit Organization Funding Policy February 16, 2016

Purpose:

The purpose of this policy is to promote partnerships between the City of Newton (Newton) and nonprofit organizations for the benefit of Newton residents, to equitably and efficiently allocate resources to strengthen organizations, and to provide sound and clear methods for decisions.

Policy Statement:

The City of Newton has no statutory requirement to fund nonprofit agencies. Accordingly, Newton may elect to provide a grant or to provide a low-interest loan to a nonprofit organization to provide services that are vital to the City. In each case, the City Council will carefully review the circumstances surrounding the request and determine the urgency of need and its value to Newton. The programs or services provided by the nonprofit organization should fulfill one or more of the following:

- Complement or enhance a vital City service at a reduced cost.
- Provide a more cost effective or operationally expedient service than the City.
- Fill in a critical gap that may exist between government services and community needs.

Organizations serving Newton are defined as those with a 501C(3) designation and is a group which regularly comes together for purposes of promoting, providing or supporting services, and is one which is described in one or more of the following: uses a location within Newton's corporate limits for its primary service area, has an office in Newton, has a majority of Newton residents in its service population, or conducts a majority of its activities and programs in Newton. Organizations with annual gross receipts under \$5,000 are exempt from providing an application and required eligibility documents; however, a request for funding in writing is required annually.

Funding Request/Eligibility Criteria:

Applicants for funding are required to submit the following documents to the City on or before February 28th of each year to be considered for funding in the City's next fiscal year budget:

- Each organization must submit a “Non-Profit Agency Funding Application”, as provided by the City of Newton,
- Applicants are required to submit a copy of their organization's annual budget,
- Submit a list of all board members (name, address, term and office)
- Provide a non-discrimination statement (confirm that it does not discriminate in employment or opportunity based on race, color, religion, creed, national origin, ancestry, disability, gender, sexual orientation, or age).
- Provide conflict of interest statement (organization does not pay board members for participation on the board or hire board members to do other work).
- Submit an IRS tax-exempt letter confirming 501(c)(3) nonprofit status.
- Submit the most current IRS Form 990 or 990EZ (NCGS 55A-16-24).
- Submit audited, reviewed or compiled financial statements prepared for the most current fiscal year. (NCGS 159-40: a City may require an audit for any fiscal year in which it provided \$1,000 or more. NCGS55A-16-24: a City may request financial statements of any organization that receives \$5,000 or more in public funding from any local, State or federal government).

Note: All criteria under this process must be met; otherwise, the organization is deemed ineligible. Whether or not an organization received funding in a prior year will not be a determining factor in the recommendation process. Each year will be evaluated independently of any prior year funding decisions. Therefore, an award one year is not a guarantee of funding in any future year(s).

Review Process:

A public notice announcing the funding process for nonprofit organizations will be made on the City's website in January of each year. This annual process is timed to complement the City's

annual budget process. Formal applications that are received after the February 28th deadline or do not provide the required information as set forth herein will be deemed ineligible for funding. Eligibility for funding will be reviewed by the City Manager, Finance Director and any designees.

Funding Process:

A recommendation for funding and a recommended amount will be presented to City Council for their consideration as part of the annual budget process. Subsequent to City Council approval of the annual budget, letters will be mailed to each applicant notifying them of the outcome of their request. Successful funding awards will be effective for one year, unless an exception is made by the Newton City Council.

**CITY OF NEWTON
NON-PROFIT AGENCY FUNDING APPLICATION**

(Please type or print all information)

1. Agency Name: _____

2. Agency Mailing Address: _____

3. Agency's Main Phone #: _____ 4. Website: _____

5. Contact Person: _____ 6. Contact's Phone #: _____

7. Contact's email: _____ 8. Agency's Director: _____

9. Amount of City Funding Requested for FY 2015-2016: \$ _____

10. What does your agency do? _____

11. What type of grant are you requesting?
 one-time project grant
 start-up grant for a new program
 start-up grant for a new nonprofit agency
 sustaining grant.
Please Explain:

12. Why are City of Newton funds being requested, and how would funds allocated be used?
(Attach an additional sheet if necessary).

13. To whom does your agency provide services? _____

14. What is the geographic service area of your agency? _____

15. If your agency serves residents living outside the City of Newton, please indicate the approximate percentage of total persons served that live outside of the City.
_____ %

16. What other area agencies provide similar services? _____

17. List any of your agency's sponsors and/or affiliated agencies. _____

18. Will an evaluation be made at the end of the funded period to determine if the organization's goals and objectives have been met?

Yes / No (*circle answer*)

19. Is your agency (*circle answer*):

- Licensed or Certified by the State of North Carolina? **Yes / No**
- Chartered as a nonprofit corporation by the State of North Carolina? **Yes / No**
- Certified by the Federal Government as a tax-exempt organization under 26 USC 501(c)(3)? **Yes / No**

20. Provide the name and title of all bonded agency officials responsible for the authorization of expenditures and the disbursement of funds. Indicate the amount of each bond.

Name & Title Bond Amount

\$ _____

\$ _____

21. If the City of Newton has previously funded your agency, indicate the percent of your total annual budget represented by City funding:

FY 2013-2014 _____ %
FY 2014-2015 _____ %

What percent of your proposed 2015-2016 budget would the requested funds from the City of Newton represent?

FY 2015-2016 _____ %

22. Does your agency have a detailed budget, which controls and guides the use of funds throughout the funding period?

Yes / No (circle answer)

23. Does a licensed CPA perform an annual audit for all funds handled by your agency?

Yes / No (circle answer).

24. What is the period of your agency's fiscal year _____ to _____
month/yr month/yr

25. Is it anticipated that the City will be asked to continue providing funds in the future?

Yes / No (circle answer).

If **Yes**, estimate your request from the City for the following years:

FY 2016-2017 \$ _____

FY 2017-2018 \$ _____

26. Other specific comments in support of your budget request.

Completed by: _____

Title: _____

Signature: _____

Date: _____