SPECIAL CALLED MEETING - Budget Work Session

Meeting Minutes

May 21, 2026, 4:00 PM

114 West Sycamore Street, Lincolnton, NC 28092, US

Call to Order

Mayor Ed Hatley called the Special Called Budget Work Session to order. The meeting was held on Thursday, May 21, 2026 at 4:00 PM at 114 West Sycamore Street, Lincolnton, NC 28092. A quorum was present.

Present: Mayor Ed Hatley, Council Member Kevin Demeny, Council Member Mark Johnson, Council Members Jill Tipton, Council Member Roby Jetton

Continued Discussions Regarding The Proposed 2026-2027 Fiscal Year Budget

City Manager Ritchie Haynes opened the budget discussion by informing the Mayor and Council that new information had come to his attention the previous day, which he anticipated would have a positive effect on the budget. While he was not yet at liberty to elaborate in open session due to the legal nature of the matter, he stated with confidence that no current employees — with the exception of three School Resource Officers (SROs) who have voluntarily elected to transfer to the Sheriff's Department — would lose their positions in the upcoming fiscal year. Vacant positions would be frozen regardless of the new development, but all currently filled roles, including firefighters and police officers, were expected to be preserved.

City Manager Haynes also expressed gratitude to department heads, city staff, and the broader community for their patience and support throughout the budget process, noting that many of the cost-saving changes made were the result of staff cooperation. He acknowledged that challenges remain going forward but said the process had provided valuable clarity on what adjustments are needed to continue delivering quality services to residents.

City Attorney John Friguglietti confirmed that the matter would be addressed in closed session, after which the Council would be able to report the substance of the discussion to the public. He noted it was expected to be a relatively brief closed session focused on a single issue.

> **Motion to enter closed session was made by Council Member Kevin Demeny. The motion carried unanimously with members voting 4-0 in favor of the motion.**

Upon returning from closed session, City Attorney Friguglietti provided the following report to the public:

The County had previously passed a resolution to transition to an ad valorem tax distribution method, intending for it to take effect in fiscal year 2026–2027. However, City Attorney Friguglietti identified that under the applicable statute — N.C.G.S. §

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105-472(b) — the County cannot implement that change until fiscal year 2027–2028. The City brought this to the County's attention with supporting documentation, including a review of the history of the law as amended in 2021, and the County agreed with the City's interpretation.

As a result, the City will retain approximately $2.3 million in revenue for the upcoming fiscal year that had not been anticipated in the current draft budget. Mayor Hatley summarized the outcome plainly, noting that the City would be getting back the $2.3 million it should have received in the first place. It was further clarified that while questions remain regarding subsequent years, the financial picture for the 2026–2027 fiscal year was meaningfully improved compared to the previous week.

City Manager Haynes indicated that he would need the remainder of the week and part of the following week to revise the budget to reflect the additional revenue. He recommended that the Council not act to adopt the budget until the end of June, noting the statutory deadline of June 30. The revised budget document would be made available for public review in the office of the City Clerk prior to adoption. The budget adoption was tentatively scheduled for the regular Council meeting on June 25, which would also allow for a public comment.

With no other business to discuss, Motion to adjourn was made by Council member Jill Tipton. The motion carried unanimously with Council members voting 4-0 in favor of the motion.

The meeting was adjourned.

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