

Review of City of Lincolnton 2025-26 Budget



City Budget

City Budget Process

1. The city manager and staff propose the annual budget and present it to the city council for consideration.
2. The city is required to adopt a balanced city budget by June 30 for the upcoming budget year, following a public hearing on the proposed budget. The city council voted to adopt the 2025-26 proposed budget on June 3, 2025. The budget was unanimously approved (4-0).

Types of Funds- The city budget consists of 6 different funds:

- **General Fund** – (\$19,665,458) This fund covers most city operations, such as Fire, Parks and Recreation, Police, Streets and Planning. The property tax rate is 50 cents per \$100 valuation. The Boger City Fire District tax rate is 12.5 cents per \$100 valuation.
- **Powell Bill Fund** – (\$390,000) This fund shall be expended primarily for the purposes of resurfacing streets within the corporate limits of the municipality but may also be used for maintaining, repairing, constructing, reconstructing or widening of any street or public thoroughfare within the municipal limits or for planning, construction, and maintenance of bikeways, greenways or sidewalks.
- **Special Revenue Fund** – () This fund serves to accommodate revenues received through dedicated grant revenue sources. These will be budgeted out once the City of Lincolnton receives and makes obligations.
- **Water and Sewer Fund** – (\$10,258,200) This fund covers the operation and maintenance of the city water and sewer infrastructure and provides drinking water to city customers. There were no increases in rates.
- **Electric Fund** – (\$8,872,867) This fund covers the operation and maintenance of the city electric infrastructure and provides electricity to city customers. There were no increases in rates.

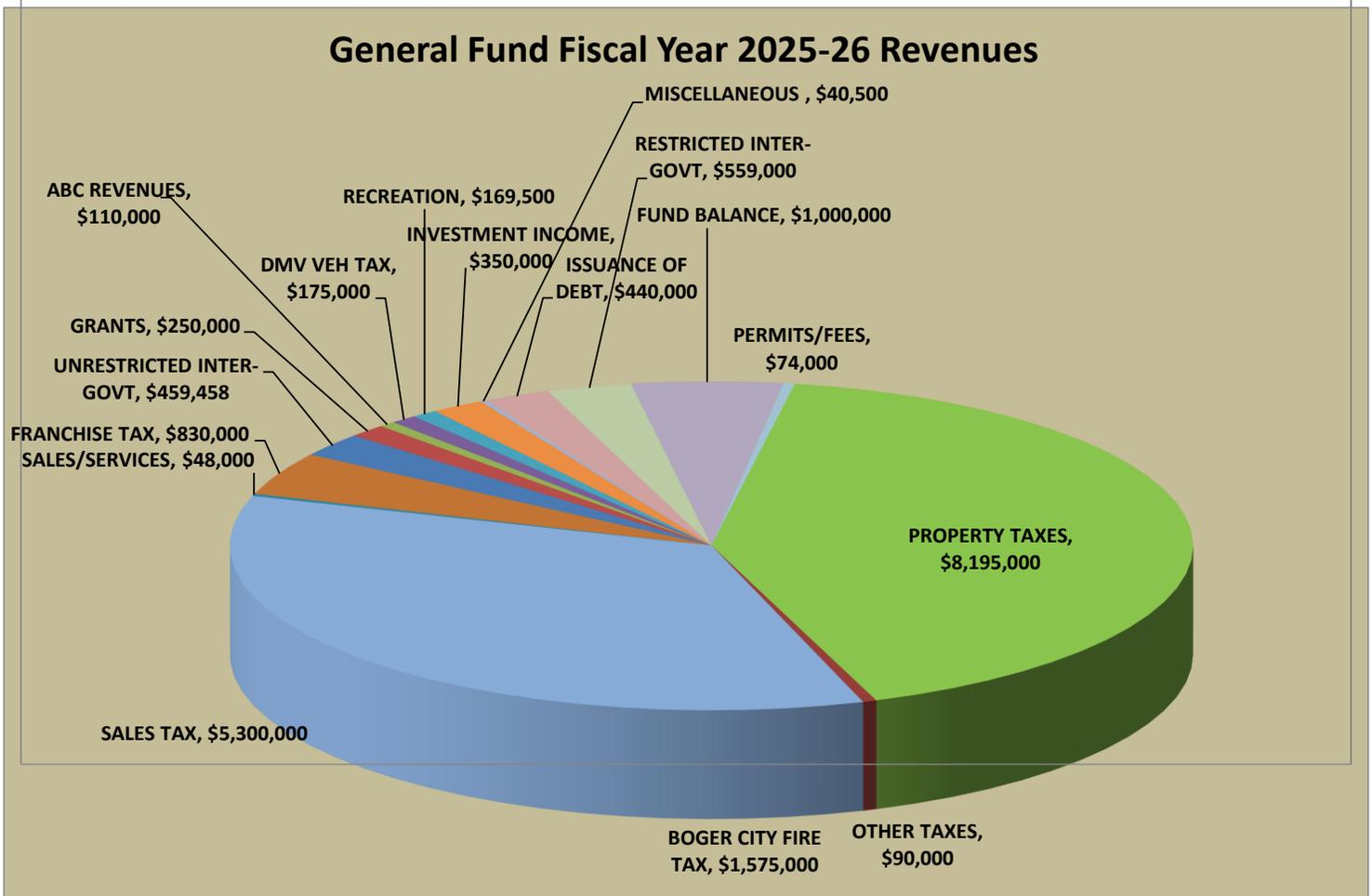
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Budget (Fiscal) Year- The City of Lincolnnton budget year runs from July 1 through June 30 of the following year.

City Demographics

- Population - ~12,128
- Water Customers – 6,447
- Sewer Customers – 4,993
- Electric Customers – 2,985
- City Full Time Employees – 177

For fiscal year 2025-26, the City of Lincolnnton projected revenues for the General Fund total \$19,665,458. The largest sources of revenue are Property Taxes, Sales Tax and Franchise Tax. The following section provides a brief description of the city’s revenue sources by category:



<p>Property Taxes (41.67%) Taxes collected from property owners based upon an assessed valuation and tax rate. The dollar amount received is to be used to fund governmental services and debt service. The City’s tax rate changed to 50 cents per \$100. Prior to the FY2324 budget the tax rate had not changed since tax year 2000.</p>	<p>Permits and Fees (0.38%) Fees collected for issuance of permits by the city. One of the large components of this is business licenses.</p>
<p>Sales Tax (26.95%) Taxes imposed on the purchase, sale, rental, storage use or</p>	<p>Restricted Inter-Government (2.84%) Revenue from other governments in the form of operating grants,</p>

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consumption of tangible personal property and related services. Specifically represents the city's portion of the 2% sales and use tax collected.	shared revenues. Must be spent as specified in the grants.
Boger City Fire Tax (8.01%) Taxes collected from property owners based on an assessed valuation and tax rate within Boger City. The dollar amount received is to be used to cover the operating costs for the fire department located in Boger City.	Investment Income (1.78%) Interest revenue from the City's operating and investment accounts.
Franchise Tax (4.22%) Taxes imposed on corporations or businesses for using public property for private purposes.	Unrestricted Inter-Government (2.34%) Revenue from inter-fund transfers related to providing administrative and support services to enterprise operations.
Other Taxes & Licenses (0.46%) Taxes not classified under any other taxes.	Miscellaneous (0.21%) Fees collected for items not categorized above.
Sales and Services (0.24%) Fees collected for general government services.	Recreation Fees (0.86%) Fees collected for participation in activities and facility rentals.
ABC Revenues (0.56%) ABC profits paid to the City.	DMV Vehicle Tax (0.89%) \$20 fee per non-motorized vehicle in the City limits.
Issuance of Debt (2.24%) Loans for Capital Expenses	Fund Balance (5.09%) Funds not included in budget that are similar to a "savings account".
Grants (1.27%) Funds received from other sources for specific needs.	

The financial review section is designed to provide information to give the reader an increased level of understanding of how available resources are utilized to provide services. The section below summarizes the city's largest sources of revenue and expenses.

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WHERE THE MONEY COMES FROM.....

GENERAL FUND REVENUES	FY 2025-26	%
PROPERTY TAXES	8,195,000	41.7%
OTHER TAXES & LICENSES	90,000	0.5%
BOGER CITY FIRE TAX	1,575,000	8.0%
SALES TAX	5,300,000	27.0%
SALES & SERVICES	48,000	0.2%
FRANCHISE TAX	830,000	4.2%
DMV VEHICLE TAX	175,000	0.9%
GRANTS	250,000	1.3%
ABC REVENUES	110,000	0.6%
RECREATION	169,500	0.9%
INVESTMENT INCOME	350,000	1.8%
ISSUANCE OF DEBT	440,000	2.2%
UNRESTRICTED INTER-GOVERNMENT	459,458	2.3%
MISCELLANEOUS	40,500	0.2%
RESTRICTED INTER-GOVERNMENT	559,000	2.8%
PERMITS & FEES	74,000	0.4%
FUND BALANCE	1,000,000	5.1%
TOTAL GENERAL FUND REVENUES	19,665,458	100%
POWELL BILL FUND	390,000	100%
SPECIAL REVENUE FUND	-	100%
BUSINESS TYPE REVENUES		
WATER SALES/SEWER SALES	8,810,000	47.4%
OTHER WATER REVENUES	448,200	2.4%
ISSUANCE OF DEBT-W&S	-	0.0%
FUND BALANCE- WATER FUND	1,000,000	5.4%
ELECTRICITY SALES	7,257,875	39.1%
OTHER ELECTRIC REVENUES	455,271	2.5%
ISSUANCE OF DEBT-ELECTRIC	159,721	0.9%
FUND BALANCE- ELECTRIC	1,000,000	5.4%
TOTAL BUSINESS TYPE REVENUES	19,131,067	100%
TOTAL REVENUES	39,186,525	

WHERE THE MONEY GOES.....

GENERAL FUND	FY 2025-26	%	Cents
FIRE	5,224,103	26.6%	13.3 ¢
POLICE	5,383,000	27.4%	13.7 ¢
STREET MAINTENANCE	1,432,620	7.3%	3.6 ¢
PARKS & RECREATION	1,192,930	6.1%	3.0 ¢
GENERAL EXPENSE	3,076,803	15.6%	7.8 ¢
SOLID WASTE	1,152,150	5.9%	2.9 ¢
GENERAL DEBT SERVICE	318,861	1.6%	0.8 ¢
CITY MANAGER/CLERK	296,830	1.5%	0.8 ¢
FINANCE	64,335	0.3%	0.2 ¢
IT GENERAL SERVICES	339,772	1.7%	0.9 ¢
PLANNING/ZONING	410,655	2.1%	1.0 ¢
HUMAN RESOURCES	296,460	1.5%	0.8 ¢
PUBLIC WORKS	117,994	0.6%	0.3 ¢
COMMUNITY DEVELOPMENT	39,120	0.2%	0.1 ¢
EQUIPMENT SERVICES	319,825	1.6%	0.8 ¢
TOTAL GENERAL FUND EXPENSES	19,665,458	100%	50.0 ¢
POWELL BILL FUND	390,000	100%	
SPECIAL REVENUE FUND	-	100%	
TOTAL GOVERNMENTAL ACTIVITIES	20,055,458		
BUSINESS TYPE FUNDS			
WATER TREATMENT	2,270,500	11.9%	
DISTRIBUTION AND COLLECTION	3,748,427	19.6%	
WASTEWATER	2,076,915	10.9%	
WATER AND SEWER INTANGIBLES	2,162,358	11.3%	
TOTAL WATER/SEWER FUND	10,258,200		
ELECTRIC FUND	8,872,867	46.4%	
TOTAL BUSINESS TYPE ACTIVITIES	19,131,067	100%	
TOTAL EXPENSES	39,186,525		

General Fund Revenue

All revenue that is not required to be reported as program revenue. All taxes, even those that are levied for specific purposes, are general revenues and should be reported by type of tax.

Business-Type Activities

One of two classes of activities reported in the government-wide financial statements. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. These activities are normally reported in enterprise funds. The city currently has two business-type funds- The Water and Sewer Fund and The Electric Fund.

Powell Bill Revenue

Powell Bill allocations are made to incorporated municipalities which establish their eligibility and qualify per North Carolina General Statute 136-41.1 through 136-41.4.

Government Activities

Activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues.

Special Revenue

Specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

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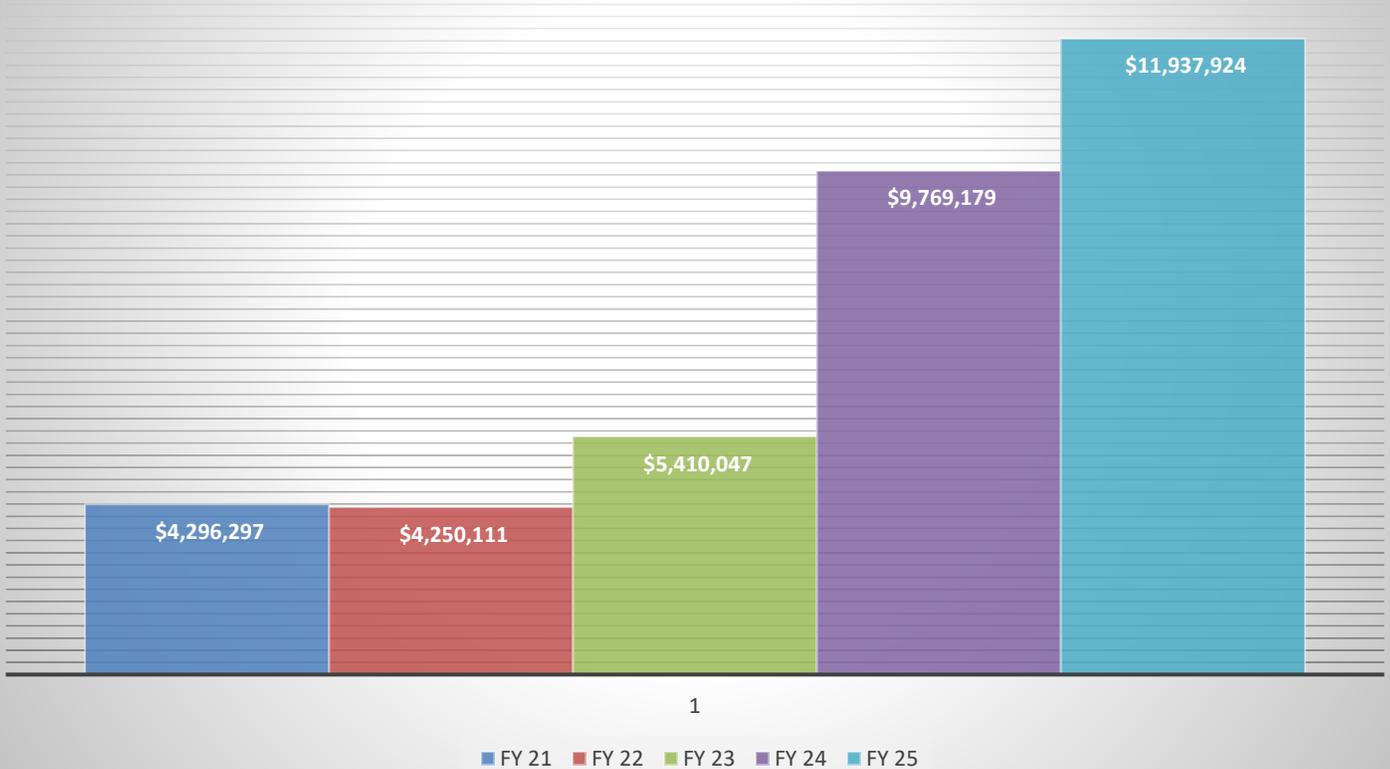
FUND BALANCE QUESTIONS

- **What is fund balance?**
 - This is what governments call monies that have accumulated over the years that are set aside for future use. It is similar to a savings account that individuals have. Many people refer to this as the “Rainy Day Fund”.
- **Where did the money in fund balance come from?**
 - Budgets are done on an estimated basis. Whatever money is not spent each year automatically becomes part of fund balance.
- **Why does the City need fund balance?**
 - The Local Government Commission that monitors all governmental agencies in NC requires that a minimum of the general fund balance be at least 25% of the general fund expenditures at the end of the fiscal year. This became effective with FY 2020-2021. In order to plan for unforeseen operational needs, it is necessary to keep more than the required minimum.
- **Does the City ever spend fund balance?**
 - Yes. Depending on the economy, the City may appropriate a portion of the fund balance in the regular budget in order to meet the needs to operate and provide services. The goal is to maintain the fund balance at a constant level. However, in the past couple of years, the City has been able to increase the fund balance due to cost cutting initiatives and streamlining processes.
- **How much is the City’s fund balance?**
 - The City’s available General Fund Balance is \$12,575,953, or 71.55% per the City of Lincolnton’s FY2324 audit. This is in line with the state average for a municipality with an electric system and with a population grouping of 10,000 to 49,999. The City is carefully monitoring the budget in order to stabilize revenues and expenses.

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Unassigned General Fund Balance History

*** Balances represent available fund balance from the prior year that can be used in FY noted.***



PROJECTS/ACCOMPLISHMENTS

- **Public Service Center Project/Substation-\$910K (Phase II-Architectural Services)**
 - The City purchased the Excel Textile Supply Company building and surrounding land in November 2022. This is Phase II – PSC architectural up fit of the facilities portion of the PCP/Substation Project. The City is contracting with Becker Morgan Group, Inc out of Charlotte as the Architect of the project with an estimated cost of \$810K and Edifice, LLC out of Charlotte as the Construction Manager with an estimated cost of \$100K. This phase also includes the design layout of the PSC campus with a focus on expansion. The cost for this project is expected to be ~\$8,000,000 to \$9,000,000, with the City receiving bids in the winter of 2025. Construction is expected to begin in early 2026 with an anticipated completion sometime in the spring of 2027.
- **Ford Property (202 N Poplar Street, 216 N Poplar Street & adjacent lot)-\$500K**
 - The City purchased the Ford Property near First Federal Park in March 2025. The property is near the Ford Property purchased in February of 2024. The City plans to expand First Federal Park and construct additional downtown parking at a future date.

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- **City Park Redevelopment-\$4.1M (project extension of time)**

-The City contracted with McGill & Associates to facilitate the City Park Redevelopment project. This project is a multi-year endeavor to add to the City's Parks and Greenway. The City will be utilizing funding from various sources to pay for this project including ARPA funds, grant opportunities such as the NC PARTF Grant and LWCF, if available, and other sources. Construction is anticipated to begin in early 2026 with a completion time frame of the end of 2027.

***** The City of Lincolnnton was awarded \$500,000 from the N.C. Parks and Recreation Trust Fund for the City Park Redevelopment project. This award covers the period of December 1, 2023 – November 30, 2026. The City in turn has to provide a Local Match to this award of ~ \$3,557,440 *****

The city sought out input from the community and this is what the final concept for the project looks like as presented to the City Council.



-Recreational Elements include:

- * Multi-purpose field
- * (1 mile) Paved/Boardwalk Walking Trail
- * Natural Surface Trail

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- * (8) Pickleball Courts
- * ½ Basketball Court
- * Bicycle Pump Course
- * Restroom Building
- * Refurbished Ex. Restrooms/Office
- * Playground/Tot-lot
- * (4) Small Shelters
- * Large Picnic Pavilion/Performance Stage
- * (4) Fitness Stations
- * (3) Cornhole
- * (89 Space) Paved Parking Lot
- * Drop/off/Plaza with Food Truck Hook-ups

- **Police Department Body Cameras & Dash Cams-\$375K**

- The City of Lincolnton Police Department entered into a contract with Axon to purchase body cameras and dash cams. This contract is spread over a three-year period to which a discounted rate was applied saving the City ~\$198,815. This purchase of the body cameras not only protects the officers but also protects the public. The purchase of the dash cams provides a front camera that will film the action in front of the vehicle, while the other camera will face the rear of the vehicle. The rear facing camera will film any occupants in the car. This is another layer of protection for them and the officer.

- **Solid Waste Automated Leaf Trucks-\$80K**

- The City of Lincolnton budgeted for a new automated leaf truck for the Solid Waste Department for FY2425 in the amount of \$300,000. In October of 2024, the City was able to negotiate the purchase of two 2005 International 7400 Leaf Trucks from One Source Trucks in Burkeville, Virginia. This purchase was in the amount of \$79,676.58. The purchase of these trucks have increased the Solid Waste Departments ability to pick up fallen leaves during their peak season.

- **Public Service Center HVAC Units-\$36K**

- The City of Lincolnton replaced basement and ground level HVAC systems, and the Public Service Center located at 128 Motz Avenue. The new equipment is GSM Tru-Comfort (Rheem) with a five-year parts/labor warranty and is as follows:
 - (1) 14-SEER 3-Ton Condenser, 90% +Gas Furnace/Coil
 - (1) 14-SEER 3-Ton Condenser, 80% +Gas Furnace/Coil
 - (1) 14-SEER 4-Ton Gas Pack, MOA Damper

- **Distribution & Collections Water Line (John Howell Memorial Dr)-\$29K**

- The City of Lincolnton is contracting with Clayton Engineering & Design to design and construct ~ 900 LF of public water main along John Howell Memorial Drive. The design phase also includes for a 6" fire loop for the proposed public works offices. This project is expected to be completed by the end of 2025.

- **Distribution & Collections Water Main (Rose Street)-\$25K**

- The City of Lincolnton is contracting with Clayton Engineering & Design to design and construct ~1,100 LF of public water main along Rose Street. The design phase will include any necessary permitting through the City of Lincolnton, NCDOT, and NCDEQ, as well as construction administration to certify the public line. This project is expected to be completed by the end of 2025.