Shelby City Council Agenda
Regular Meeting
April 6, 2026 at 6:00 p.m.

City Hall Council Chambers
300 South Washington Street
Shelby, North Carolina

Welcome and Call to Order by Mayor O. Stanhope Anthony, III

Invocation

Pledge of Allegiance

A. Approval of Agenda

Discussion and revision of the proposed agenda, including consent agenda; adoption of an agenda.

1) **Motion to adopt the agenda as proposed or amended**

B. Public Hearing *(Quasi-judicial)* : Brian Burgess, presenting **1 - 25**

1) **Approval of a resolution granting a special use permit to WDT Development LLC at 801 E. Grover Street: Resolution No. 20-2026**

C. Consent Agenda:

Prior to approval and adoption of the agenda, a Council Member may move an item from the Consent Agenda to the regular agenda. Items remaining on the Consent Agenda will be considered collectively through a single motion and vote.

1) **Approval of the Minutes of the Regular Meeting of March 16, 2026** **26 - 33**

2) **Approval of a resolution authorizing staff for the City of Shelby to complete the designation of applicant's agent and applicant assurances for public assistance form in consideration of future relief utilizing FEMA funds: Resolution No. 21-2026** **34 - 37**

3) **Approval of a resolution delegating authority to the City Manager's designee to award and execute contracts on behalf of the City of Shelby: Resolution No. 22-2026** **38 - 40**

4) Approval of a resolution to accept an offer to purchase property by Upset Bid Process (514 Gardner Street): Resolution No. 23-2026 — 41 - 47

5) Approval of a resolution authorizing the sale of City of Shelby owned real property identified by parcel number 17787 through the Upset Bid Procedure of N. C. General Statute § 160A-269 (504 Gardner Street): Resolution No. 24-2026 — 48 - 54

6) Approval of a resolution authorizing the sale of City of Shelby owned real property identified by parcel number 17778 through the Upset Bid Procedure of N. C. General Statute § 160A-269 (426 Gardner Street): Resolution No. 25-2026 — 55 - 61

7) Approval of a resolution approving the contract for the performance of the City of Shelby's annual audit and preparation of financial statements for the Fiscal Year ended June 30, 2026: Resolution No. 26-2026 — 62 - 101

8) Adoption of an ordinance concurring with the North Carolina Department of Transportation for speed limit revision inside the corporate limits of Shelby, North Carolina: Ordinance No. 11-2026 — 102 - 104

9) Management Report: — 105 - 140

   a) Monthly Financial Summary, February 2026

END OF CONSENT AGENDA

D. Unfinished Business: Justin Merritt, presenting

1) Proposed adjustment of Inspection Fees for simple construction: Ordinance No. 12-2026 — 141 - 144

E. New Business:

1) **Consideration of appointments to City advisory boards and commissions:** **145 - 151**

    a) **Housing and Redevelopment Advisory Commission**

F. City Manager's Report **152**

G. Council Announcements and Remarks **152**

H. Closed Session: **152**

1) **N.C. General Statute 143-318.11(3): To consult with an attorney employed or retained by the public body in order to preserve the attorney-client privilege between the attorney and the public body regarding CMH Homes, Inc., a Tennessee corporation (d/b/a Clayton Homes), Petitioner, vs. City of Shelby, Respondent, File No. 26CV001030-220.**

I. Adjournment: **152**

To adjourn a meeting of City Council, a majority of the Council Members must vote for a motion to adjourn.

1) **Motion to adjourn**

City of Shelby
Agenda Item Summary
April 6, 2026
City Hall Council Chambers

B. Public Hearings:

Agenda Item: B-1

1) Approval of a resolution granting a special use permit to WDT Development LLC at 801 E. Grover Street: Resolution No. 20-2026

Presenting: (Brian Burgess, Director of Planning & Development)
Summary of Available Information:

- Memorandum dated March 23, 2026, from Brian Burgess, Director of Planning & Development to Justin Merritt, City Manager
- Supporting Documents
- Resolution No. 20-2026

City Manager's Recommendation / Comments

This hearing must be conducted in a quasi-judicial fashion by the Mayor and Council. By their very nature, decisions conducted as such involve two key elements 1) there must be a written finding of facts regarding the specific proposal and 2) the exercise of judgment and discretion must apply existing policies to the situation.

As a reminder, these hearings must be evidentiary in nature, and the decision of Council must be based upon that evidence. The purpose of the hearing is to establish facts, not to gather opinions about the desirability or popularity of the proposed development. Any person offering testimony must do so under oath and cross examination must be allowed. The gathering of evidence outside the hearing by individual members is not permitted and as noted previously a written finding of facts is required.

Information provided by Mr. Burgess within the agenda packet is to be considered evidence to be factored in as part of your decision-making policy. It should be noted that your decision may only be appealed to NC Superior Court within the prescribed time frame in the statute.

Following the hearing City Council may take action either in favor or opposition to Resolution No. 20-2026.

Memorandum

To: Justin Merritt - City Manager

From: Brian Burgess – Planning Director

Date: March 23, 2026

Subject: Requested Special Use Permit 84 Unit Senior Multi-Family Development

Executive Summary of Issue – Background

Stephen Drake for WDT Development LLC, is proposing a Special Use Permit at 801 E. Grover St. to develop a senior multi-family development with up to 84 dwelling units.

Review and Comments

The section of this proposal that is on the north side of Grover Street across from Bernhardt Furniture. The parcel is designated as a Medium Density Area by the Comprehensive Land Use Plan. The proposal is consistent with the density recommendation of the Comprehensive Land Use Plan. Section 11-1.48 of the Shelby UDO provides the requirements that must be met in order to receive development approval. Staff believes that these requirements have been satisfactorily met for this stage in the approval process.

Recommendation

This proposed Special Use Permit is consistent with the Comprehensive Land Use Plan. Staff recommends approval of this proposed Special Use Permit. More information can be found in the Staff Report attached.

This proposal does require a quasi-judicial public hearing because of the Special Use Permit. The rules of procedure for a quasi-judicial public hearing should be followed.

Please schedule a Quasi-Judicial hearing for this proposed Special Use Permit at the next City Council meeting on April 6, 2026.

Strategic Goal Alignment: Priority 1, Goal 1. "Work to improve the variety, availability, and options for quality housing that is affordable to a wide range of income levels."

Staff Report

To: Planning and Zoning Board
From: Brian Burgess
Planning Director

Date: March 23, 2026
Meeting: April 6, 2026
File: SUP-26-0001

OWNER/APPLICANT: Cecil Webb/WDT Development, LLC

LOCATION: 801 E. Grover St. **PARCEL ID #:** 22935, 22933, 19989, 19990

PRESENT ZONING GB2

REQUEST: Special Use Permit for a 84 Unit Senior Multi-Family Development

SURROUNDING ZONING: **North:** R8, GB2 **South:** NB, LI **East:** GB **West:** NB

UTILITIES: **Water:** Yes **Sewer:** Yes **Floodplain:** No **Watershed**: Yes

ANALYSIS: For multi-family developments located within the General Business 2 Zoning District (GB2) with 25 or more units, a Special Use Permit is required.

The applicant is proposing a 84 unit senior multi-family development. The subject property is currently undeveloped and abandoned.

GB2 is primarily designed to accommodate a wide range of commercial use and residential uses. The developer would have to develop the properties in accordance with the submitted site plan as well as the standards found in 11-1.48.

When considering a Special Use Permit application, City Council should use the process found in the attached document titled "City of Shelby Special Use Permit Approval Process."

STAFF COMMENTS:

- The requested permit is within the jurisdiction of the City of Shelby according to the UDO; and
- The application is complete; and
- If completed as proposed in the application, the proposed development will comply with all the requirements of the UDO.
- The Comprehensive Land Use Plan for this area designates this area as a Medium Density Residential Area.
- The proposed Special Use Permit application is consistent with the Comprehensive Land Use Plan.
- Staff recommends approval of this Special Use Permit.

Location Map
801 E Grover St

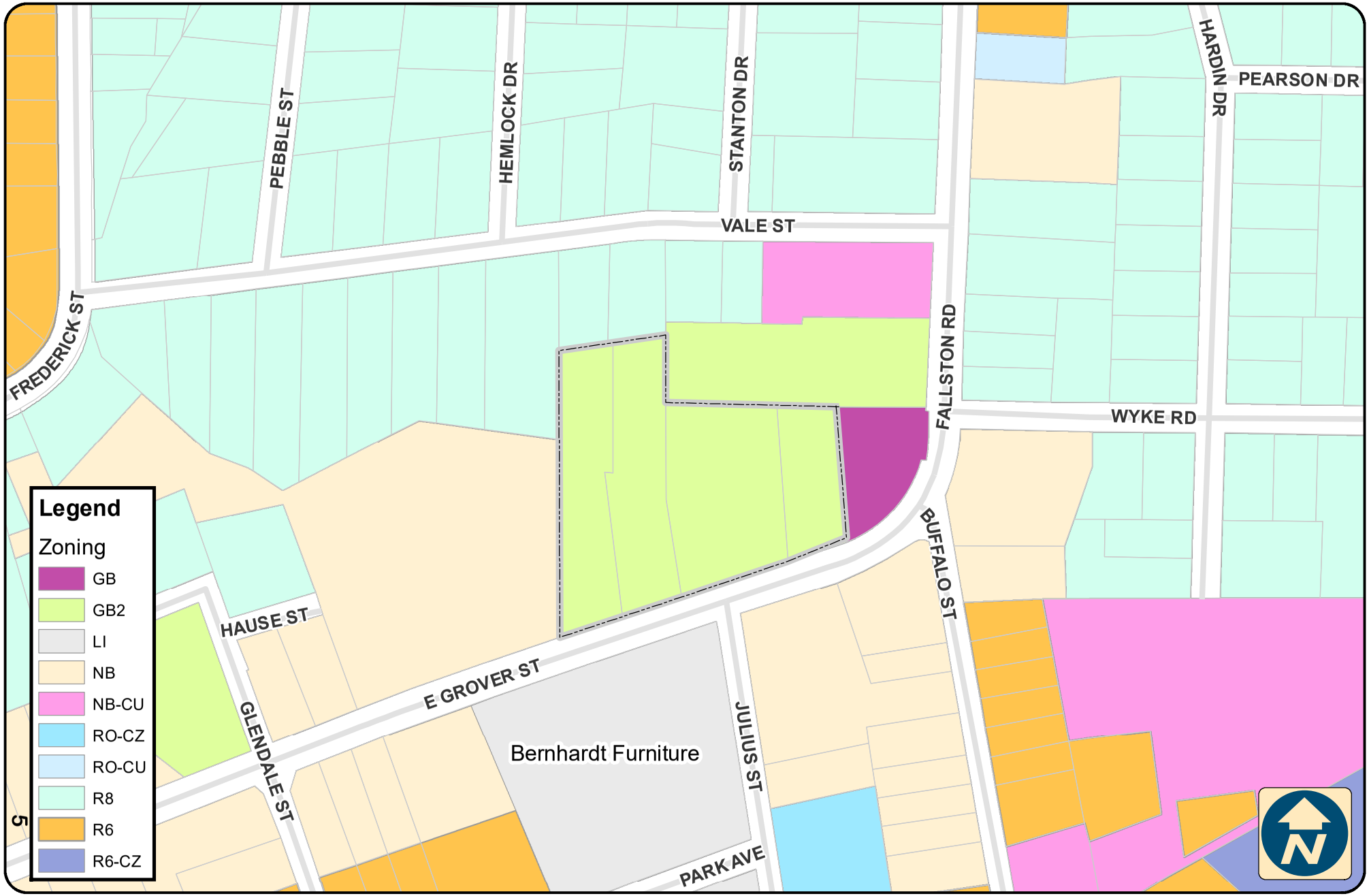


Scale 1:2,710 1 inch = 226 feet

0 112.5 225 450 Feet

Date: 4/2/2025

Zoning Map
801 E Grover St



Scale 1:2,710 1 inch = 226 feet

0 112.5 225 450 Feet

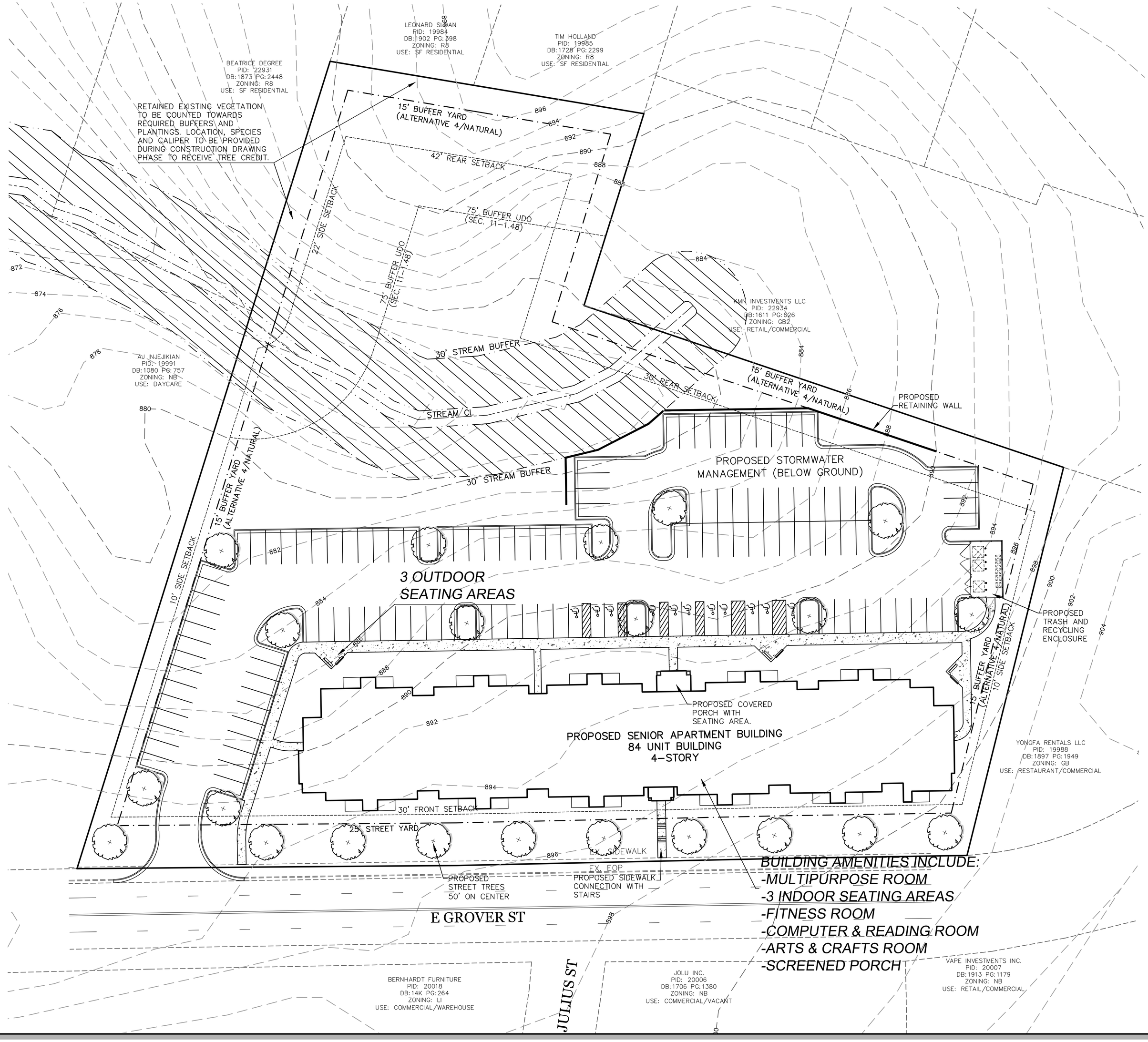
Date: 4/2/2025



LOCATION MAP
NTS

PROPERTY OWNERS:	MULTIPLE
PARCEL #s:	19990, 19989, 22935, 22933
DEED BOOK & PAGE:	1151/0878, 1256/1082, 1675/0617 1151/0779
TOTAL SITE ACREAGE:	±4.06 AC
CURRENT ZONING:	GB2
EXISTING USE:	VACANT
PROPOSED USE:	SENIOR MULTI-FAMILY HOUSING (LOW-INCOME)
PROPOSED UNITS:	84
FRONT SETBACK:	30'
SIDE YARD (COMMERCIAL):	10'
SIDE YARD (RESIDENTIAL):	10'+12' = 22'
-BASED ON BUILDING BEING 12' TALLER THEN 35'	
REAR YARD (COMMERCIAL):	30'
REAR YARD (RESIDENTIAL):	30'+12' = 42'
-BASED ON BUILDING BEING 12' TALLER THEN 35'	
BUFFER YARD (RESIDENTIAL/MF):	75'
PROPOSED BUILDING HEIGHT:	46'-6"
REQUIRED PARKING:	
-NCHFA 1.0 SPACE PER UNIT	84
SHELBY REQUIRED PARKING:	134
-1 BR UNITS (1.5 SPACES/UNIT)	47 (1) BR * 1.5 = 78
-2 BR UNITS (1.75 SPACES/UNIT)	37 (2) BR * 1.75 = 56
-3 BR UNITS (2.0 SPACES/UNIT)	0 (3) BR * 2.0 = 0
PROPOSED PARKING:	125

DEVELOPMENT SUMMARY



MC² ENGINEERING
MC ENGINEERING, INC.
2110 BEN CRAIG DR., STE. 400
CHARLOTTE, NC 28262
PHONE 704.510.9797

PROPOSED DEVELOPMENT:
THE LOFTS AT SHELBY
E GROVER ST.
SHELBY, NC

DEVELOPED BY:
WDT DEVELOPMENT, LLC
266 COUNTRY CLUB DRIVE
HENDERSON, NC 27536

SCHEMATIC SITE PLAN

REVISIONS		
1	2/24/26	CITY COMMENTS

CAD FILE:	24-044 BASE.DWG
PROJECT NO.:	24-044
DESIGNED BY:	JDM
DATE:	JANUARY 19, 2026

SP1.0



THE LOFTS AT SHELBY

UNIT MIX

QUANITY	UNIT	BEDROOMS	AREA	DESCRIPTION
3	1-AS	One Bedroom	730 sf	Accessible Type 'A' Unit w/ Roll-In Shower (Includes Accessible Work Space & Grab Bars; Also Includes Audio & Visual Impaired Accommodations in 1 Designated Unit)
2	2-AS	Two Bedrooms	988 sf	Accessible Type 'A' Unit w/ Roll-In Shower (Includes Accessible Work Space & Grab Bars; Also Includes Audio & Visual Impaired Accommodations in 1 Designated Unit)
3	1-A	One Bedroom	730 sf	Accessible Type 'A' Unit w/ Bathtub (Includes Accessible Work Space & Grab Bars)
1	2/1-A	Two Bed / One Bath	911 sf	Accessible Type 'A' Unit w/ Bathtub (Includes Accessible Work Space & Grab Bars)
1	2/2-A	Two Bed / Two bath	988 sf	Accessible Type 'A' Unit w/ Bathtub (Includes Accessible Work Space & Grab Bars; Curb Shower in Bath-2)
21	1-B	One Bedroom	730 sf	Accessible Type 'B' Unit w/ Bathtub
2	2/1-B	Two Bed / One Bath	911 sf	Accessible Type 'B' Unit w/ Bathtub
31	2/2-B	Two Bed / Two Bath	988 sf	Accessible Type 'B' Unit w/ Bathtub (Curb Shower in Bath-2)
20	1-BC	One Bedroom	730 sf	Accessible Type 'B' Unit w/ Curb Shower
84 Total Units				

AREAS:

STORY	BUILDING GROSS AREA	BUILDING NET AREA
First Floor	25,677 sf	23,408 sf
Second Floor	25,485 sf	23,408 sf
Third Floor	25,257 sf	23,408 sf
Fourth Floor	25,257 sf	23,408 sf
	101,676 sf	**93,632 sf**

AMENITIES:

REQUIRED AMENITIES
-INDOOR SITTING AREAS (MIN. 3)
-MULTIPURPOSE ROOM
-SCREENED PORCH

ADDITIONAL REQUIRED AMENITIES (3)
-EXERCISE ROOM W/ NEW EQUIPMENT
-COMPUTER & READING ROOM
-OUTDOOR SITTING AREAS (3)

OTHER AMENITIES:
-LAUNDRY ROOM
(4 WASHERS, 4 DRYERS)
-COVERED POSTAL FACILITY
-OFFICE
-MAINTENANCE ROOM
-ARTS & CRAFTS ROOM
-COVERED PORCH w/ SEATING

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LOCATION MAP
NTS

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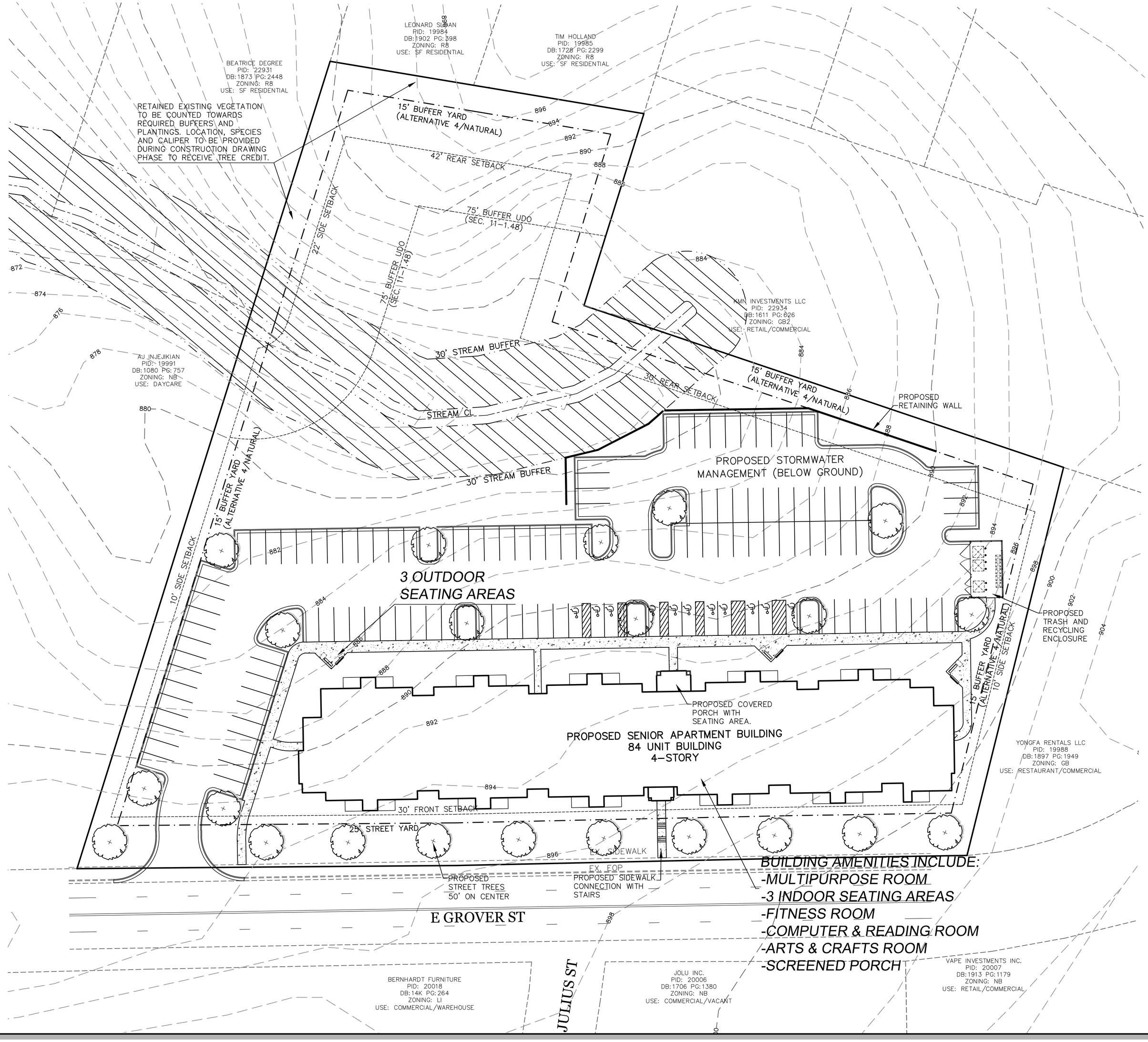

GRAPHIC SCALE
30 0 15 30 60 120
(IN FEET)
1 inch = 30 ft.

Mc² ENGINEERING
Mc ENGINEERING, INC.
2110 BEN CRAIG DR., STE. 400
CHARLOTTE, NC 28262
PHONE 704.510.9797

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SCHEMATIC SITE PLAN

REVISIONS

1	2/24/26	CITY COMMENTS

CAD FILE:	24-044 BASE.DWG
PROJECT NO.:	24-044
DESIGNED BY:	JDM
DATE:	JANUARY 19, 2026

SP1.0



4 REAR ELEVATION (UNION RD)
1/16" = 1'-0"



3 LEFT ELEVATION
1/16" = 1'-0"

BUILDING MATERIALS:
-30 YEAR ANTIFUNGAL DIMENSIONAL ROOF SHINGLES
w/ METAL DRIP EDGE (TYP)
-ALUMINUM GUTTERS & DOWNSPOUTS
-VINYL LAP SIDING (TYP)
-ACCENT FIBER CEMENT PANELING & BATTENS
-ACCENT VINYL SHAKE SIDING
-VINYL WINDOWS
-DECORATIVE GABLE VENTS
-WIDE WINDOW & DOOR TRIM
-BRICK VENEER w/ CONTINUOUS ROWLOCK SILL
-FIBER CEMENT CLAD COLUMNS w/ BRICK BASE



2 RIGHT ELEVATION
1/16" = 1'-0"



1 FRONT ELEVATION (PARKING)
1/16" = 1'-0"

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THE LOFTS AT SHELBY

Shelby, North Carolina

ELEVATIONS A2.1

315 S. Lafayette St.
P.O. Box 207
Shelby, NC 28151-0207

(704) 484-6805

Comments on #SUP1-26-0001 - Planning & Zoning: Special Use Permit 1

Permit Number: #SUP1-26-0001
Permit Type: Special Use Permit 1
Date: February 20, 2026
Address: 801 E GROVER ST, SHELBY, NC 28150
Parcel: 22935

THIS DOCUMENT IS NOT YOUR PERMIT.

The Shelby Planning & Development Services Department has reviewed your application for a Subdivision review - MINOR Permit and has responded with a set of comments that require your attention. **must be addressed in full before an approval will be issued**.

Reviewing this document on GovWell, our online portal, will allow you to view interactive markups on the document. If you are viewing this as a PDF or offline, a list of all comments will be provided below in this cover sheet. These comments **must be addressed in full before an approval will be issued**.

After you have addressed all comments, please **upload corrected versions of the plans** by visiting https://app.govwell.com/record/a9ecbd27-7abf-461d-a92f-7545e140c700.

Please note the following **requirements for a resubmittal**:

• Submit a cover letter outlining any revisions.
• Use revision clouds to highlight changes on the plans.
• One hard copy of the plans and cover letter shall be sent to Cameron Howell, 824 W. Grover St, Shelby NC 28150. The resubmittal review will not begin until the hard copy is received.

Contacts

Audrey Godfrey Senior Planner	audrey.godfrey@cityofshelby.com	Updates Requested
Brad Fraser Chief of Police	(704) 692-6912 brad.fraser@cityofshelby.com	Approved

Brian Burgess Planning & Development Services Director	brian.burgess@cityofshelby.com	Approved
Cameron Howell Utilities Project Coordinator	cameron.howell@cityofshelby.com	Approved
Justin Wright Civil Engineer	justin.wright@cityofshelby.com	Approved
Phillip Lane Fire Marshal	phillip.lane@cityofshelby.com	Approved
Scott Black Public Works Director	scott.black@cityofshelby.com	Approved

Comments on Plan

1 AG Audrey Godfrey
Senior Planner

FYI for multi-family SUP1: Additional findings required. In addition to any findings or conclusions required in section 4-7.5, any application for a special or conditional use permit shall be required to demonstrate and the approving body to conclude in the affirmative that the development as proposed meets the following findings:
(1) That existing and/or proposed infrastructure to support the development including, but not limited to, public and private streets, utilities and storm drainage is sufficient; and
(2) That the design as proposed will result in a viable community that will add to the quality and choice of housing in Shelby; and
(3) That approving the location of the development does not have the effect of concentrating higher density housing in a particular area of the city.

Understood

Page 2 • February 16, 2026, 9:10am

2 AG Audrey Godfrey
Senior Planner

FYI: this location is in the WSIV watershed, so Council approval of a 70/10 permit would be required to build this site plan as designed.

Understood just like before we will wait until receiving funding on the project from NCHFA.

Page 2 • February 16, 2026, 9:09am

3 AG Audrey Godfrey
Senior Planner

setbacks should be 10' sides, 30' rear

Plan has been updated including the additional setback of 12' for the additional building height for the setbacks adjacent to the residentially zoned properties.

Page 2 • February 16, 2026, 9:03am

4 AG Audrey Godfrey
Senior Planner

we have some concerns about the only/primary entrance being a full-access off of Grover St. We encourage the project to explore the possibility of a connection to the nearby signalized intersection at Fallston Rd/Wyke Rd.

Page 2 • February 20, 2026, 4:56pm

As indicated with the supplied traffic counts the project does not generate a significant amount of traffic.

5 CH Cameron Howell
Utilities Project Coordinator

For information regarding City of Shelby utilities (water, sewer, natural gas, & electric) please contact Cameron Howell at cameron.howell@cityofshelby.com.

Understood

Page 2 • February 18, 2026, 7:44am

6 JW Justin Wright
Civil Engineer

NCDOT Driveway permit will be required.

Understood

Page 2 • February 17, 2026, 4:09pm

7 JW Justin Wright
Civil Engineer

Aisle Width be 24' asphalt width

Proposed aisle width adjacent to the building is 26' per the Fire code requirement based on buildings that are equal to or greater than 3 stories. The back drive aisle is 24'

Page 2 • February 17, 2026, 4:15pm

8 JW Justin Wright
Civil Engineer

Parking, Curb and Gutter, sidewalk shall meet standard details.

Page 2 • February 17, 2026, 4:16pm

Understood everything within the site will meet the City of Shelby requirement and work within Grover will meet NCDOT requirements.

Excel
A division of Envolve

January 16, 2026

Reference: The Lofts at Shelby
Address: 801 East Grover Street, Shelby, NC

Dear Officers of the Community of Shelby,

I am writing to provide input regarding residential parking requirements, based on historical usage data from comparable professionally managed residential communities.

Our experience indicates that parking ratios of **one (1) space per one-bedroom unit** and **one and one-half (1.5) spaces per two-bedroom unit** have consistently met resident demand without creating overflow or parking conflicts. These ratios reflect actual vehicle ownership trends and have proven sufficient to accommodate residents, occasional guests, service providers, and on-site management.

Requiring parking in excess of these levels often results in underutilized spaces, increased development costs, and less efficient site design, without providing meaningful additional benefit to residents or the surrounding neighborhood.

For these reasons, we respectfully request consideration of parking standards set at **1 space per one-bedroom unit and 1.5 spaces per two-bedroom unit**, as these ratios align with demonstrated historical need and practical residential usage.

Thank you for your time and consideration.

Sincerely,

[Patricia Liford
Asset Manager, Excel
A Division of Envolve

1004 Bullard Court, Suite 106
Raleigh, North Carolina 27615

919.878.0522 O | 919.878.9962 F | **EXCEL-ENVOLVE.COM**

February 24, 2026

City of Shelby Planning Department
315 S Lafayette Street
Shelby, NC 28151

Re: The Lofts at Shelby Apartments

Site Info and Description

As requested, Mc² Engineering, Inc. has completed an estimate of the trip generation of the proposed The Lofts at Shelby Apartments. The proposed development consists of a 84 Senior Multifamily Apartments. In order to conduct the trip generation calculations, the 11th Edition of the ITE Trip Generation Manual was used. Per the ITE codes this site would be considered a code 252 for "Senior Adult Housing - Attached".

Site/Civil Engineering
Land Planning
Storm Water Management
Utility Engineering
Construction Admin

Results

Land Use (ITE Code)	Intensity	Daily Traffic (VPD)	AM Peak Hour Trips (VPH)			PM Peak Hour Trips (VPH)		
			Enter	Exit	Total	Enter	Exit	Total
Senior Adult Housing – Attached (252)	84 Units	261	11	13	23	14	13	26

Conclusion

The proposed development will not significantly impact the traffic in the surrounding area. At peak AM and PM hours the number of trips generated is not large enough to have an impact on the total daily traffic.

Sincerely,

Mc² Engineering, Inc.

Jeffrey D. McCluskey, PE
President

Property Owner Addresses within 100 ft of parcels 19989, 19990, 22933, 22935

OwnerName1	OwnerName2	OwnerAddr1	OwnerAddr2
BERNHARDT FURNITURE		PO BOX 740	LENOIR NC 28645-0740
BROWN REPEARLER L		407 S SKYLAND DR	BESSEMER CITY NC 28016
DAVENPORT TWANETTE M	DAVENPORT DONNIE D	1801 COUNTRY GARDEN	SHELBY NC 28150
DEGREE BEATRICE P		750 VALE STREET	SHELBY NC 28150-3540
JOLU INC		4402 E DIXON BLVD	SHELBY NC 28152-7969
KMN INVESTMENTS LLC		10114 EDGECLIFF RD	HUNTERSVILLE NC 28078
SLOAN DAKOTA LEONARD	SLOAN AMNDA	752 VALE ST	SHELBY NC 28150
SURRATT THELMA WILSO		1113 N LAFAYETTE ST	SHELBY NC 28150
TEKCLEAR INVESTMENT		800 VALE ST	SHELBY NC 28150
VAPE INVESTMENTS LLC		3400 PIKES PEAK DR	GASTONIA NC 28052
YONGFA RENTALS LLC		1203 CULVER SPRING W	CHARLOTTE NC 28215
WEBB HARVEY CECIL		3803 WILDCHERRY RD	SHELBY NC 28150-2831
CABINESS W WEBB		33 HERITAGE LN	SHELBY NC 28150
FALLS CLAUDE T	FALLS NEVEEN H	PO BOX 1632	LINCOLNTON NC 28092-1632

Shelby
NORTH CAROLINA
Post Office Box 207 · Shelby, NC 28151-0207

March 18, 2026

RE: Parcels 19989, 19990, 22933, 22935 – 801 East Grover Street – Proposed Special Use Permit

The City Council of the City of Shelby will conduct a public hearing during its meeting on **Monday, April 6, 2026**, at 6:00 p.m. in the City Council Chambers (300 S. Washington St) to consider a proposed Special Use Permit for a Multi-Family Development consisting of 84 dwelling units located at 801 East Grover Street, further described as Cleveland County Parcels 19989, 19990, 22933, 22935.

Enclosed you will find a location map, zoning map, and site plan along with A Guide to Evidentiary Hearings.

If you have any questions or require additional information, please contact the Planning Department at 704-484-6829 or zoning@cityofshelby.com.

Sincerely,

Audrey Godfrey
Senior Planner

Enclosures

YOU ARE RECEIVING THIS NOTICE BECAUSE THERE IS A REQUEST TO FOR A SPECIAL USE PERMIT ON A PARCEL NEAR YOUR PROPERTY IN SHELBY.

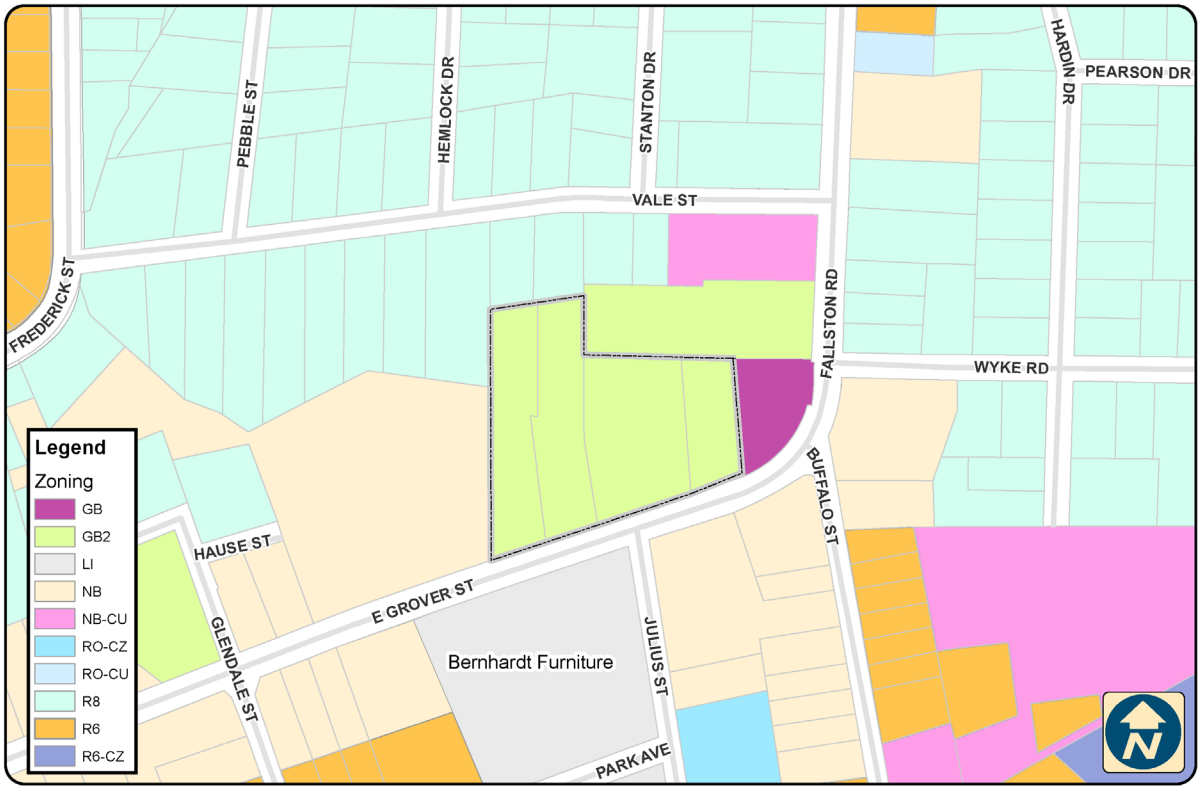
There is no change proposed to your property.

Location Map
801 E Grover St



Scale 1:2,710 1 inch = 226 feet 0 112.5 225 450 Feet Date: 4/2/2025

Zoning Map
801 E Grover St



Scale 1:2,710 1 inch = 226 feet 0 112.5 225 450 Feet Date: 4/2/2025

NOTICE OF PUBLIC HEARING
SPECIAL USE PERMIT

The City Council of Shelby, North Carolina will conduct an evidentiary public hearing during its regular meeting at 6:00 p.m., Monday, April 6, 2026 in the City Council Chambers at 300 South Washington Street, Shelby, North Carolina to consider a proposed Special Use Permit for a Multi-Family Development consisting of 84 dwelling units located at 801 East Grover Street, further described as Cleveland County Parcel Numbers 19989, 19990, 22933, 22935. Changes in the permit request may be made following the public hearing.

A more detailed description and map of this property are available for public inspection in the Planning and Development Services Department located at 311 South Lafayette Street, Shelby, North Carolina, during regular business hours, 8:00 AM until 5:00 PM. Also, you can call (704) 484-6829 for more information.

Persons with standing interested in being heard on this matter are invited to comment on the proposed special use permit at the hearing, whether for or against. Comments may be presented orally at the hearing, in writing prior to the hearing, or both.

Members of the public with special needs wishing to attend this meeting should call the City Clerk (704-484-6800) at least 24 hours prior to the meeting to request assistance.

The Shelby Star:
Please publish this notice as a legal line ad on Monday, March 23, 2026.

Mail invoices with affidavits to Audrey Whetten Godfrey, City of Shelby, PO Box 207, Shelby, NC 28151. Thank you.

CITY OF SHELBY SPECIAL USE PERMIT APPROVAL PROCESS

A Special Use Permit application may be submitted to the City Council by filing a copy of the application with the Planning Department. The review process for a Special Use Permit includes:

- City Staff review and recommendation.
- Public hearing held by the City Council; and
- City Council review and action.

Recommendations on Special Use Permit Applications

- When presented to the City Council, the Special Use Permit application will be accompanied by a report setting forth the Planning & Development Department's proposed findings concerning the application's compliance with the City's UDO, as well as any staff recommendations for specific conditions to be imposed by the City Council.
    - (UDO 4-7.4(A))
- If the staff report proposes a finding or conclusion that the application fails to comply with any requirement of the Ordinance, the report will identify the requirement in question and specifically state supporting reasons for the proposed findings or conclusions.
    - (UDO 4-7.4(B))

Public Hearing Requirements and Procedures

- A public hearing is required for City Council to approve a Special Use Permit.
    - N.C. Gen. Stat. 160D-406(b) and UDO 4-7.5)
- The Planning Department will mail written notice of the public hearing to the owners of all properties involved in the permit request as well as the owners of all properties any portion of which is within 100 feet of the property involved in the permit request.
    - (N.C. Gen. Stat. 160D-406(b) "The notice must be deposited in the mail at least 10 days, but not more than 25 days, prior to the date of the hearing.")
- The Planning Department will also post Zoning Hearing signs in the vicinity of the property involved in the permit request and take any other action deemed necessary to be useful or appropriate to give notice of the public hearing.
    - (N.C. Gen. Stat. 160D-406(b) "Within that same time period, the local government shall also prominently post a notice of the hearing on the site that is the subject of the hearing or on an adjacent street or highway right-of-way.")
- During the public hearing City Council can only consider evidence from competent and credible sources, and can only hear testimony from those with standing. The City Attorney should be consulted if Council is unsure about these criteria.
    - (N.C. Gen. Stat. 160D-406(d) "The applicant, the local government, and any person who would have standing to appeal the decision under G.S. 160D-1402(c) shall have the right to participate as a party at the evidentiary hearing.")

- At the conclusion of the public hearing, the City Council may proceed to vote on the permit request, refer it to a committee for further study, or take any other action consistent with its usual rules of procedure.
    - (N.C. Gen. Stat. 160D-705(c) "Reasonable and appropriate conditions and safeguards may be imposed upon these permits.")
    - (N.C. Gen. Stat. 160D-406(j) "The board shall determine contested facts and make its decision within a reasonable time.")
- The City Council should approve the requested permit unless it concludes, based upon the information submitted at the hearing, that:

(1) The requested permit is not within its planning and zoning jurisdiction according to the official zoning map; or

(2) The application is incomplete; or

(3) If completed as proposed in the application, the development will not comply with one or more requirements of the Ordinance; or

(4) Will materially endanger the public health or safety; or

(5) Will substantially injure the value of adjoining or abutting property; or

(6) Will not be in harmony with the area in which it is to be located; or

(7) Will not be in general conformity with the Comprehensive Land Use Plan or other plans officially adopted by the City Council.

(UDO 4-7.5(I)) Must have evidence presented at the hearing establishing at least one of the above stated reasons for denial, if not, it must be approved.

- The burden of persuasion on the issue of whether the development, if completed as proposed, will comply with the requirements (1-7) listed above always remains on the applicant; however, the position that an application be denied on the grounds of standards 4 through 7 above **must** be supported by credible evidence or expert testimony- the assumption that one of these issues is present is not enough.

City Council Voting Procedure on Special Use Permits

- Upon receipt of a recommendation from the Planning Department, City Council will review the Special Use Permit application and will hold a public hearing.
- In considering whether to approve the Special Use Permit application, City Council should proceed according to the following format:

(1) The City Council shall consider whether the application is complete. If no member moves that the application be found incomplete then this shall be taken as an affirmative finding by the City Council that the application is complete.

(UDO 4-7.7(C))

(2) The City Council shall consider whether the application complies with all applicable standards of the UDO. If a motion to approve fails or is not made, then a motion should be made that the application be found not in compliance with one or more of the standards of the UDO. A motion to disapprove should specify the particular standard the application fails to meet. Separate votes may be taken with respect to each standard not met by the application.

(3) If the City Council concludes that the application fails to comply with one or more standards of the UDO, the application shall be denied. If the City Council concludes that all such standards are met, it shall issue the permit unless it adopts a motion to deny the application. Such a motion shall propose specific findings, based upon the competent evidence submitted, justifying such a conclusion.

(UDO 4-7.5(H))

("If the applicant produces sufficient evidence that the standards have been met and no substantial evidence is presented to the contrary, the applicant is entitled to the approval being sought. **In this situation the board must approve the application**." "*Quasi-Judicial Handbook,*" 2024 page 51.)

"When an applicant for a conditional use permit 'produces competent, material, and substantial evidence of compliance with all ordinance requirements, the applicant has made a *prima facie* showing of entitlement to a permit.'" *Howard v. City of Kinston*, 148 N.C. App. 238, 2002.

"A city council **may not deny** a conditional use permit in their unguided discretion or because, in their view, it would adversely affect the public interest. Moreover, a city council's denial of a conditional use permit based solely upon the generalized objections and concerns of neighboring community members is impermissible." *Howard v. City of Kinston*, 148 N.C. App. 238, 2002.

RESOLUTION NO. 20-2026

A RESOLUTION GRANTING A SPECIAL USE PERMIT TO WDT DEVELOPMENT LLC AT 801 E GROVER STREET

WHEREAS, the City of Shelby has received an application requesting a Special Use Permit for property located at 801 E. Grover St. within the City or its area of Extraterritorial Jurisdiction; and,

WHEREAS, the Staff has reviewed said application for a special use zoning permit and has made its findings and recommendations to City Council; and

WHEREAS, Section 4-7.2 of the City of Shelby Unified Development Ordinance authorizes the establishment of "special use permit" as a means by which special conditions can be imposed on the use of property to assure compliance with the Unified Development Ordinance, promote the welfare of adjacent property owners and the protection of the general public interest; and

WHEREAS, in accordance with GS 160D, the City Council has considered a special use permit request by WDT Development LLC in a public hearing on this date following quasi-judicial hearing procedures as outlined in Section 4-7.2 of the City of Shelby Unified Development Ordinance; and

WHEREAS, after hearing all who wished to present testimony on this special use permit request and consideration of the facts presented in this cause, the Council made the Findings of Fact and Conclusions of Law which are stated on Attachment "A" which is incorporated herein by this reference.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHELBY, NORTH CAROLINA:

Section 1. In accordance with Chapter 160D of the North Carolina General Statutes, as amended, the City of Shelby may approve a Special Use Zoning Permit according to the requirements of the Unified Development Ordinance (Appendix A of the Shelby City Code) at 801 E. Grover St., lying within the City of Shelby in the General Business 2 Zoning District (GB2). Said area is more fully described as follows; Parcels # 22935, 22933, 19989, and 19990.

Section 2. In accordance with Section 4-7.7 of the City of Shelby Unified Development Ordinance, a Special Use Zoning Permit is hereby granted to WDT Development LLC for up to

84 senior apartments. The terms and conditions of such permit are stated in Attachment, "A" which is attached hereto and incorporated herein by this reference.

Section 3. The City Clerk of the City of Shelby is hereby authorized and directed to cause resolution and recording of this Special Use Zoning Permit with the Cleveland County Register of Deeds.

Section 4. This Special Use Zoning Permit shall become effective upon its adoption and approval.

ADOPTED AND APPROVED this the 6th day of April, 2026.

_____
O. Stanhope Anthony III
Mayor

ATTEST:

_____
Carol Williams
City Clerk

APPROVED AS TO FORM:

_____
Jason Lunsford
City Attorney

ATTACHMENT "A"

NORTH CAROLINA
CLEVELAND COUNTY

THE CITY OF SHELBY, NORTH CAROLINA
SPECIAL USE ZONING PERMIT

On the date(s) listed below, the City Council of the City of Shelby met and held a public hearing to consider the following application:

Record Owner(s): Cecil Webb, Claude Falls, Cabiness Webb

Property Location: 801 E. Grover St.

Acreage: 4.06

Cleveland County Parcel Numbers: 19990, 19989, 22935 and 22933

Type and Intensity of Use: 84 Senior Apartments

Meeting Date(s): April 6, 2026

Approval Date: April 6, 2026

SECTION 1. FINDINGS: Having heard all of the evidence and arguments presented at the hearing, the City Council, at its regular meeting, finds and determines that the application is complete, and subject to the conditions imposed below, the following findings are made:

1. The applicant for the property submitted the required application and site plan for special use permit; and
2. According to Article 9-3-1, a multi-family development is permitted in the General Business 2 Zoning District; and
3. The subject parcels lay within the City of Shelby fronting at E. Grover St. in the GB-2 Zoning District; and
4. Land Use in the surrounding area is a mixture of Institutional, Commercial, Industrial, and Residential; and
5. The petitioner has declared that the intended use of the property is for senior apartments; and
6. Other than what is shown on the site plan, no other changes to the site are planned; and
7. To the best of staff's knowledge, no non-conformities currently exist on the property and none will be created by the requested special use permit; and
8. The use will not materially endanger the public health or safety if located where proposed and developed according to the plan; and
9. The use will not substantially injure the value of adjoining or abutting property; and

10. The location and character of the use, if developed according to the plan as submitted and approved, will be in harmony with the area in which it is to be located and will be in general conformity with the Comprehensive Land Use Plan.
11. That existing and/or proposed infrastructure to support the development including, but not limited to, public and private streets, utilities and storm drainage is sufficient.
12. That the design as proposed will result in a viable community that will add to the quality and choice of housing in Shelby.
13. That approving the location of the development does not have the effect of concentrating higher density housing in a particular area of the city.

SECTION 2. CONDITIONS: Now, therefore, the application to make use of the above-described property for the purpose indicated is hereby approved and granted, subject to all applicable provisions of the Unified Development Ordinance, Sections 3 and 4 of this permit, and the following special condition(s), which the City Council finds to be in the public interest:

1. The development of the tract shall proceed in conformity to all plans and design features submitted as part of the special use permit application and kept on file by the City of Shelby Planning Department; and

SECTION 3. VESTED RIGHTS. Approval of this permit confers upon the property the right to develop with the type and intensity of use as herein described and as shown on the approved site plan in accordance with section 4-15 of the Unified Development Ordinance.

SECTION 4. SEVERABILITY AND RECORDATION. Invalidation of any one or more of the conditions set forth herein shall not adversely affect the balance of said conditions, which shall remain in full force and effect.

_____
O. Stanhope Anthony III
Mayor

ATTEST: _____
Carol Williams
City Clerk

City of Shelby
Agenda Item Summary
April 6, 2026
City Hall Council Chambers

C. Consent Agenda:

Agenda Item: C-1

1) Approval of the Minutes of the Regular Meeting of March 16, 2026

Consent Agenda Item: (Carol Williams, City Clerk)

Summary of Available Information:

Please read and offer changes as you deem necessary.

- Minutes of the Regular Meeting of March 16, 2026

City Manager's Recommendation / Comments

Approve the minutes as presented or as amended by the Mayor and City Council via the Consent Agenda.

MINUTES

Regular Meeting of Shelby City Council **March 16, 2026**
City Hall Council Chambers **Monday, 6:00 p.m.**

Present: Mayor O. Stanhope Anthony, III, presiding; Council Members Andrew L. Hopper, Sr., Violet Arth, David White, Charles Webber, Lori Waris and Emilie Bullock; City Manager Justin S. Merritt, Assistant City Manager Ben Yarboro, City Attorney Jason Lunsford, City Clerk Carol Williams, Director of Finance Elizabeth (Beth) Beam, CPA, Director of Human Resources Deborah (Deb) Jolly, Chief of Police Brad Fraser, Fire Chief William Hunt, EFO, Public Works Director Scott Black, Director of Water Resources Brian Wilson, Director of Planning and Development Services Brian Burgess, Director of Parks and Recreation Charlie Holtzclaw, Public Information and Communications Officer Chip Nuhrah, and Paralegal Nicole Hart

Mayor Anthony called the meeting to order at 6:00 p.m. and delivered the invocation.

Mrs. Waris led the Pledge of Allegiance.

A. Approval of agenda:

1) Motion to adopt the proposed agenda presented.

ACTION TAKEN: Upon a motion by Mr. White, City Council voted unanimously to approve the agenda as presented

B. Public Comment:

1) **Dustie Garlick whose address is 1217 S. Lafayette Street, Shelby, North Carolina advised Council that utility bills have increased $100 a month for the past several months, and she's aware there have been cold months recently, but people should be able to afford to be comfortable in their homes. She stated people are living in cold homes because they can't afford to turn their heaters on. She asked if there was anything Council could do to help the community.**

2) **Richard Kinmon whose address is 252 Thamon Road, Shelby, North Carolina, and the owner of Richie's Body Shop and City Tire and Auto, spoke about the road closure he has applied for and is an item on tonight's agenda. Mr. Kinmon says the main reason he's requesting the closure of Clyde Street is for safety. Since the two businesses are across the street from each other there are customers dropping off cars and vendors delivering parts and it gets unsafe. He stated Clyde Street seems like a cut**

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through street and not a major thoroughfare. He'd appreciate Council's consideration to permanently close Clyde Street.

C. Public Hearings:

1) Consideration of a resolution granting a Special Use Permit to Southwood Realty Company at 600 Earl Road: Resolution No. 16-2026 (*Quasi-Judicial)*

Mr. Burgess, Mr. Ratchford, Mr. Tom Jones and Mr. Thomas Jones were sworn in before giving their testimony.

Mr. Burgess asked Council members to disclose any communication with the developer or anyone else about this special use permit application, and bias, or conflicts of interests; Council revealed they had none.

Mr. Burgess reminded Council of the procedure for a quasi-judicial hearing and that only expert testimony is allowed as to certain topics, such as traffic impacts or home values; opinions or feelings are not considered evidence on these topics. Mr. Burgess also reminded Council that only individuals with standing were permitted to testify.

Mr. Lunsford added that while Mr. Burgess presented the information to Council, the information he presented was provided to Staff by the applicant and that it is the burden of the applicant to present sufficient evidence for Council to grant the Special Use Permit.

Mr. Burgess reviewed the application from Southwood Realty:

- **Requesting a special use permit to construct a 106-unit multi-family development at 600 Earl Road**
- **Roughly 10 acres of undeveloped land, currently zoned as General Business**
- **This property is adjacent to Tractor Supply and near the intersection of Dixon Boulevard and Earl Road**
- **Reviewed the floodplain area in relation to the development and the current zoning districts in the surrounding area**

Mayor Anthony opened the public hearing at 6:15 p.m. and sworn testimony was given as follows:

Mr. William Ratchford, Vice President of Southwood Realty, 165 South York Street, Gastonia, North Carolina described the proposed development (Seasons of Shelby) as similar to the Palisades at Hickory Creek, consisting of 1- and 2-bedroom apartments that are in high demand.

Mr. Tom Jones, Engineer with WGLA Engineers, 724 5th Avenue West, Hendersonville, North Carolina stated the proposed development would share a

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driveway with Tractor Supply, so there will not be an additional entrance cut in that area. A Traffic Impact Analysis was conducted at two intersections: Earl Road and Dixon Boulevard, and at Earl Road and the Tractor Supply Company driveway - no mitigations were recommended at either of the intersections studied.

Mayor Anthony closed the public hearing at 6:24 p.m.

Mr. Lunsford advised Council that the applicant presented the information required under the UDO and the testimony provided was sufficient to meet the obligations of our ordinance. Mr. Lunsford continued by stating no opposition from any citizens with standing opposed the evidence, therefore, Council's burden is to accept the plans as presented because they meet the statutory requirements under the law, thus the permit must be granted.

Due to Ms. Arth asking for clarification about the Traffic Impact Analysis (TIA), Mr. Ratchford detailed the time of day and the number of trips that were calculated. Mr. Ratchford says that different times of day are chosen and usually it's the busy times of days, either school traffic hour, a mill shift change, or evening traffic after work. The usual trips per day for apartment dwellers are around 7 because they may live alone and don't have as many kids to get to different places. This TIA was completed in September 2025, which is a good time to get a realistic count.

Mr. Lunsford reminded Council that the Traffic Impact Analysis is expert evidence and NCDOT recommended no mitigation required.

ACTION TAKEN: Upon a motion from Mrs. Bullock, City Council voted unanimously to approve Resolution No. 16-2026 entitled, "A RESOLUTION GRANTING A SPECIAL USE PERMIT TO SOUTHWOOD REALTY COMPANY AT 600 EARL ROAD based on the findings submitted in Attachment A."

D. Consent Agenda:

Mayor Anthony presented the consent agenda. Mr. Hopper moved to approve the consent agenda, and the following items were unanimously adopted:

1) **Approval of the Minutes of the Special Meeting of February 21, 2026**

2) **Approval of the Minutes of the Regular Meeting of March 2, 2026**

3) **Special Event applications:**

    a) **Shining in Shelby, requested dates: May 7 - 10, 2026**
    b) **Shelby Sprint 5K, requested date May 9, 2026**

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c) Tony's Walk, requested date May 30, 2026

END OF CONSENT AGENDA

E. Unfinished Business:

1) Approval of a resolution to enter into a contract with Barrs Recreation to construct a new all-inclusive Playground at Depot Park: Resolution No. 17-2026

Presenting: Charlie Holtzclaw, Director of Parks and Recreation

- **On December 15th, 2025 Council appropriated funding for the Depot Park which included $350,000 for a new adventure playground at Depot Park**
- **Staff advertised a Request for Proposal, with five different companies submitting a variety of very good playground options**
- **Selection Committee reviewed and evaluated the proposals**
- **Barrs Recreation best met the outlined criteria, and the committee was impressed with the overall inclusion, accessibility and versatility the playground provides, making it the best overall fit for Depot Park**
- **If approved this resolution will allow the City Manager to enter into a contract with Barrs Recreation to negotiate the details of the design, terms and installation of the playground equipment**
- **The playground completion date is no later than December 4, 2026**

Mr. Holtzclaw presented a video from Barrs Recreation with their interpretation of what the playground would look like; Council was impressed with the layout and the design.

ACTION TAKEN: Upon a motion from Mr. White, City Council voted unanimously to approve Resolution No. 17-2026 entitled, "A RESOLUTION TO ENTER INTO A CONTRACT WITH BARRS RECREATION TO CONSTRUCT A NEW ALL-INCLUSIVE PLAYGROUND AT DEPOT PARK."

F. New Business:

1) Request to close a portion of Clyde Street:

a) Approval of a resolution declaring approval of the petition by the City Council of the City of Shelby for the permanent closure of a portion of Clyde Street: Resolution No. 18-2026

b) Approval of a resolution declaring the intent of the City Council of the City of Shelby to consider the permanent closure of a portion of Clyde Street: Resolution No. 19-2026

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Presenting: Brian Burgess, Planning and Development Director

- **At the advice of our City attorney, staff is now presenting a resolution of intent into two different resolutions - a Resolution of Petition and the Resolution of Intent**
  - **If Council wants to consider the road closure, then it must approve the Resolution of Petition and then approve the Resolution of Intent to start the process of advertising a public hearing**
  - **If Council does not wish to consider the road closure, then denying the Resolution of Petition is all that is necessary**
- **The applicant spoke earlier during Public Comment about the reasons for applying for this road closure**

Mr. Merritt stated that the applicant's request is to close the portion of Clyde Street between W. Graham and W. Warren. Mr. Merritt's opinion is that this road closure reduces traffic flow and can add congestion to an area of our center city core that is expanding. Mr. Merritt's recommendation is to deny the request.

Mr. White asked for clarification as to whether the City has water, sewer, or electric lines along the portion of Clyde Street and if so, how do we maintain those lines if they are on private property. Mr. Merritt stated we do have those lines, and the City would retain an easement to maintain and repair those lines. Any kind of fencing around the property could hinder those efforts.

> **ACTION TAKEN: Upon a motion from Ms. Arth, City Council voted unanimously to deny Resolution No. 18-2026 entitled, "A RESOLUTION DECLARING APPROVAL OF THE PETITION BY THE CITY COUNCIL OF THE CITY OF SHELBY FOR THE PERMANENT CLOSURE OF A PORTION OF CLYDE STREET."**
>
> **No action taken on Resolution No. 19-2026 due to the unanimous vote to deny Resolution No. 18-2026.**

2) Consideration of appointments to City advisory boards and commissions:

a) Airport Advisory Board

Mayor Anthony reported the terms of three incumbents, Robert Farrow, Barry Beaver and Dicky Amaya concluded February 2026. All three incumbents wish to continue to serve.

There are three applications on file in the Clerk's office:

- **Gustavo Martinez**
- **Matt Albinger**
- **Stephen Ager**

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Mr. White nominated Mr. Farrow, Mr. Beaver and Mr. Amaya. There were no other nominations.

ACTION TAKEN: Upon a motion by Mr. Hopper, City Council voted unanimously to close the nominations and appoint the nominees by acclamation.

G. City Manager's Report:

- **Mr. Merritt updated City Council on the following projects:**
  - **The Holland Street Project –**
    - **Construction and paving of the new parking lot, curbing, irrigation, and new sidewalks in that area is ongoing**
    - **Project timeline - Completed by mid-April, 2026**
  - **Uptown Tree Replacement project –**
    - **Fifteen trees have been planted by our Public Works Department**
    - **Continue to monitor the trees and water them as needed**
    - **The trees may shed some leaves, but this is normal and the leaves will come back**
  - **Jaycee Picnic Shelter at the City Park -**
    - **It is being reconstructed and moved to a better location, closer to the carrousel and the playground, making it more accessible for all citizens. The shelter had been damaged during Hurricane Helene; FEMA funds and insurance money funded this replacement project**
  - **Webbley and Hotel Charles –**
    - **We've received significant interest in both of these projects, but the developers have requested we extend the proposal deadline. The City has agreed to grant a 35-day extension, with the new date being April 15th at 5:00 p.m.**
  - **Community Meeting –**
    - **The Shelby Police Department will host a Community Meeting on March 31st at 6:30 p.m. at the SPD Training Room. This is a time for business owners and residents to discuss any issues or concerns. This meeting is open to the public.**
  - **Housing Department –**
    - **HUD inspection was completed in January 2026 with the new Nspire model criteria**
    - **Out of 100, our Housing Department scored a 94**
    - **Commend our Housing staff for their excellent work in maintaining the properties in top condition**
    - **We have over 300 residents who live in our 172 apartments**

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Mr. Merritt also advised that there have been some power outages due to high winds experienced throughout the day; our crews are out right now addressing those outages mainly in the southwest part of the city.

H. Council Announcements and Remarks:

Mayor Anthony read a list of upcoming events:

The Cleveland Cup is scheduled for March 27th at Hanna Park

CAGO meeting is this Thursday at the LeGrand Center

Service Awards luncheon is next Tuesday, March 24th

Budget Workshop is scheduled for April 22nd

Ms. Arth welcomed Mrs. Waris to City Council and said she was sorry she missed her swearing in last meeting.

I. Adjournment:

1) **Motion to adjourn**

ACTION TAKEN: Upon a motion made by Ms. Arth, City Council voted unanimously to adjourn the meeting at 6:55 p.m.

Respectfully submitted,

Carol Williams
City Clerk

O. Stanhope Anthony, III
Mayor

Minutes of March 16, 2026

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City of Shelby
Agenda Item Summary
April 6, 2026
City Hall Council Chambers

Agenda Item: C-2

2) Approval of a resolution authorizing staff for the City of Shelby to complete the designation of applicant's agent and applicant assurances for public assistance form in consideration of future relief utilizing FEMA funds: Resolution No. 21-2026

Consent Agenda Item: (Jason Lunsford, City Attorney)

Summary of Available Information:

- Memorandum dated March 11, 2026, from Jason Lunsford, City Attorney to Justin Merritt, City Manager
- Resolution No. 21-2026

City Manager's Recommendation / Comments

Resolution 21-2026 is being presented to City Council for consideration to allow City staff to authorize the NC Department of Public Safety to submit a Hazard Mitigation Grant to FEMA. This grant, if approved by FEMA, would provide for the purchase of the property, identified as 1009 Spann Street, complete demolition of the structure and permanently restrict the use of the property as open space. Ownership of the property would be transferred to the City of Shelby.

This resolution does not commit the City to acceptance of the property, it only authorizes submission of the grant application, which must be considered by FEMA and, if awarded, accepted by the current property owner. If those actions are completed, consideration of property acceptance would come back before City Council for consideration of acceptance.

It is my recommendation that Resolution No. 21-2026 be adopted and approved by City Council via the Consent Agenda.

Shelby
NORTH CAROLINA
Post Office Box 207 • Shelby, NC 28151-0207
Office of the City Attorney

MEMO

RE: 1009 Spann Street, Shelby, NC

Date: March 11, 2026

To Justin Merritt, City Manager

On September 25, 2024, then Governor Cooper declared a State of Emergency ahead of Hurricane Helene's landfall. The aftermath that followed resulted in record setting rainfall, loss, and devastation that will affect the State of North Carolina for years to come. Cleveland County was one of the many counties affected by this natural disaster along with the citizens of Shelby, North Carolina. In January of 2026, staff learned of discussions with the State of North Carolina and the County regarding an affected property, that being 1009 Spann St., Shelby, NC 28150, and the possibility to receive Federal Emergency Management Agency (FEMA) grant funds for the potential purchase and future ownership of this affected property by the City of Shelby. The grant funds would allow the property owner(s) to receive pre-disaster value, if agreed to, utilizing FEMA funds and then having the property revert to the City of Shelby with corresponding deed restrictions. At this time, staff is only seeking a decision from City Council as to their desire to proceed with the grant application. If City Council desires to proceed once the grant is awarded, staff will return to City Council seeking its approval and authorization to proceed with the purchase and future ownership of the property.

Sincerely,

Jason Lunsford
City Attorney

Resolution No. 21-2026

A RESOLUTION AUTHORIZING STAFF FOR THE CITY OF SHELBY TO COMPLETE THE DESIGNATION OF APPLICANT'S AGENT AND APPLICANT ASSURANCES FOR PUBLIC ASSISTANCE FORM IN CONSIDERATION OF FUTURE RELIEF UTILIZING FEMA FUNDS

WHEREAS, the State of North Carolina experienced catastrophic damage and loss due to the impacts of Hurricane Helene ("Helene"); and

WHEREAS, Governor Cooper declared a State of Emergency for the State of North Carolina and those impacted by Helene along with the federal government's declaration of a federal emergency; and

WHEREAS, Cleveland County North Carolina and more specifically the City of Shelby was impacted by Helene; and

WHEREAS, the property located at 1009 Spann Street, Shelby, NC 28150, or more formally identified by Tax Parcel 21424 or Deed Book 1920 Page 221, experienced significant damage and is deemed a total loss due to Helene and the property owner(s) have sought assistance through the Federal Emergency Management Agency (FEMA); and

WHEREAS, staff met with the North Carolina Department of Public Safety Hazard Mitigation Development Supervisor, Jason Pleasant, to discuss the possibility of utilizing FEMA grant funds to purchase the property at 1009 Spann Street where the owner would receive pre-disaster value of the property and the City of Shelby would become the owner thereafter; and

WHEREAS, in order to proceed prior to the FEMA grant expiration of March 28, 2026, the City of Shelby must receive approval from the City Council for the City of Shelby to complete the Designation of Applicant's Agent and Applicant's Assurances for Public Assistance form in order to proceed with the continued discussion and potential transaction utilizing FEMA funds for the purchase of 1009 Spann Street.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHELBY, NORTH CAROLINA:

1. City Council accepts the recommendation from staff and authorizes the City Manager, or his designee, to complete the attached Designation of Applicant's Agent and Applicant Assurances for Public Assistance Form and to continue discussions with the State of North Carolina Public Safety Hazard Mitigation Development staff and FEMA staff as necessary.

2. Staff shall report back to City Council any recommendations following discussions with the property owner(s) regarding the sale and future ownership of the property by the City of Shelby prior to finalizing any agreements.

3. This Resolution shall become effective upon its adoption and approval.

Adopted and approved this the 6th day of April, 2026.

_____
O. Stanhope Anthony, III
Mayor

ATTEST:

_____
Carol Williams
City Clerk

City of Shelby
Agenda Item Summary
April 6, 2026
City Hall Council Chambers

Agenda Item: C-3

3) Approval of a resolution delegating authority to the City Manager's designee to award and execute contracts on behalf of the City of Shelby: Resolution No. 22-2026

Consent Agenda Item: (Justin Merritt, City Manager)

Summary of Available Information:

- Resolution No. 22-2026

City Manager's Recommendation / Comments

Resolution 22-2026 is being presented to City Council to formalize the authority of the City Manager to enter into certain contracts and execute certain grant applications, awards, or agreements, if funds have previously been budgeted to cover the contract amount and any grant match requirements. It also authorizes the City Manager to delegate this signatory authority to certain City employees, as may be necessary from time to time.

The proposed resolution limits the City Manager's authority to execute contracts, without direct City Council approval, to an amount under $250,000 for construction or repair contracts and under $90,000 for purchase of supplies, materials or apparatus. These limits fall in line with or are under the formal bidding requirements per NCGS 143-129.

It is my recommendation that Resolution No. 22-2026 be adopted and approved by City Council via the Consent Agenda.

RESOLUTION NO. 22-2026
DELEGATING AUTHORITY TO THE CITY MANAGER'S DESIGNEE TO AWARD AND EXECUTE CONTRACTS ON BEHALF OF THE CITY OF SHELBY

WHEREAS, the City of Shelby is a duly formed and operating municipal corporation formed under the State of North Carolina; and

WHEREAS, the City of Shelby may enter into contracts through exercise of its corporate powers pursuant to N.C. Gen. Stat. § 160A-11, § 160A-12 and Section 5 of the Shelby City Charter; and

WHEREAS, pursuant to N.C. Gen. Stat. § 160A-12, the City Council for the City of Shelby may delegate further authority for carrying out a power, function, right, privilege, or immunity conferred or imposed by charter or general law through adoption of a resolution or ordinance; and

WHEREAS, the City of Shelby has adopted through its City Charter, Section 16.1 of the Shelby City Charter, the city manager form of government and hired a city manager pursuant to N.C. Gen. Stat. § 160A-147 to act as the administrative head of the city government and be responsible for the administration of all departments of city government; and

WHEREAS, the City Manager is authorized, pursuant to N.C. Gen. Stat. § 160A-148 and Section 16-1 of the City Charter and § 2-112 of the City Code of Ordinances, to enter into and execute contracts on behalf of the City of Shelby to ensure the faithful execution of the acts of City Council in accordance with the laws of the State of North Carolina, the City Charter, adopted ordinances, and resolutions; and

WHEREAS, pursuant to N.C. Gen. Stat. § 143-129, the City Manager may enter into the following contracts without prior approval from city council:

(a) construction or repair contracts under $250,000.00
(b) purchase contracts for apparatus, supplies, materials, or equipment under $90,000.00, and
(c) all exceptions recognized under subsection (e) and (g); and

WHEREAS, the City Manager may enter into lease agreements for up to twelve (12) months pursuant to N.C. Gen. Stat. 160A-272; and

WHEREAS, the City Manager may delegate this authority to any agent or employee of the City of Shelby to act on behalf of the City Manager for the benefit of the City of Shelby in order to effectuate the faithful execution of the acts of City Council expressed above.

NOW THEREFORE BE IT RESOLVED, by the City Council for the City of Shelby, North Carolina:

Section 1. The City Council hereby authorizes the City Manager to

(a) approve, award, and execute contracts and amendments to contracts, of any kind or nature when the expected expenditure of City funds is less than $250,000.00, provided that the City Council shall have approved a sufficient appropriation in the annual budget for the current fiscal year for the general purpose specified in the contract

(b) approve and execute contracts in any amount that do not require an expenditure of funds by the City.

Section 2. Except as may be limited by law, the City Manager may delegate the authority conferred by this resolution to such City employees in such amounts as the City Manager may determine from time to time.

Section 3. The City Council hereby authorizes the City Manager's designee to have the authority to enter into contracts and sign on behalf of the City under the same restrictions and limitations as placed upon the City Manager.

Section 4. The City Manager and any designee are authorized to:

(a) Execute contracts awarded or approved by the City Council, and
(b) Make any necessary technical corrections and minor modifications to a contract approved by the City Council, consistent with the intent and approval of the City Council.

Section 5. The City Manager and any designee are authorized to execute grant applications, grant awards, and grant agreements when the amount of any City match is within budgeted appropriations or in the event the grant does not require matching funds.

Section 6. This resolution supersedes any prior delegation or authority regarding the subjects of this resolution.

ADOPTED AND APPROVED this the 6th day of April 2026.

_____
O. Stanhope Anthony, III
Mayor

ATTEST:

_____
Carol Williams
City Clerk

City of Shelby
Agenda Item Summary
April 6, 2026
City Hall Council Chambers

Agenda Item: C-4

4) Approval of a resolution to accept an offer to purchase property by Upset Bid Process (514 Gardner Street): Resolution No. 23-2026

Consent Agenda Item: (Carol Williams, City Clerk)

Summary of Available Information:

- Memorandum dated March 20, 2026, from Carol Williams, City Clerk to Justin Merritt, City Manager
- Resolution No. 13-2026
- Resolution No. 23-2026

City Manager's Recommendation / Comments

This item is presented for City Council consideration. As background, City staff made a determination that the listed parcel is surplus in nature and has no immediate or long-term public purpose. Resolution No. 13-2026 was adopted by City Council in accordance with NC General Statute 160A-269, authorizing the sale of the described property through the upset bid method. The City Clerk has followed the statutory steps and has received bids as listed below. The required deposit has been received and the time for upset bid has expired.

If approved, Resolution No. 23-2026 would accept the offer from the listed party and authorize the City Manager to facilitate the sale of the property.

Parcel	Location	Acreage	Amount Offered	Tax Value	Purchaser
17798	Gardner St.	0.242 acre	$12,000	$11,808	Sundown Automotive, Inc,

Under the provisions of the statute City Council can accept or reject any or all these bids at its discretion. Resolution No. 23-2026 has been prepared for your consideration at this time.

It is my recommendation that Resolution No. 23-2026 be adopted and approved by City Council via the Consent Agenda.

Shelby
NORTH CAROLINA

Post Office Box 207 • Shelby, NC 28151-0207

Office of the City Clerk

March 20, 2026

Sundown Automotive, Inc.
228 Rollingbrook Road
Kings Mountain, NC 28086

Dear Mr. Evans

As you are aware, the resolution (Res. No. 13-2026) to receive an offer to purchase and advertise the offer to purchase for upset bids for property located at 514 Gardner Street (Parcel # 17798) was approved by City Council on March 2, 2026.

Pursuant to GS 160A-269, the City published a notice of the offer after the appropriate deposit had been submitted to the City Clerk. The notice contained a general description of the property, the amount of the offer and a notice that within 10 days, any person may raise the bid.

We received no other bids, so your bid was the highest. Therefore, I've asked the City Manager to place this item on the agenda for City Council to consider your offer. The City Council meeting will take place on Monday, April 6, 2026 at 6:00 p.m. in the Council Chamber at City Hall.

Please keep in mind that City Council may at any time reject any and all offers. The sale of the property is not subject to any contingencies. If Council approves the sale, the City Attorney will facilitate the real estate closing. You will be responsible for all legal fees and recording fees.

If you have any questions, please contact me at 704-669-6588.

Sincerely,

Carol Williams

Carol Williams
City Clerk

Cc: Justin Merritt, City Manager
Beth Beam, Finance Director
Jason Lunsford, City Attorney

RESOLUTION NO. 13-2026

RESOLUTION AUTHORIZING THE SALE OF CITY OF SHELBY OWNED REAL PROPERTY IDENTIFIED BY PARCEL NUMBER 17798 THROUGH THE UPSET BID PROCEDURE OF N. C. GENERAL STATUTE § 160A-269

WHEREAS, the City of Shelby owns real property in the City of Shelby identified by parcel number 17798, located in Deed Book 1612 Page 2145 and further identified by Map S-9 Blk 9 Lot 12; and

WHEREAS, City Council has determined no current or future use of the properties identified by the above parcel number; and

WHEREAS, North Carolina General Statute § 160A-269 permits the City to sell property by upset bid, after receiving an offer for the property; and

WHEREAS, the City of Shelby requests bids start at a minimum of the present tax value, which currently is eleven thousand eight hundred eight ($11,808.00) dollars; and

WHEREAS, the City is selling this property as is with no warranty and conveyance will be by quitclaim deed, which will be drafted by the City Attorney; and

WHEREAS, the winning bidder shall pay an administrative fee of one hundred fifty ($150.00) dollars for the preparation of the deed and the filing fee, which is currently twenty-six ($26) dollars.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHELBY, NORTH CAROLINA THAT:

Section 1. The City Council authorizes sale of the property described above through the upset bid procedure of North Carolina General Statute § 160A-269.

Section 2. Persons wishing to make an initial offer shall submit a sealed bid with their offer to the office of the City Clerk accompanied by a deposit in the amount of 5% of the bid.

Section 3. The City Manager is authorized to solicit an initial bid in accordance with the N. C. General Statutes § 160A-269.

Section 4. The terms of the final sale are that:

- The City Council must approve the final high offer before the sale is closed, which it will do within thirty (30) days after the final upset bid period has passed;
- The winning bidder must pay an administrative fee of one hundred fifty ($150.00) dollars and filing the deed at a current cost of twenty-six ($26.00) dollars; and
- The buyer must pay all costs and fees with cash at the time of closing.

Section 5. The City reserves the right to withdraw the property from sale at any time before the final high bid is accepted and the right to reject at any time all bids.

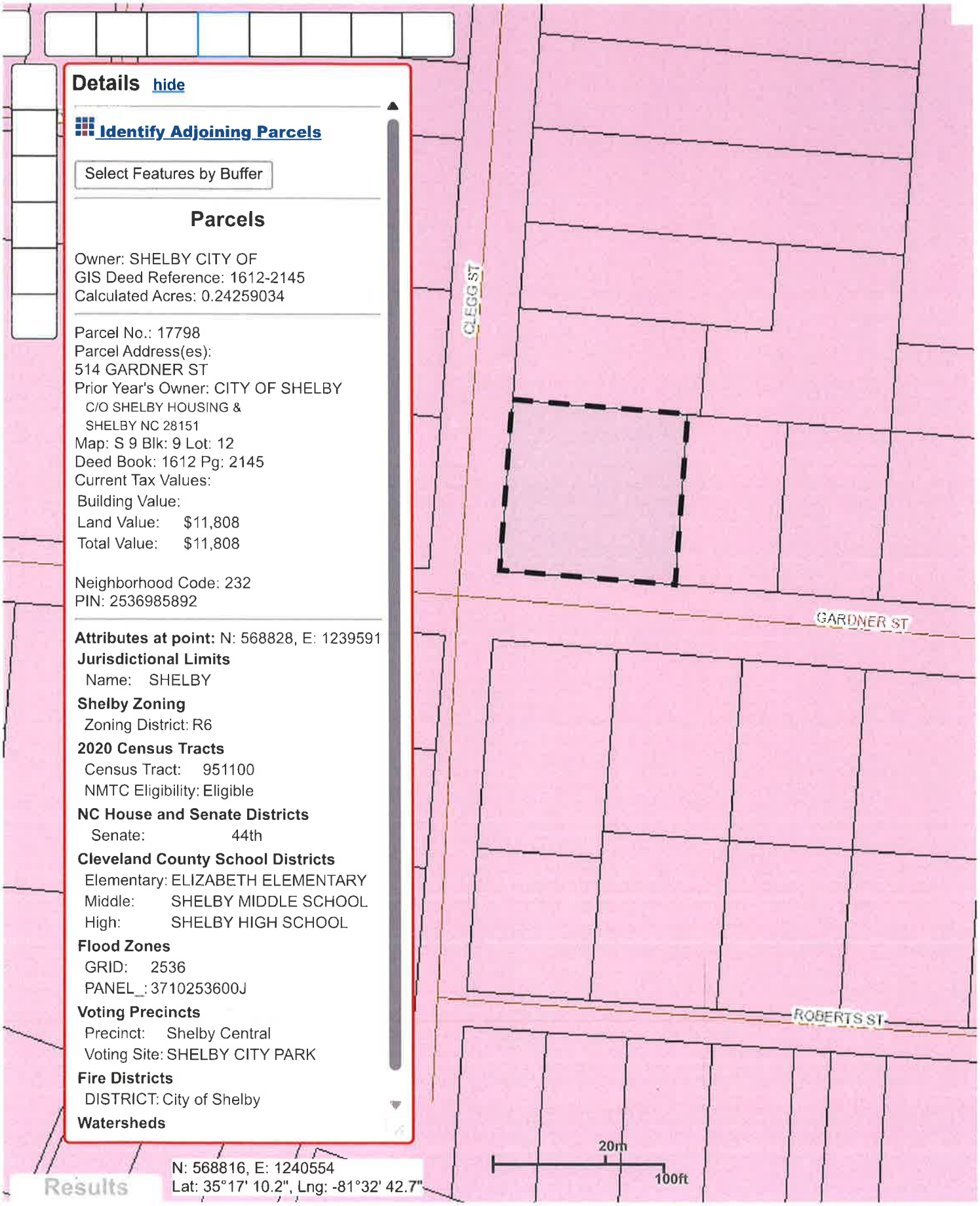
This Resolution shall become effective upon its adoption and approval. Adopted and Approved this the 2nd day of March 2026.

O. Stanhope Anthony III
Mayor

ATTEST:

Carol Williams
City Clerk

CITY OF SHELBY
1843
SHELBY, N.C.



Details hide

Identify Adjoining Parcels

Select Features by Buffer

Parcels

Owner: SHELBY CITY OF
GIS Deed Reference: 1612-2145
Calculated Acres: 0.24259034

Parcel No.: 17798
Parcel Address(es):
514 GARDNER ST
Prior Year's Owner: CITY OF SHELBY
C/O SHELBY HOUSING &
SHELBY NC 28151
Map: S 9 Blk: 9 Lot: 12
Deed Book: 1612 Pg: 2145
Current Tax Values:
Building Value:
Land Value: $11,808
Total Value: $11,808

Neighborhood Code: 232
PIN: 2536985892

Attributes at point: N: 568828, E: 1239591

Jurisdictional Limits
Name: SHELBY

Shelby Zoning
Zoning District: R6

2020 Census Tracts
Census Tract: 951100
NMTC Eligibility: Eligible

NC House and Senate Districts
Senate: 44th

Cleveland County School Districts
Elementary: ELIZABETH ELEMENTARY
Middle: SHELBY MIDDLE SCHOOL
High: SHELBY HIGH SCHOOL

Flood Zones
GRID: 2536
PANEL_: 3710253600J

Voting Precincts
Precinct: Shelby Central
Voting Site: SHELBY CITY PARK

Fire Districts
DISTRICT: City of Shelby

Watersheds

Results

N: 568816, E: 1240554
Lat: 35°17' 10.2", Lng: -81°32' 42.7"

DATE 12/05/25 CLEVELAND COUNTY PAGE 1
TIME 8:36:22 PROPERTY CARD PROG# AS2006
USER SHERRYL FOR YEAR 2025

CITY OF SHELBY
PARCEL ID.. 17798 PIN... S 9 9 12
LOCATION... 514 GARDNER ST SHELBY
DEED YEAR/BOOK/PAGE.. 2011 1612 2145 ASSESSMENT NONE .00 .00 .00
C/O SHELBY HOUSING & DEV CORP PLAT BOOK/PAGE.. OWNER ID.. 1274232
PO BOX 207 LEGAL DESC:512-514 GARDNER ST DISTRICT.. 6 CITY OF SHELBY

TOWNSHIP... 6 SHELBY
SHELBY NC 28151- NBRHOOD... 232 S MAPS 06
DESCRIPTION FULLY EXEMPT

MAINTAINED.. 3/01/2024 BY SHERRYL VALUED.. 1/31/2025 BY TBAME EXEMPT.... GE GOVERNMENT EXEMPT
VISITED..... 11/04/2011 BY JP TYPE OF REVIEW ROUTING#..
PARCEL STATUS... ACTIVE CATEGORY.. GROUP 100

SALES HISTORY

DEED BK/PAGE	SALE DATE	SALES INSTRUMENT	DISQUALIFIED	SALE AMOUNT	STAMP AMOUNT	DEED NAME
1612 2145	3/16/2011	DEED	LENDOR,GOVERNME			CITY OF SHELBY
1262 0650	12/10/1999	DEED	MINERAL OR TIMB			CHITTY-YOUNG FAMILY LIMITED PA
1247 1652	5/03/1999	DEED	QUALIFIED	35,000	70.00	RIPPY JACK E
1140 1193	1/14/1994	DEED	MINERAL OR TIMB			CHITTY YOUNG FAMILY LIMITED PA
17A 441	1/01/1980	SALE	QUALIFIED			

LAND SEGMENTS

LND #	ZONE	STRAT CODE	LAND TYPE/CODE	LAND QTY	LAND RATE	DPT%	SHP%	LOC%	SIZ%	OTH%	TOP%	TOT ADJ	CURRENT FMV
1		12	FF F	96.000	150.00	82.00	.00	100.00	.00	.00	.00	82.00	11,808
			DPTH..	100			OTHER ADJ...		.00	.00	.00	.00	
		TOTAL ACRES..		.000								TOTAL LAND FMV..	11,808

TOTAL PARCEL VALUES----	LAND / OVR	IMPROVEMENTS / OVR	TOTAL LAND/IMPROVE	2024 VALUE
FMV.....	11,808	0	11,808	3,936
APV.....	11,808	0	11,808	3,936

RESOLUTION NO. 23-2026

A RESOLUTION TO ACCEPT AN OFFER TO PURCHASE PROPERTY BY UPSET BID PROCESS

WHEREAS, the City of Shelby received a bid to purchase property located at 514 Gardner Street (Parcel ID # 17798) from Sundown Automotive, Inc. in the amount of $12,000.00; and,

WHEREAS, Sundown Automotive, Inc. has paid the required 5% deposit on this offer; and,

WHEREAS, the current tax value of Parcel Number 17798 is $11,808.00; and,

WHEREAS, the City Council of the City of Shelby adopted Resolution No. 13-2026 to receive an offer to purchase and advertise the offer to purchase for upset bids as defined in North Carolina General Statute 160A-269.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SHELBY RESOLVES THAT:

Section 1. That the City of Shelby will accept the offer from Sundown Automotive, Inc. to purchase the property at 514 Gardner Street with Cleveland County Tax Parcel Number 17798 and authorize the City Manager to facilitate the sale of the property.

Section 2. This Resolution shall become effective upon its adoption and approval.

Adopted and approved this the 6th day of April, 2026.

_____
O. Stanhope Anthony, III
Mayor

ATTEST:

_____
Carol Williams
City Clerk

City of Shelby
Agenda Item Summary
April 6, 2026
City Hall Council Chambers

Agenda Item: C-5

5) Approval of a resolution authorizing the sale of City of Shelby owned real property identified by parcel number 17787 through the Upset Bid Procedure of N. C. General Statute § 160A-269 (504 Gardner Street): Resolution No. 24-2026

Consent Agenda Item: (Nicole Hart, Paralegal)

Summary of Available Information:

- Memorandum dated March 31, 2026, from Nicole Hart, Paralegal to Justin Merritt, City Manager
- Cleveland County Property Card
- Parcel Map
- Resolution No. 24-2026

City Manager's Recommendation / Comments

Resolution No. 24-2026 is presented for City Council consideration as a matter of routine business via the Consent Agenda. If approved this resolution would authorize the sale of parcel # 17787 using the upset bid procedure. The initial bid accepted by the City for this parcel is $4,190.00. The tax value of the parcel is $3,690.00.

The public will be notified of the bid submitted and will have 10 days to upset the bid in hand by at least 10% of the first $1,000 and 5% of the remaining amount as a minimum as prescribed by statute.

It is my recommendation that Resolution No. 24-2026 be adopted and approved by City Council via the Consent Agenda.

Shelby
NORTH CAROLINA
Post Office Box 207 · Shelby, NC 28151-0207

To: Justin Merritt, City Manager

From: Nicole Hart, Paralegal

Date: March 31, 2026

Subject: Sale of Real Property by Upset Bid Procedure - 504 Gardner Street

Background:

The City recently received an offer to purchase real property within our corporate limits. The parcel is owned by the City and is currently an unimproved wooded lot. For many of the surplus lots, the City maintains through its employees or pays contractors to maintain (i.e. keep the grass cut) these lots.

The City has several methods through which it can dispose of real property as prescribed in N.C. Gen. Stat. § 160A-266, which includes the upset bid process for real property. This is described in detail in N.C. Gen. Stat. § 160A-269, which is attached.

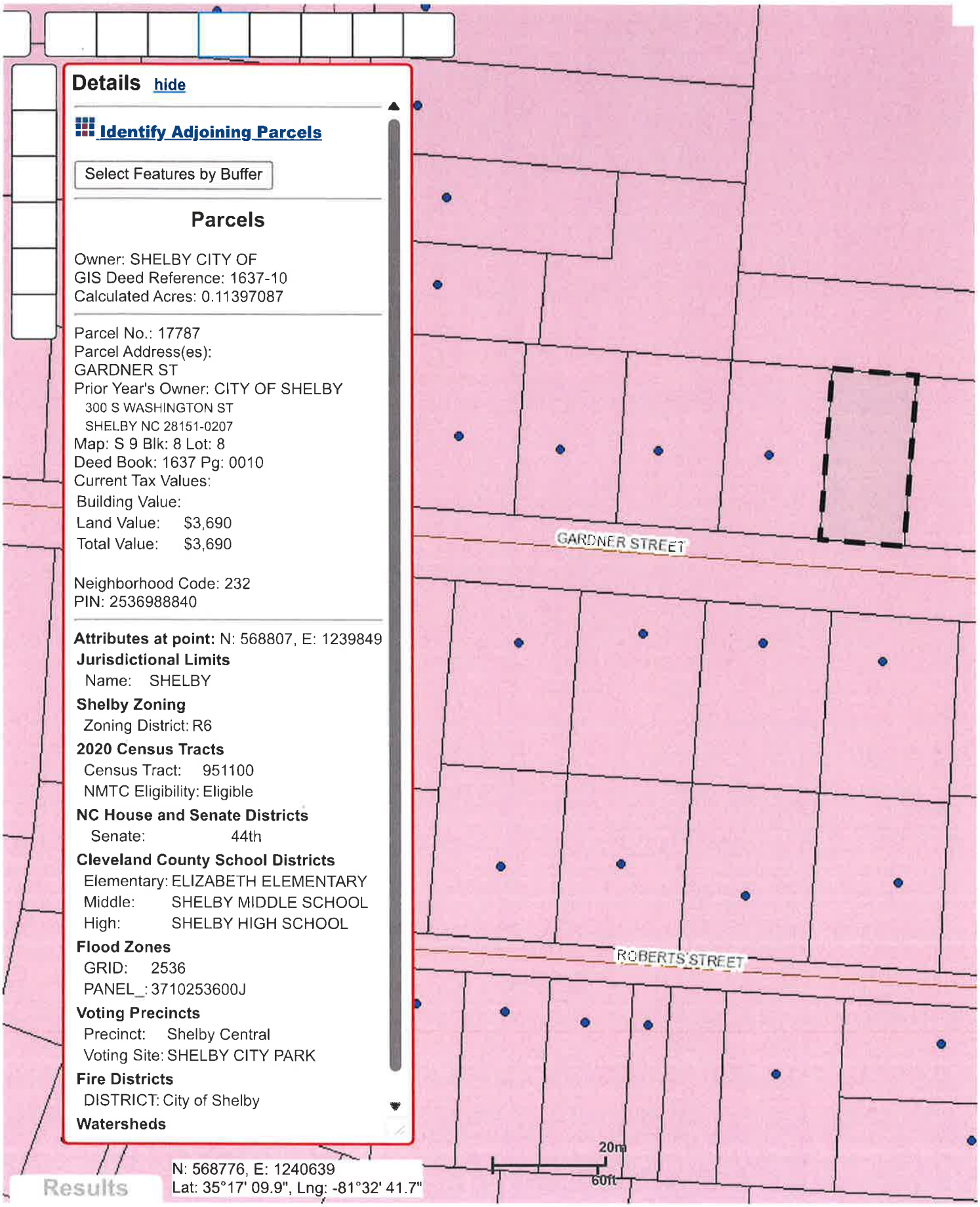
City staff have conducted a review of the parcel in question and found no current or future use for it and no conflicts with existing or planned utilities. Therefore, the recommendation is to proceed with offering the parcel for sale, utilizing the upset bid process. Selling this parcel releases the property from the City's ownership and allows the property to be placed "back on the books" from a property tax perspective.

The parcel is 17787 (504 Gardner Street), which is further identified by Deed 1637 Page 0010 and Map S-9 Blk. 8 Lot 8 and the offer is four thousand one hundred ninety($4,190.00) dollars. This is the amount where the upset bid process would start. The tax value on the parcel is three thousand six hundred ninety ($3,690.00) dollars. Maps are included on the next page for tax reference and utility system reference.

Recommendation:

The recommendation from staff is to approve the attached resolution.

Council will be able to accept or reject the final bid offers once the upset bid process is completed.



Details hide

Identify Adjoining Parcels

Select Features by Buffer

Parcels

Owner: SHELBY CITY OF
GIS Deed Reference: 1637-10
Calculated Acres: 0.11397087

Parcel No.: 17787
Parcel Address(es):
GARDNER ST
Prior Year's Owner: CITY OF SHELBY
300 S WASHINGTON ST
SHELBY NC 28151-0207
Map: S 9 Blk: 8 Lot: 8
Deed Book: 1637 Pg: 0010
Current Tax Values:
Building Value:
Land Value: $3,690
Total Value: $3,690

Neighborhood Code: 232
PIN: 2536988840

Attributes at point: N: 568807, E: 1239849

Jurisdictional Limits
Name: SHELBY

Shelby Zoning
Zoning District: R6

2020 Census Tracts
Census Tract: 951100
NMTC Eligibility: Eligible

NC House and Senate Districts
Senate: 44th

Cleveland County School Districts
Elementary: ELIZABETH ELEMENTARY
Middle: SHELBY MIDDLE SCHOOL
High: SHELBY HIGH SCHOOL

Flood Zones
GRID: 2536
PANEL_: 3710253600J

Voting Precincts
Precinct: Shelby Central
Voting Site: SHELBY CITY PARK

Fire Districts
DISTRICT: City of Shelby

Watersheds

Results

N: 568776, E: 1240639
Lat: 35°17' 09.9", Lng: -81°32' 41.7"

DATE 3/10/26 CLEVELAND COUNTY PAGE 1
TIME 10:48:07 PROPERTY CARD PROG# AS2006
USER SHERRYL FOR YEAR 2026

CITY OF SHELBY
300 S WASHINGTON ST
PO BOX 207
SHELBY NC 28151-0207

PARCEL ID.. 17787
LOCATION... GARDNER ST
DEED YEAR/BOOK/PAGE.. 2012 1637 0010
PLAT BOOK/PAGE..
LEGAL DESC:LOT GARDNER ST

TOWNSHIP... 6 SHELBY

PIN... S 9 8 8
SHELBY
ASSESSMENT NONE .00 .00 .00
OWNER ID.. 1093489
DISTRICT.. 6 CITY OF SHELBY

NBRHOOD... 232 S MAPS 06
DESCRIPTION FULLY EXEMPT

MAINTAINED.. 7/18/2025 BY SHERRYL VALUED.. 1/31/2025 BY TBAME
VISITED..... 5/01/1998 BY TYPE OF REVIEW
PARCEL STATUS... ACTIVE

EXEMPT.... GE GOVERNMENT EXEMPT
ROUTING#..
CATEGORY.. GROUP 100

SALES HISTORY

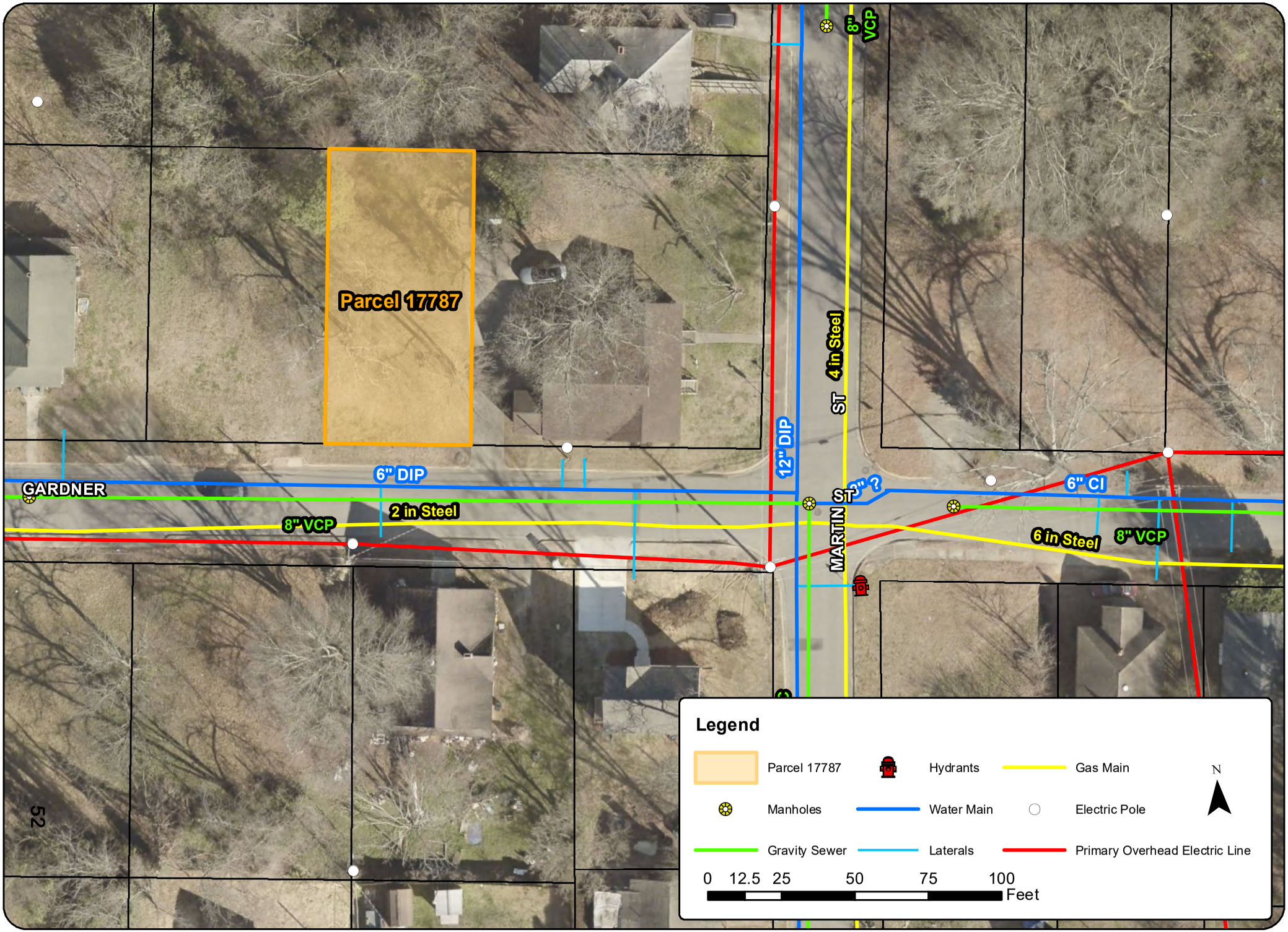
DEED BK/PAGE	SALE DATE	SALES INSTRUMENT	DISQUALIFIED	SALE AMOUNT	STAMP AMOUNT	DEED NAME
1637 0010	6/18/2012	DEED	LENDOR,GOVERNME			CITY OF SHELBY
1618 1070	7/08/2011	QUIT CLAIM DEE	UNDIVIDED/FRACT			SPANGLER ELOISE Y & EARL W SPA
1502 0950	10/30/2006	DEED	MINERAL OR TIMB			SPANGLER R PATRCK TRST,SPANGLE
87E 317	12/31/2003	DEED	MINERAL OR TIMB			SPANGLER ELOISE Y&SPANGLER EAR
87E 317	7/01/1987	SALE	QUALIFIED			

LAND SEGMENTS

LND #	ZONE	STRAT CODE	LAND TYPE/CODE	LAND QTY	LAND RATE	DPT%	SHP%	LOC%	SIZ%	OTH%	TOP%	TOT ADJ	CURRENT FMV
1		12	FF F	50.000	150.00	82.00	.00	100.00	.00	60.00	.00	49.20	3,690
			DPTH..	100		OTHER ADJ...		.00	.00	.00	.00		
	TOTAL ACRES..			.000						TOTAL LAND FMV..			3,690

TOTAL PARCEL VALUES----	LAND / OVR	IMPROVEMENTS / OVR	TOTAL LAND/IMPROVE	2025 VALUE
FMV.....	3,690	0	3,690	3,690
APV.....	3,690	0	3,690	3,690

Parcels 17787 - 504 Gardner St Utilities



RESOLUTION NO. 24-2026

RESOLUTION AUTHORIZING THE SALE OF CITY OF SHELBY OWNED REAL PROPERTY IDENTIFIED BY PARCEL NUMBER 17787 THROUGH THE UPSET BID PROCEDURE OF N. C. GENERAL STATUTE § 160A-269

WHEREAS, the City of Shelby owns real property in the City of Shelby identified by parcel number 17787, located in Deed Book 1637 Page 0010 and further identified by Map S-9 Blk. 8Lot 8; and

WHEREAS, City Council has determined no current or future use of the properties identified by the above parcel number; and

WHEREAS, North Carolina General Statute § 160A-269 permits the City to sell property by upset bid, after receiving an offer for the property; and

WHEREAS, the City of Shelby requests bids start at a minimum of the present tax value, which currently is three thousand six hundred ninety ($3,690.00) dollars; and

WHEREAS, the City is selling this property as is with no warranty and conveyance will be by quitclaim deed, which will be drafted by the City Attorney; and

WHEREAS, the winning bidder shall pay an administrative fee of one hundred fifty ($150.00) dollars for the preparation of the deed and the filing fee, which is currently twenty-six ($26) dollars.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHELBY, NORTH CAROLINA THAT:

Section 1. The City Council authorizes sale of the property described above through the upset bid procedure of North Carolina General Statute § 160A-269.

Section 2. Persons wishing to make an initial offer shall submit a sealed bid with their offer to the office of the City Clerk accompanied by a deposit in the amount of 5% of the bid.

Section 3. The City Manager is authorized to solicit an initial bid in accordance with the N. C. General Statutes § 160A-269.

Section 4. The terms of the final sale are that:

- The City Council must approve the final high offer before the sale is closed, which it will do within thirty (30) days after the final upset bid period has passed;
- The winning bidder must pay an administrative fee of one hundred fifty ($150.00) dollars and filing the deed at a current cost of twenty-six ($26.00) dollars; and
- The buyer must pay all costs and fees with cash at the time of closing.

Section 5. The City reserves the right to withdraw the property from sale at any time before the final high bid is accepted and the right to reject at any time all bids.

This Resolution shall become effective upon its adoption and approval. Adopted and Approved this the 6th day of April 2026.

_____
O. Stanhope Anthony III
Mayor

ATTEST:

_____
Carol Williams
City Clerk

City of Shelby
Agenda Item Summary
April 6, 2026
City Hall Council Chambers

Agenda Item: C-6

6) Approval of a resolution authorizing the sale of City of Shelby owned real property identified by parcel number 17778 through the Upset Bid Procedure of N. C. General Statute § 160A-269 (426 Gardner Street): Resolution No. 25-2026

Consent Agenda Item: (Nicole Hart, Paralegal)

Summary of Available Information:

- Memorandum dated March 31, 2026, from Nicole Hart, Paralegal to Justin Merritt, City Manager
- Cleveland County Property Card
- Parcel Map
- Resolution No. 25-2026

City Manager's Recommendation / Comments

Resolution No. 25-2026 is presented for City Council consideration as a matter of routine business via the Consent Agenda. If approved this resolution would authorize the sale of parcel # 17778 using the upset bid procedure. The initial bid accepted by the City for this parcel is $6,935.00. The tax value of the parcel is $6,435.00.

The public will be notified of the bid submitted and will have 10 days to upset the bid in hand by at least 10% of the first $1,000 and 5% of the remaining amount as a minimum as prescribed by statute.

It is my recommendation that Resolution No. 25-2026 be adopted and approved by City Council via the Consent Agenda.

Shelby
NORTH CAROLINA
Post Office Box 207 · Shelby, NC 28151-0207

To: Justin Merritt, City Manager

From: Nicole Hart, Paralegal

Date: March 31, 2026

Subject: Sale of Real Property by Upset Bid Procedure - 426 Gardner Street

Background:

The City recently received an offer to purchase real property within our corporate limits. The parcel is owned by the City and is currently an unimproved wooded lot. For many of the surplus lots, the City maintains through its employees or pays contractors to maintain (i.e. keep the grass cut) these lots.

The City has several methods through which it can dispose of real property as prescribed in N.C. Gen. Stat. § 160A-266, which includes the upset bid process for real property. This is described in detail in N.C. Gen. Stat. § 160A-269, which is attached.

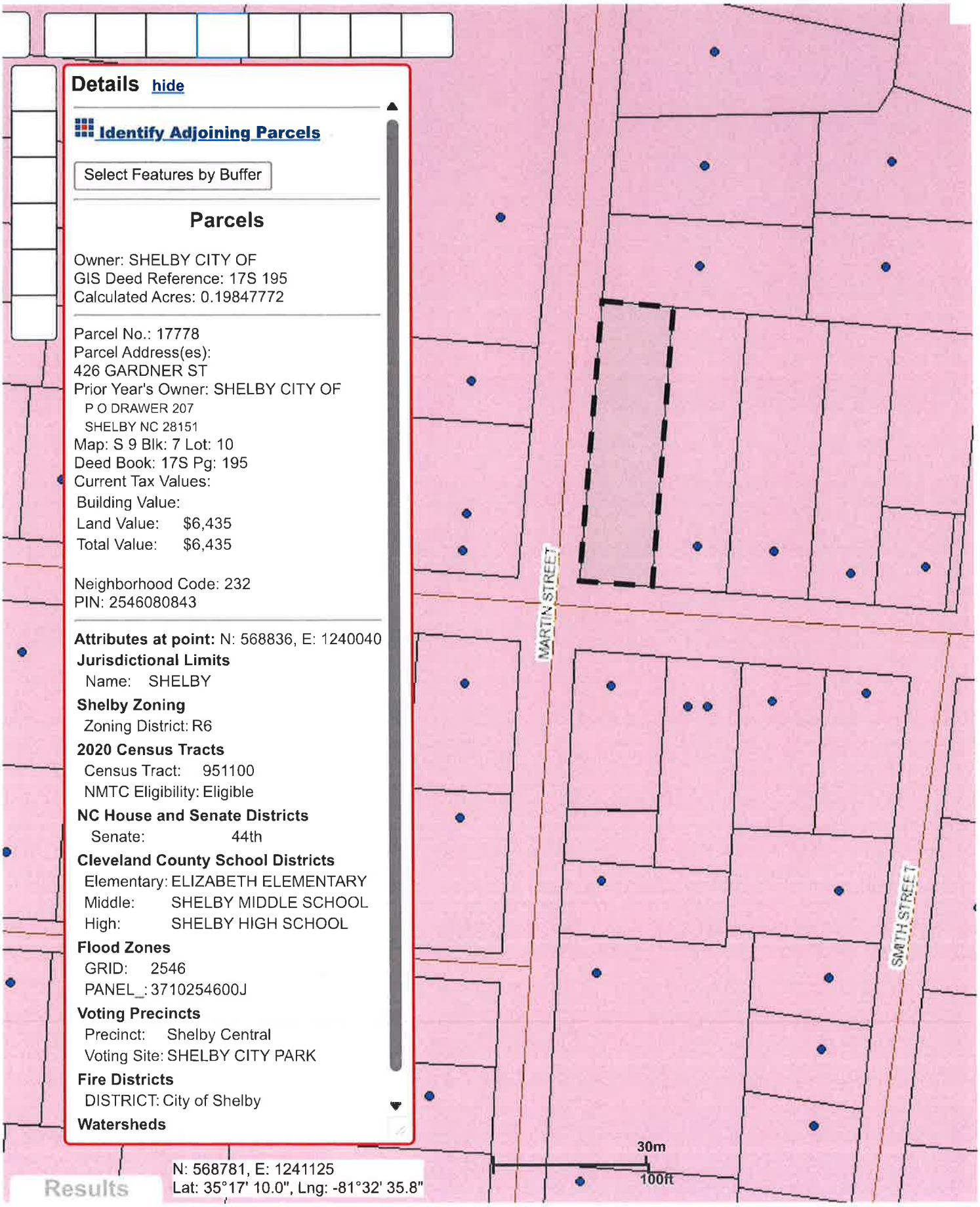
City staff have conducted a review of the parcel in question and found no current or future use for it and no conflicts with existing or planned utilities. Therefore, the recommendation is to proceed with offering the parcel for sale, utilizing the upset bid process. Selling this parcel releases the property from the City's ownership and allows the property to be placed "back on the books" from a property tax perspective.

The parcel is 17778 (426 Gardner Street), which is further identified by Deed 17S Page 195 and Map S-9 Blk. 7 Lot 10 and the offer is six thousand nine hundred thirty five ($6,935.00) dollars. This is the amount where the upset bid process would start. The tax value on the parcel is six thousand four hundred thirty five ($6,435.00) dollars. Maps are included on the next page for tax reference and utility system reference.

Recommendation:

The recommendation from staff is to approve the attached resolution.

Council will be able to accept or reject the final bid offers once the upset bid process is completed.



Details hide

Identify Adjoining Parcels

Select Features by Buffer

Parcels

Owner: SHELBY CITY OF
GIS Deed Reference: 17S 195
Calculated Acres: 0.19847772

Parcel No.: 17778
Parcel Address(es):
426 GARDNER ST
Prior Year's Owner: SHELBY CITY OF
P O DRAWER 207
SHELBY NC 28151
Map: S 9 Blk: 7 Lot: 10
Deed Book: 17S Pg: 195
Current Tax Values:
Building Value:
Land Value: $6,435
Total Value: $6,435

Neighborhood Code: 232
PIN: 2546080843

Attributes at point: N: 568836, E: 1240040

Jurisdictional Limits
Name: SHELBY

Shelby Zoning
Zoning District: R6

2020 Census Tracts
Census Tract: 951100
NMTC Eligibility: Eligible

NC House and Senate Districts
Senate: 44th

Cleveland County School Districts
Elementary: ELIZABETH ELEMENTARY
Middle: SHELBY MIDDLE SCHOOL
High: SHELBY HIGH SCHOOL

Flood Zones
GRID: 2546
PANEL_: 3710254600J

Voting Precincts
Precinct: Shelby Central
Voting Site: SHELBY CITY PARK

Fire Districts
DISTRICT: City of Shelby

Watersheds

Results

N: 568781, E: 1241125
Lat: 35°17' 10.0", Lng: -81°32' 35.8"

DATE 3/10/26 CLEVELAND COUNTY PAGE 1
TIME 10:48:07 PROPERTY CARD PROG# AS2006
USER SHERRYL FOR YEAR 2026

SHELBY CITY OF
P O DRAWER 207
SHELBY NC 28151-

PARCEL ID.. 17778
LOCATION... 426 GARDNER ST
DEED YEAR/BOOK/PAGE.. 1982 17S 195
PLAT BOOK/PAGE..
LEGAL DESC:426 GARDNER ST

TOWNSHIP... 6 SHELBY
DESCRIPTION

PIN... S 9 7 10
SHELBY
ASSESSMENT NONE .00 .00 .00
OWNER ID.. 19739001
DISTRICT.. 6 CITY OF SHELBY

NBRHOOD... 232 S MAPS 06
FULLY EXEMPT

MAINTAINED.. 6/06/2025 BY SHERRYL VALUED.. 1/31/2025 BY TBAME
VISITED..... 5/01/1998 BY TYPE OF REVIEW
PARCEL STATUS... ACTIVE

EXEMPT.... GE GOVERNMENT EXEMPT
ROUTING#..
CATEGORY.. GROUP 100

SALES HISTORY

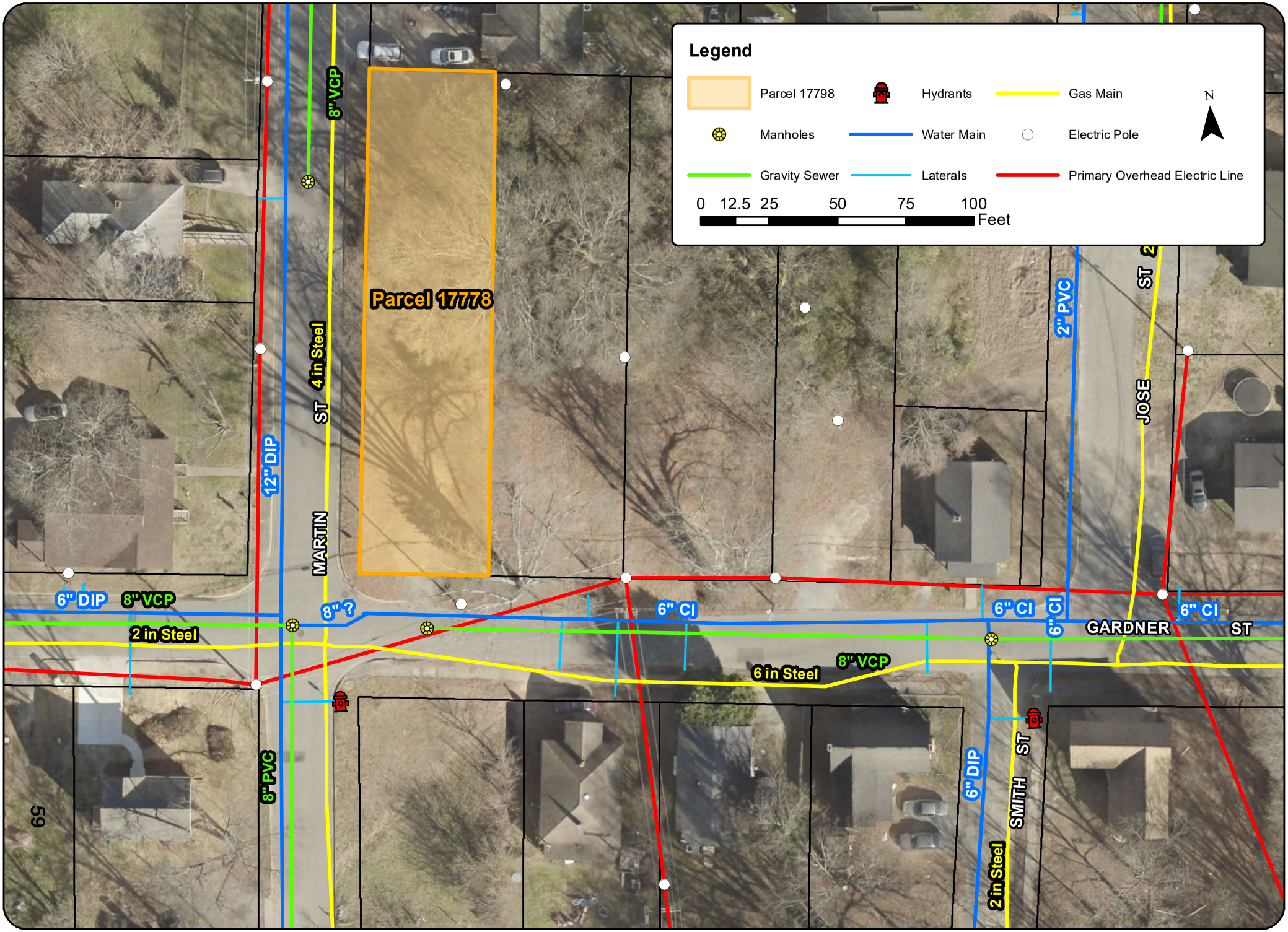
DEED BK/PAGE	SALE DATE	SALES INSTRUMENT	DISQUALIFIED	SALE AMOUNT	STAMP AMOUNT	DEED NAME
17S 195	1/01/1982	SALE	QUALIFIED		15.00	

LAND SEGMENTS

LND #	ZONE	STRAT CODE	LAND TYPE/CODE	LAND QTY	LAND RATE	DPT%	SHP%	LOC%	SIZ%	OTH%	TOP%	TOT ADJ	CURRENT FMV
1		17	FF F	39.000	150.00	110.00	.00	100.00	.00	.00	.00	110.00	6,435
			DPTH..	187		OTHER ADJ...			.00	.00	.00	.00	
	TOTAL ACRES..			.000								TOTAL LAND FMV..	6,435

TOTAL PARCEL VALUES----	LAND / OVR	IMPROVEMENTS / OVR	TOTAL LAND/IMPROVE	2025 VALUE
FMV.....	6,435	0	6,435	6,435
APV.....	6,435	0	6,435	6,435

Parcels 17778 - 426 Gardner St Utilities



RESOLUTION NO. 25-2026

RESOLUTION AUTHORIZING THE SALE OF CITY OF SHELBY OWNED REAL PROPERTY IDENTIFIED BY PARCEL NUMBER 17778 THROUGH THE UPSET BID PROCEDURE OF N. C. GENERAL STATUTE § 160A-269

WHEREAS, the City of Shelby owns real property in the City of Shelby identified by parcel number 17778, located in Deed Book 17S Page 195 and further identified by Map S-9 Blk. 7 Lot 10 and

WHEREAS, City Council has determined no current or future use of the properties identified by the above parcel number; and

WHEREAS, North Carolina General Statute § 160A-269 permits the City to sell property by upset bid, after receiving an offer for the property; and

WHEREAS, the City of Shelby requests bids start at a minimum of the present tax value, which currently is six thousand four hundred thirty-five ($6,435.00) dollars; and

WHEREAS, the City is selling this property as is with no warranty and conveyance will be by quitclaim deed, which will be drafted by the City Attorney; and

WHEREAS, the winning bidder shall pay an administrative fee of one hundred fifty ($150.00) dollars for the preparation of the deed and the filing fee, which is currently twenty-six ($26) dollars.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHELBY, NORTH CAROLINA THAT:

Section 1. The City Council authorizes sale of the property described above through the upset bid procedure of North Carolina General Statute § 160A-269.

Section 2. Persons wishing to make an initial offer shall submit a sealed bid with their offer to the office of the City Clerk accompanied by a deposit in the amount of 5% of the bid.

Section 3. The City Manager is authorized to solicit an initial bid in accordance with the N. C. General Statutes § 160A-269.

Section 4. The terms of the final sale are that:

- The City Council must approve the final high offer before the sale is closed, which it will do within thirty (30) days after the final upset bid period has passed;
- The winning bidder must pay an administrative fee of one hundred fifty ($150.00) dollars and filing the deed at a current cost of twenty-six ($26.00) dollars; and
- The buyer must pay all costs and fees with cash at the time of closing.

Section 5. The City reserves the right to withdraw the property from sale at any time before the final high bid is accepted and the right to reject at any time all bids.

This Resolution shall become effective upon its adoption and approval. Adopted and Approved this the 6th day of April 2026.

_____
O. Stanhope Anthony III
Mayor

ATTEST:

_____
Carol Williams
City Clerk

City of Shelby
Agenda Item Summary
April 6, 2026
City Hall Council Chambers

Agenda Item: C-7

7) Approval of a resolution approving the contract for the performance of the City of Shelby's annual audit and preparation of financial statements for the Fiscal Year ended June 30, 2026: Resolution No. 26-2026

Consent Agenda Item: (Beth Beam, Director of Finance)

Summary of Available Information:

- Memorandum dated March 30, 2026, from Beth Beam, Director of Finance to Justin Merritt, City Manager
- 2026 Audit Contract
- Changes to the FY 2026 Contract Form
- Reports on the Firm's System of Quality Control
- Contract to Audit Accounts
- Resolution No. 26-2026

City Manager's Recommendation / Comments

This time is scheduled on your agenda to consider Resolution No. 26-2026 which would award the annual audit contract to Martin Starnes & Associates, P.A. This is the sixteenth year of the contract between the City and Martin Starnes. However, this annual audit contract must be acted upon by City Council and ultimately be approved by the Local Government Commission.

It is becoming increasingly more difficult to find interest from qualified accounting firms to conduct governmental audits. They are extremely time-consuming for both our staff and the auditing firm. It was my goal when selecting an auditor to ensure the City and the taxpayers not only got a competitive price for services but also a quality work product that City Council, management, staff and most importantly the public have confidence as a reliable statement of the City's financial position. I cannot stress enough the importance of having public confidence in our annual financial statements. We work very hard to ensure that we are transparent and consistent in how these documents are prepared. Martin-Starnes has assisted the City in ensuring that a professional and thorough audit process is conducted. To that extent it is important for you to know that the auditor routinely assigns different personnel from the firm to provide a fresh set of eyes and greater objectivity throughout the audit process. The recommendation is that the audit contract for fiscal year ending June 30, 2026 be awarded to Martin-Starnes & Associates CPAs PA in the amount not to exceed $121,000.00. This is an increase of $6,500 over the previous contract for FY 24-25

It is my recommendation Resolution No. 26-2026 be adopted and approved by City Council at this time via the Consent Agenda

To: Justin Merritt, City Manager

From: Beth Beam, Finance Director

Date: March 30, 2026

Subject: 2026 Audit Contract

Background:
North Carolina State Statutes require that all municipal governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The NC Local Government Commission requires that all municipal governments contract with an independent audit firm, on an annual basis, to meet these requirements.

Review:
The City requested proposals during the 2011 fiscal year from qualified independent, licensed certified public accounting firms to complete the annual financial audit and prepare the annual financial statements. The result was a 5-year agreement with Martin Starnes & Associates, CPA's P.A., to complete the financial audit and prepare the financial statements with an option to extend the contract. The attached audit contract, which is the standard form published and approved by the NC Local Government Commission, sets the contract price not to exceed $121,000 for the FY 2026 Annual Comprehensive Financial Report and Single Audit fees for up to 5 major programs. For the past 4 years, we have had 3 major programs. The "not to exceed" contract price will be reduced by $4,500 per major program quoted but not determined to test. This is the sixteenth year of the contract.

Recommendation:
That City Council authorize the Mayor to execute the required contracts with Martin Starnes & Associates for the FY 2026 audit based on the fee proposal submitted by Martin Starnes & Associates on March 27, 2026.

MARTIN ♦ STARNES
& ASSOCIATES, CPAs, P.A.
"A Professional Association of Certified Public Accountants and Management Consultants"

March 27, 2026

Beth Beam, Director of Finance
City of Shelby
300 South Washington Street
Shelby, NC 28150

Martin Starnes & Associates, CPAs, P.A. ("we") are pleased to provide the City of Shelby (the "City," "you" or "your") with the professional services described below. Please read this letter, and any other attachments incorporated herein (collectively, "Agreement"). This Agreement details the nature and limitations of the services we will provide, the terms of our engagement and each party's responsibilities.

Engagement Objective and Scope

We will audit the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Shelby, NC, as of June 30, 2026, and for the year then ended, and the related notes to the financial statements, which collectively comprise the City of Shelby's basic financial statements as listed in the table of contents.

In addition, we will audit the entity's compliance over major federal and state award programs for the period ended June 30, 2026. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audits will be conducted with the objectives of our expressing an opinion on each opinion unit and an opinion on compliance regarding the entity's major federal and state award programs. The objectives of our audit of the financial statements are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) and in accordance with *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

The objectives of our compliance audit are to obtain sufficient appropriate audit evidence to form an opinion and report at the level specified in the governmental audit requirement about whether the entity complied in all material respects with the applicable compliance requirements and identify audit and reporting requirements specified in the governmental audit requirement that are supplementary to GAAS and *Government Auditing Standards*, if any, and perform procedures to address those requirements.

Accounting principles generally accepted in the United States of America require that certain supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by accounting principles generally accepted in the United States of America. This RSI will be subjected to certain limited procedures but will not be audited:

- Management's Discussion and Analysis
- Budgetary comparison info and related notes to RSI
- Law Enforcement Officers' Special Separation Allowance schedules
- Other Post-Employment Benefits' schedules
- Local Governmental Employees' Retirement System's schedules

Supplementary information other than RSI will accompany the City of Shelby's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on the following supplementary information in relation to the financial statements as a whole:

- Combining and individual fund statements
- Budgetary schedules
- Other schedules
- Financial Data Schedule
- Schedule of Expenditures of Federal and State Awards

We will read the introductory section and statistical section accompanying the financial statements and consider whether a material inconsistency exists between the other information and the basic financial statements. In addition, we will remain alert for indications that a material inconsistency exists between the other information and knowledge obtained in the audit, or if such information contains a material misstatement of fact or is otherwise misleading. If based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

This engagement letter documents the agreed-upon terms of the audit in accordance with AU-C section 210. In accordance with AU-C section 935, the provisions of AU-C section 210 have been adapted and applied to meet the objectives of a compliance audit under the Uniform Guidance.

Schedule of Expenditures of Federal and State Awards

We will subject the Schedule of Expenditures of Federal and State Awards to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the schedule to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on whether

the Schedule of Expenditures of Federal and State Awards is presented fairly in all material respects in relation to the financial statements as a whole.

Data Collection Form

Prior to the completion of our engagement, we will complete the sections of the Data Collection Form that are our responsibility. The form will summarize our audit findings, amounts and conclusions. It is management's responsibility to submit a reporting package including financial statements, Schedule of Expenditures of Federal and State Awards, summary schedule of prior audit findings and corrective action plan along with the Data Collection Form to the Federal Audit Clearinghouse. The financial reporting package must be text searchable, unencrypted, and unlocked. Otherwise, the reporting package will not be accepted by the Federal Audit Clearinghouse. We will assist you in the electronic submission and certification. You may request from us copies of our report for you to include with the reporting package submitted to pass-through entities.

The Data Collection Form is required to be submitted within the *earlier* of 30 days after receipt of our auditors' reports or nine months after the end of the audit period, unless specifically waived by a federal cognizant or oversight agency for audits. Data Collection Forms submitted untimely are one of the factors in assessing programs at a higher risk.

Audit of the Financial Statements

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. As part of an audit of financial statements in accordance with GAAS and in accordance with *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- May include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected customers, creditors, financial institutions, and other third parties as part of our audit procedures. We also may request written representations from your attorneys on litigation, claims, and assessments as part of the engagement, and they may bill you for responding to our inquiries. At the conclusion of our audit, we also will require certain written representations from management made during the audit about the financial statements and related matters.
- Obtain an understanding of internal control in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the

financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Shelby's ability to continue as a going concern for a reasonable period of time.

We may advise management about appropriate accounting principles and their application, and we may assist in the assembly of your financial statements. However, management has the final responsibility for the selection and application of accounting policies and the fair presentation of financial statements that reflect the nature and operation of the City of Shelby.

We plan to obtain and place reliance on the report of other auditors for the City of Shelby ABC Board, a discretely presented component unit of the City, assuming that our communications with the other auditors and review of their audit report and the financial statements of the City of Shelby ABC Board provide sufficient and appropriate audit evidence on which to base our opinion on the discretely presented component unit.

Although we are currently in the planning stage of our audit, we have identified the following significant risks during our audit to date that require special audit consideration:

- Improper revenue recognition is considered a fraud and significant risk according to GAAS
- Management override of controls (including journal entries and budget amendments) is considered a fraud and significant risk according to GAAS

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements or noncompliance may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Audit of Major Program Compliance

Our audit of the City of Shelby's major federal and state award program(s) compliance will be conducted in accordance with the requirements of the Single Audit Act, as amended, the Uniform Guidance, and the State Single Audit Implementation Act, and will include tests of accounting records, a determination of major programs in accordance with the Uniform Guidance and the State Single Audit Implementation Act and other procedures we consider necessary to enable us to express such an opinion on major federal and state award program compliance and to render the required reports. We cannot provide assurance that an unmodified opinion on compliance will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement.

The objective of a compliance audit under the Uniform Guidance and the State Single Audit Implementation Act is to obtain reasonable assurance about whether the entity complied in all material respects with the applicable compliance requirements for each of its major federal programs and to express an opinion on the entity's compliance based on the audit.

The Uniform Guidance and the State Single Audit Implementation Act require that we also plan and perform the audit to obtain reasonable assurance about whether material noncompliance with applicable laws and regulations, the provisions of contracts and grant agreements applicable to major federal and state award programs, and the applicable compliance requirements occurred, whether due to fraud or error, and express an opinion on the entity's compliance based on the audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the entity's compliance with the requirements of the federal or state programs as a whole.

As part of a compliance audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks.

Our procedures will consist of determining major federal and state programs and, performing the applicable procedures described in the U.S. Office of Management and Budget *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the entity's major programs, and performing such other procedures as we consider necessary in the circumstances. The purpose of those procedures will be to express an opinion on the entity's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance and the State Single Audit Implementation Act.

Also, as required by the Uniform Guidance and the State Single Audit Implementation Act, we will obtain an understanding of the entity's internal control over compliance relevant to the audit in order to design and perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each of the entity's major federal and state award programs. Our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report. However, we will communicate to management and those charged with governance, regarding, among other matters, the planned scope and timing of the compliance audit and any significant deficiencies and material weaknesses in internal control over compliance that we have identified during the audit.

We will issue a report on compliance that will include an opinion or disclaimer of opinion regarding the entity's major federal and state award programs, and a report on internal controls over compliance that will report any significant deficiencies and material weaknesses identified; however, such report will not express an opinion on internal control.

Management's Responsibilities

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;

2. For the design, implementation, and maintenance of the system of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
3. For the prevention and detection of fraud, including the design and implementation of programs and controls to prevent and detect fraud;
4. For identifying, in its accounts, all federal and state awards received and expended during the period and the federal and State programs under which they were received;
5. For maintaining records that adequately identify the source and application of funds for federal and state funded activities;
6. For preparing the Schedule of Expenditures of Federal and State Awards (including notes and noncash assistance received) in accordance with the Uniform Guidance and State Single Audit Implementation Act;
7. For designing, implementing, and maintaining effective internal control over federal and state awards that provides reasonable assurance that the entity is managing federal and state awards in compliance with federal and state statutes, regulations, and the terms and conditions of the federal and state awards;
8. For identifying and ensuring that the entity complies with federal and state laws, statutes, regulations, rules, provisions of contracts or grant agreements, and the terms and conditions of federal and state award programs, and implementing systems designed to achieve compliance with applicable federal and state statutes, regulations and the terms and conditions of federal and state award programs;
9. For disclosing accurately, currently and completely the financial results of each federal and state award in accordance with the requirements of the award;
10. For identifying and providing report copies of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented;
11. For taking prompt action when instances of noncompliance are identified;
12. For addressing the findings and recommendations of auditors, for establishing and maintaining a process to track the status of such findings and recommendations and taking corrective action on reported audit findings from prior periods and preparing a summary schedule of prior audit findings;
13. For following up and taking corrective action on current year audit findings and preparing a corrective action plan for such findings;
14. For submitting the reporting package and data collection form to the appropriate parties;
15. For making the auditor aware of any significant contractor relationships where the contractor is responsible for program compliance;
16. To provide us with:
    a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements including the disclosures, and relevant to federal and state award programs, such as records, documentation, and other matters;
    b. Additional information that we may request from management for the purpose of the audit;
    c. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.
    d. A written acknowledgement of all the documents that management expects to issue that will be included in the annual report and the planned timing and method of issuance of that annual report (if applicable); and
    e. A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report (if applicable).
17. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year or period(s) under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole;

18. For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
19. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
20. For informing us of any known or suspected fraud affecting the entity involving management, employees with significant roles in the system of internal control and others where fraud could have a material effect on the financials and/or compliance;
21. For the accuracy and completeness of all information provided;
22. For taking reasonable measures to safeguard protected personally identifiable and other sensitive information, records and documentation;
23. For informing us of any events encountered subsequent to the period under audit that may require adjustment to or note disclosure in the financial statements; and
24. For confirming your understanding of your responsibilities as defined in this letter to us in your management representation letter.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility (a) for the preparation of the supplementary information in accordance with the applicable criteria, (b) to provide us with the appropriate written representations regarding supplementary information, (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information, and (d) to present the supplementary information with the audited basic financial statements, or if the supplementary information will not be presented with the audited basic financial statements, to make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

With regard to the Schedule of Expenditures of Federal and State Awards referred to above, you acknowledge and understand your responsibility (a) for the preparation of the Schedule of Expenditures of Federal and State Awards in accordance with the Uniform Guidance and the State Single Audit Implementation Act, (b) to provide us with the appropriate written representations regarding the Schedule of Expenditures of Federal and State Awards, (c) to include our report on the Schedule of Expenditures of Federal and State Awards in any document that contains the Schedule of Expenditures of Federal and State Awards and that indicates that we have reported on such schedule, and (d) to present the Schedule of Expenditures of Federal and State Awards with the audited financial statements, or if the schedule will not be presented with the audited financial statements, to make the audited basic financial statements readily available to the intended users of the Schedule of Expenditures of Federal and State Awards no later than the date of issuance by you of the schedule and our report thereon.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

You agree to inform us of facts that may affect the financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

Limitations of the Audit Report

Should the City wish to include or incorporate by reference these financial statements and our report thereon into any other document at some future date, we will consider granting permission to include our report into another such document at the time of the request. However, we may be required by generally accepted auditing standards (GAAS) to perform certain procedures before we can give our permission to include our report in another document such as an annual report, private placement, regulator filing, official statement,

offering of debt securities, etc. You agree that the City will not include or incorporate by reference these financial statements and our report thereon, or our report into any other document without our prior written permission. In addition, to avoid unnecessary delay or misunderstandings, it is important to provide us with timely notice of your intention to issue any such document.

Nonattest Services

We will perform the following nonattest services:

- Draft of financial statements and footnotes
- GASB 34 conversion entries
- Preparation of auditor portions of Data Collection Form
- Preparation of the AFIR
- Preparation of the LGC's data input report
- Clerical services

We will not assume management responsibilities on behalf of the City of Shelby. However, we will provide advice and recommendations to assist management of the City of Shelby in performing its responsibilities.

The City of Shelby's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) designing, implementing, and maintaining the system of internal control, including the process used to monitor the system of internal control.

Our responsibilities and limitations of the nonattest services are as follows:

- We will perform the services in accordance with applicable professional standards.
- The nonattest services are limited to the services previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account coding and approving journal entries.

Government Auditing Standards require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the basic financial statements and related schedules or disclosures as these actions are deemed a non-audit service.

You may request that we perform additional services not contemplated in this engagement letter. If this occurs, we will communicate with you regarding the scope and estimated cost of these additional services. Engagements for additional services may necessitate that we amend the Agreement or issue a separate agreement to reflect the obligations of all parties. In the absence of any other written communications from us documenting additional services, our services will be limited to and governed by the terms of this Agreement.

Reporting

We will issue a written report upon completion of our audit of the City of Shelby's basic financial statements. Our report will be addressed to the governing body of the City of Shelby. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s) to our auditor's report, or if necessary, withdraw from the engagement. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance over financial reporting will not be an objective of the audit and, therefore, no such opinion will be expressed.

In accordance with the Uniform Guidance, we will issue (1) a report on compliance for each major program and (2) a report on internal control over compliance. These reports are intended solely for the information and use of management, those charged with governance, federal awarding agencies, pass-through entities, and oversight bodies, and are not intended to be used by anyone other than these specified parties.

We will provide copies of our reports to the City. However, management is responsible for distribution of the reports and financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

We also are responsible for communicating with the City's management or those charged with governance our audit responsibility under GAAS, an overview of the planned scope and timing of the audit including significant risks identified by us, significant issues or findings from the audit, including our views about the qualitative aspects of the City of Shelby's significant accounting practices, significant unusual transactions, significant difficulties encountered during the audit, disagreements with management, difficult or contentious matters for which we consulted outside the engagement team and that are, in our professional judgement, relevant to those charged with governance, uncorrected and corrected misstatements, and other findings or issues arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

Electronic Transmittals

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

If you intend to publish or otherwise reproduce the basic financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

Regarding the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Professional standards prohibit us from being the sole host and/or the sole storage for your financial and non-financial data. As such, it is your responsibility to maintain your original data and records and we cannot be responsible to maintain such original information. By signing this engagement letter, you affirm that you have all the data and records required to make your books and records complete.

During the course of the engagement, a portal will be in place for information to be shared, but not stored. Our policy is to terminate access to this portal after one year. The City is responsible for data

backup for business continuity and disaster recovery, and our workpaper documentation is not to be used for these purposes.

If you decide to transmit your confidential information to us in a manner other than a secure portal, you accept responsibility for any and all unauthorized access to your confidential information. If you request that we transmit confidential information to you in a manner other than a secure portal, you agree that we are not responsible for any liability, including but not limited to, (a) any loss or damage of any nature, whether direct or indirect, that may arise as a result of our sending confidential information in a manner other than a secure portal, and (b) any loss arising as a result of any virus being passed on or with, or arising from any alteration of, any email message.

Timing of Engagement

We expect to begin our services at a time mutually determined by you and Martin Starnes & Associates, CPAs, P.A. and after receipt of this executed Agreement and all documents requested by our office. The timing of our work is dependent upon the timely receipt of the information we request from you, including timely responses to any questions we may ask.
Our services under this Agreement will conclude at the earlier of:

- issuance of the deliverable outlined in this Agreement;
- written notification by either party that the Agreement is terminated

Provisions of Engagement Administration and Fees

Tonya Coffey is the engagement partner for the audit services specified in this letter. The engagement partner's responsibilities include supervising Martin Starnes & Associates, CPAs, P.A.'s services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report. To ensure that our independence is not impaired under the AICPA Code of Professional Conduct, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

The audit documentation for this engagement is the property of Martin Starnes & Associates, CPAs, P.A. and constitutes confidential information. However, we may be requested to make certain audit documentation available to the Local Government Commission, Office of the State Auditor, federal or state agencies and the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Martin Starnes & Associates, CPAs, P.A.'s personnel. Furthermore, upon request, we may provide copies of selected audit documentation to these agencies and regulators. The regulators and agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

Our fees for these services are as follows:

Audit Fee (includes up to 2 major programs)	$ 94,000
Financial Statement Drafting	13,500
	$ 107,500
Additional Fees:	
Charge per major program in excess of 2	$ 4,500

Please note that the fees above include up to 2 major programs, as indicated. The "total amount not to exceed" listed on the audit contract includes up to 5 major programs. If the total number of major programs

exceeds 5 and the "total amount not to exceed" needs to be increased, we will prepare an amended contract to include the fees necessary based on the per program amount listed as additional fees above.

As part of the base audit fee above, we will provide 10 printed copies of the final audit report and related documents. Additional printed copies may be requested. However, such requests will incur a supplemental fee at our standard reproduction and handling rate in effect at the time of the request.

In addition, the preparation of the LGC's data input report is considered an additional service outside the scope of the audit engagement. Fees for this service will be billed at our standard hourly rates for the personnel assigned to the engagement. We will notify you if we anticipate the need for significant additional time in excess of normal preparation requirements.

Our invoices for these fees will be rendered in four installments as work progresses and are payable upon presentation. The City agrees to pay all cost of collection (including reasonable attorney fees) that the Firm may incur in connection with the collection of unpaid invoices. In accordance with our firm policies, work may be suspended if your account becomes overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for non-payment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our reports. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. In the event that work is discontinued, either temporarily or permanently, as a result of delinquent or non-payment, we shall not be liable for any loss you may incur as a result of the work stoppage, including penalties and interest. In such cases, you assume all risk associated with your failure to meet any governmental or other deadlines.

We will notify you immediately of any circumstances we encounter that could significantly affect this initial fee estimate. Whenever possible, we will attempt to use the City of Shelby's personnel to assist in the preparation of schedules and analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit. Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

We want our clients to receive the maximum value for our professional services and to perceive that our fees are reasonable and fair. In working to provide you with such value, we find there are certain circumstances that can cause us to perform work in excess of that contemplated in our fee estimate.

Following are some of the more common reasons for potential supplemental billings:

Changing Laws and Regulations

There are many governmental and rule-making boards that regularly add or change their requirements. Although we attempt to plan our work to anticipate the requirements that will affect our engagement, there are times when this is not possible. We will discuss these situations with you at the earliest possible time in order to make the necessary adjustments and amendments in our engagement.

The estimated fees are based on auditing and accounting standards effective as of the date of this engagement letter and known to apply to the City at this time. Unless otherwise indicated, estimated fees do not include any time related to the application of new auditing or accounting standards that impact the City for the first time.

Incorrect Accounting Methods or Errors in Client Records

We base our fee estimates on the expectation that client accounting records are in order so that our work can be completed using our standard testing and accounting procedures. However, should we find numerous errors, incomplete records, or the application of incorrect accounting methods, we will have to perform

additional work to make the corrections and reflect those changes in the financial statements. If, for any reason, the City is unable to provide such schedules, information, and assistance, the Firm and the City will mutually revise the fee to reflect additional services, if any, required of us to achieve these objectives.

Failure to Prepare for the Engagement

In an effort to minimize your fees, we assign you the responsibility for the preparation of schedules and documents needed for the engagement. We also discuss matters such as availability of your key personnel, deadlines, and work space. If your personnel are unable, for whatever reasons, to provide these items as previously agreed upon, it might substantially increase the work we must do to complete the engagement within the scheduled time.

Starting and Stopping Our Work

If we must withdraw our staff or accommodate the City's requested scheduling change because of the condition of the client's records, or the failure to provide agreed upon items within the established timeline for the engagement, we will not be able to perform our work in a timely, efficient manner, as established by our engagement plan. This will result in additional fees, as we must reschedule our personnel and incur additional start-up costs.

Our fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our fees for such services range from $90-$450 per hour.

Non-Solicitation of Employees and Independent Contractors

During the term of this engagement and for a period of eighteen (18) months after the end of this engagement, for whatever reason, you agree that you shall not, directly or indirectly: (i) solicit or attempt to solicit for employment or for engagement as an independent contractor, any of our employees or independent contractors; or (ii) solicit, encourage, or induce, or attempt to solicit, encourage, or induce, any of our employees or independent contractors to leave the employment of Martin Starnes & Associates, CPAs, P.A. or terminate their relationship with Martin Starnes & Associates, CPAs, P.A. For the avoidance of doubt, general advertisements for employment shall not be deemed a violation of this paragraph.

You agree that we invest a large amount of capital and resources to ensure that our employees and independent contractors deliver the highest level of service in our industry. You also agree that the cost of recruiting and hiring qualified individuals to replace our employees or independent contractors would be a lengthy and expensive process. You therefore agree that your violation of the non-solicitation provision above will result in economic damages that are difficult to ascertain and that, in the event of a breach of the non-solicitation provision above, you will pay to Martin Starnes & Associates, CPAs, P.A. a fee equal to One Hundred Percent (100%) of the employee's or independent contractor's annual rate of compensation at the time their relationship with us ends.

You further agree that your breach or threatened breach of the non-solicitation provision above would result in irreparable loss and injury to us. You agree that, in addition to all other remedies provided at law or equity, we shall be entitled to a temporary restraining order and preliminary and permanent injunctive relief in the event of a breach or threatened breach of the non-solicitation provision above, and you hereby waive any requirement that we post any bond in connection with obtaining such restraining order and/or injunctive relief. We shall be entitled to a restraining order and/or injunctive relief without regard to whether we can demonstrate that we have suffered actual damages or economic loss as a result of the breach or threatened breach of the non-solicitation provision.

Termination and Withdrawal

Either party may terminate this Agreement at any time and for any reason. If this Agreement is terminated before services are completed, you agree to pay all fees and expenses we incur through the effective date of termination.

Proprietary Information

You acknowledge that proprietary information, documents, materials, management techniques and other intellectual property are a material source of the services we perform and were developed prior to our association with you. Any new forms, software, documents or intellectual property we develop during this engagement for your use shall belong to us, and you shall have the limited right to use them solely within your business. All reports, templates, manuals, forms, checklists, questionnaires, letters, agreements and other documents which we make available to you are confidential and proprietary to us. Neither you, nor any of your agents, will copy, electronically store, reproduce or make available to anyone other than your personnel, any such documents. This provision will apply to all materials whether in digital, "hard copy" format or other medium.

Conflicts of Interest

If we, in our sole discretion, believe a conflict of interest has arisen affecting our ability to deliver services to you in accordance with either the ethical standards of our firm or the ethical standards of our profession, we may be required to terminate our services without issuing our work product.

Third-Party Service Providers or Subcontractors

We may use third-party service providers, subcontractors, commercially available artificial intelligence, or software tools, some of which may utilize or offer artificial intelligence capabilities (collectively, "external party" or "external parties"), to assist us where necessary to help provide professional services to you or support the needs of our firm. You consent to our use of external parties. Our firm remains responsible for exercising reasonable care in providing our services, and our services and work product will be subjected to our firm's customary quality control procedures.

We may provide your confidential information to external parties in support of our services. You consent to the disclosure of your confidential information to those external parties. We take reasonably prudent business care consistent with our professional standards to prevent the unauthorized release of your confidential information.

In certain circumstances, we may require a separate, written consent from you before your information is transmitted to an external party or parties.

Records Management

We will return any original records and documents you provide to us. Our copies of your records and documents are solely for our documentation purposes and are not a substitute for your own record-keeping obligations under any applicable laws or regulations. You are responsible for maintaining complete and accurate books and records, which may include financial statements, schedules, tax returns and other deliverables provided to you by us. If we provide deliverables or other records to you via an information portal, you must download this information within 60 days. Professional standards may preclude us from being the sole repository of your original data, records, or information.

Workpapers and other items created by us to support the delivery of our services are our property and will remain in our control. We will consider requests for copies of workpapers and other items created by us in

accordance with the AICPA Code of Professional Conduct. Our workpapers will be maintained by us in accordance with our firm's record retention policy and any applicable legal and regulatory requirements.

We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report. Catastrophic events or physical deterioration may result in damage to or destruction of our firm's records, causing the records to be unavailable before the expiration of the retention period, as stated in our record retention policy.

Summons or Subpoenas

All information you provide to us in connection with this engagement will be maintained by us on a confidential basis.

If we receive a summons or subpoena which our legal counsel determines requires us to produce documents from this engagement or testify about this engagement, provided that we are not prohibited from doing so by applicable laws or regulations, we agree to inform you of such summons or subpoena as soon as practicable. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate, at your sole expense, to attempt to limit discovery. If you take no action within the time permitted for us to respond, or if your action does not result in a judicial order protecting us from supplying requested information, we may construe your inaction or failure as consent to comply with the request.

If we are not a party to the proceeding in which the information is sought, you agree to reimburse us for our professional time and expenses, as well as the fees and expenses of our legal counsel, incurred in responding to such requests.

Confidentiality

In providing services to you, we may require information that is considered confidential and may include Personally Identifiable Information (PII), i.e. information that can be used to distinguish or trace an individual's identity such as address, bank account and social security information. We will maintain all client information, including PII, on a confidential basis and have a duty to do so based on the standards promulgated by the American Institute of Certified Public Accountants as well as applicable laws and regulations. You assume the risk of loss if you provide us with information, including PII, which differs from the information we request in order to provide services to you in accordance with the Agreement.

Referrals

In the course of providing services to you, you may request referrals to products or professionals such as attorneys, brokers, or investment advisors. As a courtesy, we may identify professional(s) or product(s) for your consideration. However, you are responsible for evaluating, selecting, and retaining any professional or product and determining if the professional or product meets your needs. You agree that we will not oversee the activities of and have no responsibility for the work product of any professional or suitability of any product we refer to you or that you separately retain.

Limitations on Oral and Email Communications

We may discuss with you our views regarding the treatment of certain items or decisions you may encounter. We may also provide you with information in an email. Any advice or information delivered orally or in an email (rather than through a memorandum delivered as an email attachment) will be based upon limited research and a limited discussion and analysis of the underlying facts. Additional research or a more complete review of the facts may affect our analysis and conclusions.

Due to these limitations and the related risks, it may not be appropriate to proceed with a decision solely on the basis of any oral or email communication from us. You accept all responsibility for any liability, including but not limited to additional tax, penalties or interest resulting from your decision (i) not to have us perform the research and analysis necessary to reach a more definitive conclusion and (ii) to instead rely on an oral or email communication. The limitation in this paragraph will not apply to an item of written advice that is a deliverable of a separate engagement. If you wish to engage us to provide formal advice on a matter on which we have communicated orally or by email, we will confirm this service in a separate agreement.

Disclaimer of Legal and Investment Advice

Our services under this Agreement do not constitute investment advice unless specifically engaged in the *Engagement Objective and Scope* section of this Agreement. Our services under this Agreement do not constitute legal advice.

Electronic Data Communication and Storage

In the interest of facilitating our services to you, we may send data over the Internet, temporarily store electronic data via computer software applications hosted remotely on the Internet, or utilize cloud-based storage. Your confidential electronic data may be transmitted or stored using these methods. In using these data communication and storage methods, our firm employs measures designed to maintain data security. We use reasonable efforts to keep such communications and electronic data secure in accordance with our obligations under applicable laws, regulations, and professional standards.

You recognize and accept that we have no control over the unauthorized interception or breach of any communications or electronic data once it has been transmitted or if it has been subject to unauthorized access while stored, notwithstanding all reasonable security measures employed by us. You consent to our use of these electronic devices and applications during this engagement.

Marketing and Educational Communications

If we send you newsletters, updates, explanations of technical developments or similar communications, it is strictly for marketing or general educational purposes and should not be construed as professional advice on which you may rely. These communications, by themselves, do not create a contractual relationship between us and you, a binding obligation for us to provide services to you, nor a requirement on our part to monitor issues for you.

Independent Contractor

When providing services to your company, we will function as an independent contractor and in no event will we or any of our employees be an officer of you, nor will our relationship be that of joint venturers, partners, employer and employee, principal and agent, or any similar relationship giving rise to a fiduciary duty to you.

Our obligations under this Agreement are solely obligations of Martin Starnes & Associates, CPAs, P.A., and no Martin Starnes & Associates, CPAs, P.A. stakeholder shall be subjected to any personal liability whatsoever to you or any person or entity.

Severability

If any portion of this Agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of the terms set forth in this Agreement.

Survivability

The following sections of this Agreement shall survive termination of the Agreement: Limitation of Liability and Statute of Limitations.

Assignment, No Third-Party Beneficiaries

All parties acknowledge and agree that the obligations and responsibilities of this Agreement cannot be assigned to any third party except as agreed to in writing. This Agreement has been entered into solely between you and Martin Starnes & Associates, CPAs, P.A., and no third-party beneficiaries are created hereby.

Force Majeure

Neither party shall be held liable for any delays resulting from circumstances or causes beyond our reasonable control, including, without limitation, fire or other casualty, act of God, strike or labor dispute, war or other violence, epidemics or pandemics as defined by The Centers for Disease Control and Prevention, or any law, order or requirement of any governmental agency or authority. However, no Force Majeure event shall excuse you of any obligation to pay any outstanding invoice or fee or from any indemnification obligation under this Agreement.

Electronic Signatures and Counterparts

Each party hereto agrees that any electronic signature intended to replicate a written signature, shall be presumed valid, and we may reasonably rely upon it. For purposes hereof, "electronic signature" includes, but is not limited to, a scanned copy of a manual signature, an electronic copy of a manual signature affixed to a document, a signature incorporated into a document utilizing touchscreen capabilities, or a digital signature. Documents may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement.

Entire Agreement

This Agreement, including the LGC-205 Contract to Audit Accounts, represents the entire agreement of the parties and supersedes all previous oral, written or other understandings and agreements between the parties. Any modification to the terms of this Agreement must be made in writing and signed by both parties.

Statute of Limitations

You agree that any claim or legal action arising out of or related to this contract and the services provided hereunder shall be commenced no more than one (1) year from the date of delivery of the work product to You or the termination of the services described herein (whichever is earlier), regardless of any statute of limitations prescribing a longer period of time for commencing such a claim under law. This time limitation shall apply regardless of whether Martin Starnes & Associates, CPAs, P.A. performs other or subsequent services for You. A claim is understood to be a demand for money or services, demand for mediation, or the service of suit based on a breach of this contract or the acts or omissions of Martin Starnes & Associates, CPAs, P.A. in performing the services provided herein. This provision shall not apply if enforcement is disallowed by applicable law or professional standards.

Limitation of Liability

You agree that Martin Starnes & Associates, CPAs, P.A.'s liability, if any, arising out of or related to this contract and the services provided hereunder, shall be limited to the amount of the fees paid by You for

services rendered under this contract. In no event shall Martin Starnes & Associates, CPAs, P.A. be liable to You or a third party for any indirect, special, consequential, punitive, or exemplary damages, including but not limited to lost profits, loss of revenue, interruption, loss of use, damage to goodwill or reputation, regardless of whether You were advised of the possibility of such damages, regardless of whether such damages were reasonably foreseeable, and regardless of whether such damages arise under a theory of contract, tort, strict liability, or otherwise. The foregoing limitations shall not apply to the extent it is finally, judicially determined that the liability resulted from gross negligence or fraud of Martin Starnes & Associates, CPAs, P.A. or if enforcement of this provision is disallowed by applicable law or professional standards.

Mediation

If a timely dispute arises out of or relates to this Agreement, including the scope of services contained herein, or the breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try to settle the dispute by mediation administered by the American Arbitration Association ("AAA") under the *AAA Accounting and Related Services Arbitration Rules and Mediation Procedures* before resorting to arbitration, litigation, or any other dispute resolution procedure. The mediator will be selected by mutual agreement of the parties. If the parties cannot agree on a mediator, a mediator shall be designated by the AAA. The mediation will be conducted in North Carolina.

The mediation will be treated as a settlement discussion and, therefore, all discussions during the mediation will be confidential. The mediator may not testify for either party in any later proceeding related to the dispute. No recording or transcript shall be made of the mediation proceedings. The costs of any mediation proceedings shall be shared equally by all parties. Any costs of legal representation shall be borne by the hiring party.

This provision shall not apply to any dispute of fees owed, billed or due.

Arbitration Procedures

If a dispute has not been resolved within 90 days after the effective date of the written notice beginning the mediation process (or such longer period, if the parties so agree in writing), the mediation shall terminate and the dispute shall be settled by binding arbitration to be held at a mutually agreeable location. The arbitration shall be conducted in accordance with the CPR Rules for Non-Administered Arbitration that are in effect at the time of the commencement of the arbitration, except to the extent modified by this Dispute Resolution Provision (the rules). The arbitration shall be conducted before a panel of three arbitators. Each of the City and firm shall designate one arbitrator in accordance with the "screened" appointment procedure provided in the Rules, and the two party-designated arbitrators shall jointly select the third in accordance with the Rules. No arbitrator may serve on the panel unless he or she has agreed in writing to enforce the terms of the engagement letter and to abide by the terms of the Rules. Except with respect to the interpretation and enforcement of these arbitration procedures (which shall be governed by the Federal Arbitration Act), the arbitrators shall apply the laws of the state of North Carolina (without giving effect to its choice of law principles) in connection with the dispute. The arbitrators may render a summary disposition relative to all or some of the issues, provided that the responding party has had an adequate opportunity to respond to any such application for such disposition. Any discovery shall be conducted in accordance with the Rules. The result of the arbitration shall be binding on the parties, and judgment on the arbitration award may be entered in any court having jurisdiction.

Costs

Each party shall bear its own costs in both the mediation and the arbitration; however, the parties shall share the fees and expenses of both the mediators and the arbitrators equally.

In accordance with the requirements of *Government Auditing Standards*, we have attached a copy of our latest external peer review report of our firm to the Contract to Audit Accounts for your consideration and files.

Please sign and return a copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements and compliance over major federal and state award programs, including our respective responsibilities.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Respectfully,

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina

RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of the City of Shelby by:

Signature: _____

Title: _____

Date: _____

NORTH CAROLINA
DEPARTMENT OF STATE TREASURER

BRADFORD B. BRINER
STATE TREASURER OF NORTH CAROLINA

STATE AND LOCAL GOVERNMENT FINANCE DIVISION
AND THE LOCAL GOVERNMENT COMMISSION

DENISE H. CANADA
DIVISION DIRECTOR

Important Information and Instructions on the FY 2026 Audit Contract

(Updated February 2026)

Changes to the FY 2026 Contract Form

Several changes were made to the FY 2026 contract form; a summary of substantive changes follows. Please carefully read and review the contract in its entirety before using or signing the contract.

Units of local government that utilize the contract form provided by the LGC must use the 2026 contract form for all FY 2026 audits. The FY 2026 contract version is number "Rev. 02/2026" in the top right corner.

Because the FY 2026 contract form reflects recent updates to single audit thresholds (see redline changes to Paragraph 2), it should **not** be used for prior year audits. Instead, units are advised to use the FY 2025 contract form (Rev. 12/2024) for all prior year audits for which a contract has not yet been submitted to the LGC. The FY 2025 contract form and instructions are available on the Department of State Treasurer website.

Paragraph 1

The Auditor shall audit all statements and disclosures required by "U.S. Auditing Standards – AICPA (Clarified)," referred to as generally accepted auditing standards (GAAS) and additional required legal statements and disclosures of all funds and/or divisions of the! Governmental Unit(s). 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 shall 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). ~~The basic financial statements shall include budgetary comparison information in a budgetary comparison statement, rather than as RSI, for the General Fund and any annually budgeted Special Revenue funds.~~ Budgetary comparison information shall be prepared in accordance with applicable GASB standards. Budget-to-actual comparisons at the level of the legally adopted budget ordinance shall be presented as required supplementary information and shall not be included in the basic financial statements. Any other budgetary comparison information shall be presented only as supplementary information for funds required to be budgeted under NCGS Chapter 159, Article 3.

Paragraph 2

At a minimum, the Auditor shall conduct the audit and render the report in accordance with GAAS. If the Governmental Unit expended $100,000 or more in combined Federal and State financial assistance during the reporting period, the Auditor shall perform the audit in accordance with *Generally Accepted*

Government Auditing Standards (GAGAS). The Governmental Unit is subject to federal single audit requirements in accordance with Title 2 US Code of Federal Regulations Part 200 Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart F (Uniform Guidance) and the State Single Audit Implementation Act. ~~Currently the threshold is $750,000 for a federal single audit and $500,000 for a State Single Audit.~~ Currently the threshold is $1,000,000 for federal and state single audits, or such other threshold as applicable for the fiscal year under audit. This audit and all associated audit documentation may be subject to review by federal and State agencies in accordance with federal and State laws, including the staff of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit requires a federal single audit in accordance with the Uniform Guidance (§200.501) the Auditor and Governmental Unit(s) should discuss, in advance of the execution of this contract, the responsibility for submission of the audit and the accompanying data collection form (form SF-FAC) to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512) to ensure proper submission.

~~Effective for audits of fiscal years beginning on or after June 30, 2023, the LGC will allow auditors to consider whether a unit qualifies as a State low-risk auditee. Please refer to "Discussion of Single Audits in North Carolina" on the LGC's website for more information.~~

If the audit and Auditor communication 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 State Board).

Paragraph 5

If this audit engagement is subject to the standards for audit as defined in Government Auditing Standards~~,~~ (2018 revision or subsequent revisions, as applicable) issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he or she has met the requirements for a peer review and continuing education as specified in Government Auditing Standards. The Auditor agrees to provide a copy of the most recent peer review report to the Governmental Unit(s) and to the Secretary of the LGC prior to the execution of an audit contract. Subsequent submissions of the report are required only upon report expiration or upon the Auditor's receipt of an updated peer review report. If the audit firm ~~received~~ receives a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit(s) 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 Auditing Standards or if financial statements are not prepared in accordance with U.S. generally accepted accounting principles (GAAP) and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment to this contract or in an amendment.

Paragraph 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 LGC Staff, within six months of fiscal year end. At the time of the execution of this contract, if the parties know that the anticipated submission date of the audit exceeds six months after fiscal year end, a written explanation shall be provided to the Secretary of the LGC on this contract form (see the space provided on Page 7). If it becomes necessary to amend the audit fee or the date that the audit report will be submitted to the LGC, an amended contract along with a written explanation of the change shall be submitted to the Secretary of the LGC for approval.

Paragraph 7

It is agreed that GAAS include a review of the Governmental Unit's (Units') systems of internal control and accounting as they relate to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor shall make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth the Auditor's findings, together with his or her recommendations for improvement. That written report shall include all matters ~~defined as~~ determined to be "significant deficiencies and material weaknesses" in accordance with AU-C §265 "Communicating Internal Control Related Matters Identified in an Audit" of ~~the AICPA Professional Standards (Clarified)~~ GAAS. The Auditor shall file a copy of that report with the Secretary of the LGC.

For GAAS or *Government Auditing Standards* audits, if an Auditor issues an AU-C §260 report, "Auditor's Communication With Those Charged With Governance," commonly referred to as a "Governance Letter," LGC staff does not require the report to be submitted unless the Auditor cites significant findings or issues from the audit, as defined in AU-C §260 paragraphs 12 - 14. This would include issues such as difficulties encountered during the audit, significant or unusual transactions, uncorrected misstatements, matters that are difficult or contentious ~~reviewed with~~ for which the Auditor consulted outside the engagement team and, in the Auditor's judgment, are significant and relevant to those charged with governance, and other findings or issues that the Auditor believes are significant and relevant~~matters~~. If matters identified during the audit were required to be reported as described in AU-C §260 paragraphs 12 - 14 and were communicated in a method other than an AU-C §260 letter, the written documentation must be submitted.

Paragraph 13

~~If the audit firm is required by the NC State Board, the NCACPA Peer Review Committee, or the Secretary of the LGC to have a pre-issuance review of its audit work, there shall be a statement in the engagement letter indicating the pre-issuance review requirement. There also shall be a statement that the Governmental Unit(s) shall not be billed for the pre-issuance review. The pre-issuance review shall be performed prior to the completed audit being submitted to LGC Staff. The pre-issuance review report shall accompany the audit report upon submission to LGC Staff.~~

If the audit firm is required by the Secretary of the Local Government Commission to obtain a pre-issuance review or take corrective action as a result of peer review findings or quality control deficiencies, such corrective action shall be consistent with the authority and requirements of the North Carolina State Board of Certified Public Accountant Examiners, the AICPA Peer Review Program, and established Local Government Commission practice, including the use of report addenda or other remedial measures, as appropriate.

Paragraph 14

~~The Auditor shall submit the report of audit in PDF format to LGC Staff.~~

In accordance with G.S. 159-34, the Finance Officer of the Unit is responsible for filing the audited financial statements with the Secretary of the Local Government Commission.

The Auditor may upload the audit report and related documents through the LGC's electronic submission system; however, submission shall not be deemed complete until the Finance Officer has reviewed and certified the submission.

The Auditor, Finance Officer, other Unit staff member designated by the Finance Officer, or a third party approved by the Unit may enter all Data Input Report information except the information on the “transmittal doc info” tab. The “transmittal doc info” tab must be completed by the Auditor.

The Finance Officer shall review, approve, and certify the accuracy and completeness of the Data Input Report (DIR) in the LGC’s LOGOS system prior to LGC review, regardless of whether the DIR is prepared by the Auditor or the Unit.

Finance Officer certification is required for any corrected or revised submissions.

Finance Officer certification of the DIR shall be completed in a timely manner following notification that the DIR is ready for review and within time frames prescribed by the LGC. Failure to complete certification in a timely manner may result in the audit being considered late due to unit action rather than auditor performance

The Auditor shall conduct the audit in accordance with generally accepted auditing standards and shall ensure that the financial statements are prepared in accordance with generally accepted accounting principles as of the fiscal year end. Budget-to-actual comparisons at the level of the legally adopted budget ordinance shall be presented in required supplementary information, separate from the basic financial statements, and shall not be included in the audit opinion. The Auditor shall confirm that such information reconciles to the financial statements and is consistent with applicable accounting guidance and any LGC reporting requirements.

The Finance Officer shall certify in a timely manner that all data inputted in LOGOS used for preparation of the financial statements and required supplementary information is complete and accurate.

For audits of units other than hospitals, the audit report should be submitted when (or prior to) submitting the final 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 LGC by any interested parties. Any subsequent revisions to these reports shall 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 for other lawful purposes of the Governmental Unit(s) without requiring consent of the Auditor. If the LGC Staff determines that corrections need to be made to the Governmental Unit’s (Units’) financial statements and/or the compliance section, those corrections shall be provided within three business days of notification unless another deadline is agreed to by LGC Staff.

Paragraph 27

~~Applicable to audits with fiscal year ends of June 30, 2020 and later.~~ For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and *Government Auditing Standards, 2018 or 2024 Revision* (as applicable). Preparing financial statements in their entirety shall be deemed a “significant threat” requiring the Auditor to apply safeguards sufficient to reduce the threat to an acceptable level. If the Auditor cannot reduce the threats to an acceptable level, the Auditor cannot complete the audit. If the Auditor is able to reduce the threats to an acceptable level, the documentation of this determination, including the safeguards applied, must be included in the audit workpapers.

Paragraph 29

Information based on the audited financial statements shall be submitted to the Secretary ~~for the purpose of identifying Financial Performance Indicators and Financial Performance Indicators of Concern. See 20 NCAC 03 .0502(c)(6).~~ of the LGC through the LGC's LOGOS system, including completion of the Data Input Report (DIR). Submission is not complete and shall not be accepted by the LGC until the Finance Officer has reviewed and certified the DIR in accordance with Paragraph 14 of this contract.

Paragraph 33/34

33. Applicable to audits with fiscal year ends of June 30, 2025, and later. The Unit authorizes the LGC to grant access to the LGC's LOGOS system, including the Data Input Report (DIR), to employees of the contracted audit firm who are associated with and acting on behalf of the firm for purposes of performing audit and reporting services under this contract. Such access shall be limited to the scope necessary to perform contracted services and shall not relieve the Auditor or the Unit of their respective responsibilities under this contract.

~~33.~~ 34. ~~Modifications to the language and terms contained in this contract form (LGC-205) are not allowed.~~ Changes or edits to the text of this contract form are not permitted, except for the Secretary's authority to revise or update this contract form pursuant to LGC Rule 20 NCAC 03. 0502.

New Field – Explanation for Late Audit Per Paragraph 6

For contracts with an anticipated audit submission date exceeding six months after fiscal year end, please use this space to explain the reason for the late submission, as required by Paragraph 6 of this contract form:

Instructions on Completing the Audit Contract Form

1) Contract Forms

The LGC-205 Standard Audit Contract Form is organized as follows:

- LGC-205 Form A (unit and auditor information, submission date, contract terms)
- LGC-205 Form B (fee information and requirements, signature pages)

Note that there is no longer a hospital contract form. Nearly all of the hospital contract language was identical to the standard contract language; therefore, the separate hospital contract has been eliminated, and language has been added to the standard contract, as needed, to address hospital-specific exclusions to contract terms.

For information about amending the audit contract, see “Amended Contracts” below. A link to the separate LGC 205 Amended Audit Contract Form is provided there.

2) Date Audit Will Be Submitted

Audit report due dates for all units except housing authorities are six months after fiscal year end (audits for housing authorities are due 10 months after fiscal year end). The date provided in this field should reflect the date the auditor will submit the audit report to the secretary of the LGC. Please note the added language in Paragraph 6 of Form A requiring a written explanation if, at the time the contract is executed, the parties know that the audit will be submitted after the deadline. Audit reports submitted after the deadline are considered late and will trigger a Financial Performance Indicator of Concern (FPIC).

3) Fees Page

The fee section must be completed for both the Primary Government and the discretely presented component unit (DPCU), if applicable.

Paragraph 1 of Form B includes information related to independence standards and must be completed, if applicable.

The terms and fees specified in the engagement letter must agree with those in 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 shall take precedence” (see Form A, Paragraph 17).

Fees must be stated as specific dollar amounts. Any fees presented as descriptions or references will result in the contract being rejected and returned for correction. If the fees are detailed in an addendum, the addendum must be acknowledged in writing by the Governmental Unit.

4) Signature Pages

There are two signature pages: one for the Primary Government Unit and one for the DPCU. Please ensure all fields on the pages are completed. Note that all sections require a typed/printed name as well as signature – please ensure both are included in each section.

The preaudit certificate section for the Primary Government Unit and the DPCU (if applicable) must be signed and dated by the appropriate party. A preaudit certificate is not required for hospitals.

Submitting the Contract

1) Ensure all fields are completed and signatures provided (as applicable) on:

- Page one
- Fees page
- Signature page(s)

2) Prepare a single PDF file containing the following:

- Completed LGC-205 Standard Audit Contract Form
- Engagement letter
- Peer review report *(required only if current peer review report is not on file with the LGC – see Form A, Paragraph 5)*
- Contract addendum *(if applicable)*

3) Upload the File

- Access the LGC File Transfer Portal at https://lgcportal.nctreasurer.com/.
- Select "Contracts" and then "Standard Contracts."
- Complete the information required on the upload form, attach your PDF file and submit.
- Confirmation emails will be sent to all email addresses provided in the upload form.

Other Important Information

Staff Review

Upon receipt of the contract materials, staff will review the contract and notify the unit and auditor by email (using the email addresses provided in the LGC File Transfer Portal) either that the contract is approved or of the steps to be taken to secure approval. Please note that this email is your official notice of audit contract approval, and a printed copy will not be provided.

DPCU Audit Contract Requirements

If a DPCU is subject to the audit requirements of the Local Government Budget and Fiscal Control Act and a **separate audit report** is issued for that DPCU, a **separate audit contract** is required for the DPCU. If a separate audit report is not being issued for the DPCU and is to be included in the Primary Government's audit report, the DPCU must be named with the Primary Government on the audit contract for the Primary Government. The board chairperson of the DPCU must also sign the audit contract in addition to the elected leader of the Primary Government.

Amended Contracts

If an audit cannot be completed by the date specified in the original contract or if the fees specified in the original contract are modified, the auditor or governmental unit must file an amended contract form (Amended LGC-205). Please refer to the audit contract amendment instructions for details on completing and submitting an amended contract form.

Please note that there is no "grace period" for the submission of an amended contract. If an audit is not submitted on or before the date specified in the audit contract, an amended contract is required.

For assistance please contact: LGC.Contract@nctreasurer.com

Submission of Invoices (units other than hospitals)

A valid contract must be in place for staff to approve invoices, and all invoices must be submitted and approved prior to payment.

As stated in Rule 20 NCAC 03 .0505, "All invoices for services rendered in an audit engagement as defined in Rule .0503 of this Section shall be submitted to the Secretary for approval before any payment is made. Payment before approval is a violation of law pursuant to G.S. 159-34(a)."

Note that this section does not apply to hospitals.

For assistance please contact: LGCInvoice@nctreasurer.com

CONTRACT TO AUDIT ACCOUNTS

The Governing Board: City Council

of Primary Government Unit: City of Shelby, NC

and Discretely Presented Component Unit (DPCU) (if applicable): N/A

Primary Government Unit, together with DPCU (if applicable), hereinafter referred to as Governmental Unit(s)

and Auditor Name: Martin Starnes & Associates, CPAs. P.A.

Auditor Address: 730 13th Avenue Drive SE, Hickory NC 28602

Hereinafter referred to as Auditor

for

Fiscal Year Ending	Date Audit Will Be Submitted to LGC
06/30/26	12/31/26

Must be within six months of FYE

hereby agree as follows:

1. The Auditor shall audit all statements and disclosures required by "U.S. Auditing Standards – AICPA (Clarified)," referred to as generally accepted auditing standards (GAAS) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit(s). 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 shall 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). Budgetary comparison information shall be prepared in accordance with applicable GASB standards. Budget-to-actual comparisons at the level of the legally adopted budget ordinance shall be presented as required supplementary information and shall not be included in the basic financial statements. Any other budgetary comparison information shall be presented only as supplementary information for funds required to be budgeted under NCGS Chapter 159, Article 3.

2. At a minimum, the Auditor shall conduct the audit and render the report in accordance with GAAS. If the Governmental Unit expended $100,000 or more in combined Federal and State financial assistance during the reporting period, the Auditor shall perform the audit in accordance with *Generally Accepted Government Auditing Standards* (GAGAS). The Governmental Unit is subject to federal single audit requirements in accordance with Title 2 US Code of Federal Regulations Part 200 *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Subpart F (*Uniform Guidance*) and the State Single Audit Implementation Act. Currently the threshold is $1,000,000 for federal and state single audits, or such other threshold as applicable for the fiscal year under audit. This audit and all associated audit documentation may be subject to review by federal and State agencies in accordance with federal and State laws, including the staff of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit requires a federal single audit in accordance with the Uniform Guidance (§200.501) the Auditor and Governmental Unit(s) should discuss, in advance of the execution of this contract, the responsibility for submission of the audit and the accompanying data collection form (form SF-FAC) to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512) to ensure proper submission.

If the audit and Auditor communication 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 State Board).

3. If an entity is determined to be a component of another government as defined by the group audit standards, the entity's auditor shall 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 unmodified opinion being rendered. If during the process of conducting the audit, the Auditor determines that it will not be possible to render an unmodified opinion on the financial statements of the unit, the Auditor shall contact the LGC Staff to discuss the circumstances leading to that conclusion as soon as is practical and before the final report is issued. 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* (2018 revision or subsequent revisions, as applicable) issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he or she has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of the most recent peer review report to the Governmental Unit(s) and to the Secretary of the LGC prior to the execution of an audit contract. Subsequent submissions of the report are required only upon report expiration or upon the Auditor's receipt of an updated peer review report. If the audit firm receives a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit(s) 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 Auditing Standards* or if financial statements are not prepared in accordance with U.S. generally accepted accounting principles (GAAP) and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment to this contract or in an amendment.

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 LGC Staff, within six months of fiscal year end. At the time of the execution of this contract, if the parties know that the anticipated submission date of the audit exceeds six months after fiscal year end, a written explanation shall be provided to the Secretary of the LGC on this contract form (see the space provided on Page 7). If it becomes necessary to amend the audit fee or the date that the audit report will be submitted to the LGC, an amended contract along with a written explanation of the change shall be submitted to the Secretary of the LGC for approval.

7. It is agreed that GAAS include a review of the Governmental Unit's (Units') systems of internal control and accounting as they relate to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor shall make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth the Auditor's findings, together with his or her recommendations for improvement. That written report shall include all matters determined to be "significant deficiencies and material weaknesses" in accordance with AU-C §265 "Communicating Internal Control Related Matters Identified in an Audit" of GAAS. The Auditor shall file a copy of that report with the Secretary of the LGC.

For GAAS or *Government Auditing Standards* audits, if an Auditor issues an AU-C §260 report, "Auditor's Communication With Those Charged With Governance," commonly referred to as a "Governance Letter," LGC staff does not require the report to be submitted unless the Auditor cites significant findings or issues from the audit, as defined in AU-C §260 paragraphs 12 - 14. This would include issues such as difficulties encountered during the audit, significant or unusual transactions, uncorrected misstatements, matters that are difficult or contentious for which the Auditor consulted outside the engagement team and, in the Auditor's judgment, are significant and relevant to those charged with governance, and other findings or issues that the Auditor believes are significant and relevant. If matters identified during the audit were required to be reported as described in AU-C §260 paragraphs 12 - 14 and were communicated in a method other than an AU-C §260 letter, the written documentation must be submitted.

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. Approval is also required for the Alternative Compliance Examination Engagement for auditing the Coronavirus State and Local Fiscal Recovery Funds expenditures as allowed by US Treasury. Approval is not required on audit contracts and invoices for system improvements and similar services of a non-auditing nature.

9. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit(s) 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 shall be submitted in PDF format to the Secretary of the LGC for approval. The invoice marked 'approved' with approval date shall be returned to the Auditor to present to the Governmental Unit(s) for payment. This paragraph is not applicable to contracts for audits of hospitals.

10. In consideration of the satisfactory performance of the provisions of this contract, the Governmental Unit(s) shall pay to the Auditor, upon approval by the Secretary of the LGC if required, the fee, which includes any costs 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 Single Audit Act and the State Single Audit Act. This does not include fees for any pre-issuance reviews that may be required by the North Carolina Association of Certified Public Accountants (NCACPA) Peer Review Committee or North Carolina State Board of CPA Examiners (see Paragraph 13).

11. If the Governmental Unit(s) has/have outstanding revenue bonds, the Auditor shall submit to LGC Staff, either in the notes to the audited financial statements or as a separate report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor shall submit to LGC Staff simultaneously with the Governmental Unit’s (Units’) audited financial statements any other bond compliance statements or additional reports required by the authorizing bond documents, unless otherwise specified in the bond documents.

12. 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(s) and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the Governmental Unit(s) 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 upon completion.

13. If the audit firm is required by the Secretary of the Local Government Commission to obtain a pre-issuance review or take corrective action as a result of peer review findings or quality control deficiencies, such corrective action shall be consistent with the authority and requirements of the North Carolina State Board of Certified Public Accountant Examiners, the AICPA Peer Review Program, and established Local Government Commission practice, including the use of report addenda or other remedial measures, as appropriate.

14. In accordance with G.S. 159-34, the Finance Officer of the Unit is responsible for filing the audited financial statements with the Secretary of the Local Government Commission.

The Auditor may upload the audit report and related documents through the LGC's electronic submission system; however, submission shall not be deemed complete until the Finance Officer has reviewed and certified the submission.

The Auditor, Finance Officer, other Unit staff member designated by the Finance Officer, or a third party approved by the Unit may enter all Data Input Report information except the information on the "transmittal doc info" tab. The "transmittal doc info" tab must be completed by the Auditor.

The Finance Officer shall review, approve, and certify the accuracy and completeness of the Data Input Report (DIR) in the LGC's LOGOS system prior to LGC review, regardless of whether the DIR is prepared by the Auditor or the Unit.

Finance Officer certification is required for any corrected or revised submissions.

Finance Officer certification of the DIR shall be completed in a timely manner following notification that the DIR is ready for review and within time frames prescribed by the LGC. Failure to complete certification in a timely manner may result in the audit being considered late due to unit action rather than auditor performance

The Auditor shall conduct the audit in accordance with generally accepted auditing standards and shall ensure that the financial statements are prepared in accordance with generally accepted accounting principles as of the fiscal year end. Budget-to-actual comparisons at the level of the legally adopted budget ordinance shall be presented in required supplementary information, separate from the basic financial statements, and shall not be included in the audit opinion. The Auditor shall confirm that such information reconciles to the financial statements and is consistent with applicable accounting guidance and any LGC reporting requirements.

The Finance Officer shall certify in a timely manner that all data inputted in LOGOS used for preparation of the financial statements and required supplementary information is complete and accurate.

For audits of units other than hospitals, the audit report should be submitted when (or prior to) submitting the final 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 LGC by any interested parties. Any subsequent revisions to these reports shall 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 for other lawful purposes of the Governmental Unit(s) without requiring consent of the Auditor. If the LGC Staff determines that corrections need to be made to the Governmental Unit's (Units') financial statements and/or the compliance section, those corrections shall be provided within three business days of notification unless another deadline is agreed to by LGC Staff.

15. 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 modified or amended to include the increased time, compensation, or both as may be agreed upon by the Governing Board and the Auditor.

16. If an approved contract needs to be modified or amended for any reason, the change shall be made in writing and preaudited if the change includes a change in audit fee (preaudit requirement does not apply to hospitals). This amended contract shall be completed in full, including a written explanation of the change, signed and dated by all original parties to the contract. It shall then be submitted to the Secretary of the LGC for approval. No change to the audit contract shall be effective unless approved by the Secretary of the LGC.

17. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit(s), shall be attached to this contract, and except for fees, work, and terms not related to audit services, shall be incorporated by reference as if fully set forth herein as part of this contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract shall take precedence. Engagement letter terms that conflict with the contract are deemed to be void unless the conflicting terms of this contract are specifically deleted in Paragraph 30 of this contract. Engagement letters containing indemnification clauses shall not be accepted by LGC Staff.

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

19. 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 shall be named along with the primary government on this audit contract. DPCU Board approval date, signatures from the DPCU Board chairman and Finance Officer also shall be included on this contract.

20. The contract shall be executed, preaudited (preaudit requirement does not apply to hospitals) and physically signed by all parties including Governmental Unit(s) and the Auditor, then submitted in PDF format to the Secretary of the LGC.

21. The contract is not valid until it is approved by the Secretary of the LGC. 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.

22. Retention of Client Records: Auditors are subject to the NC State Board of CPA Examiners' Retention of Client Records Rule 21 NCAC 08N .0305 as it relates to the provision of audit and other attest services, as well as non-attest services. Clients and former clients should be familiar with the requirements of this rule prior to requesting the return of records.

23. This contract may be terminated at any time by mutual consent and agreement of the Governmental Unit(s) and the Auditor, provided that (a) the consent to terminate is in writing and signed by both parties, (b) the parties have agreed on the fee amount which shall be paid to the Auditor (if applicable), and (c) no termination shall be effective until approved in writing by the Secretary of the LGC.

24. The Governmental Unit's (Units') failure or forbearance to enforce, or waiver of, any right or an event of breach or default on one occasion or instance shall not constitute the waiver of such right, breach or default on any subsequent occasion or instance.

25. 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.

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

27. For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and *Government Auditing Standards, 2018 or 2024 Revision* (as applicable). Preparing financial statements in their entirety shall be deemed a "significant threat" requiring the Auditor to apply safeguards sufficient to reduce the threat to an acceptable level. If the Auditor cannot reduce the threats to an acceptable level, the Auditor cannot complete the audit. If the Auditor is able to reduce the threats to an acceptable level, the documentation of this determination, including the safeguards applied, must be included in the audit workpapers.

All non-attest service(s) being performed by the Auditor that are necessary to perform the audit must be identified and included in this contract. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the services and accept responsibility for the results of the services performed. If the Auditor is able to identify an individual with the appropriate SKE, the Auditor must document and include in the audit workpapers how the Auditor reached that conclusion. If the Auditor determines that an individual with the appropriate SKE cannot be identified, the Auditor cannot perform both the non-attest service(s) and the audit. See "Fees for Audit Services" page of this contract to disclose the person identified as having the appropriate SKE for the Governmental Unit.

28. **Applicable to audits with fiscal year ends of June 30, 2021 and later.** The Auditor shall present the audited financial statements including any compliance reports to the Government Unit's Governing Board or audit committee in an official meeting in open session as soon as the audited financial statements are available but not later than 45 days after the submission of the audit report to the Secretary of the LGC. The Auditor's presentation to the Governing Board or audit committee shall include:

a) the description of each finding, including all material weaknesses and significant deficiencies, as found by the Auditor, and any other issues related to the internal controls or fiscal health of the Government Unit as disclosed in the management letter, the Single Audit or Yellow Book reports, or any other communications from the Auditor regarding internal controls as required by current auditing standards;

b) the status of the prior year audit findings;

c) the values of Financial Performance Indicators based on information presented in the audited financial statements; and

d) notification to the Governing Board that the Governing Board shall develop a "Response to the Auditor's Findings, Recommendations, and Fiscal Matters," if required under Rule 20 NCAC 03 .0508.

29. Information based on the audited financial statements shall be submitted to the Secretary of the LGC through the LGC's LOGOS system, including completion of the Data Input Report (DIR). Submission is not complete and shall not be accepted by the LGC until the Finance Officer has reviewed and certified the DIR in accordance with Paragraph 14 of this contract.

30. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted (See Paragraph 17 for clarification).

31. The process for submitting contracts, audit reports and invoices is subject to change. Auditors and Units should use the submission process and instructions in effect at the time of submission. Refer to the N.C. Department of State Treasurer website at https://www.nctreasurer.com/state-and-local-government-finance-division/local-government-commission/submitting-your-audit.

32. All communications regarding audit contract requests for modification or official approvals will be sent to the email addresses provided on the signature pages that follow.

33. **Applicable to audits with fiscal year ends of June 30, 2025, and later.** The Unit authorizes the LGC to grant access to the LGC's LOGOS system, including the Data Input Report (DIR), to employees of the contracted audit firm who are associated with and acting on behalf of the firm for purposes of performing audit and reporting services under this contract. Such access shall be limited to the scope necessary to perform contracted services and shall not relieve the Auditor or the Unit of their respective responsibilities under this contract.

34. Changes or edits to the text of this contract form are not permitted, except for the Secretary's authority to revise or update this contract form pursuant to LGC Rule 20 NCAC 03. 0502.

For contracts with an anticipated audit submission date exceeding six months after fiscal year end, please use this space to explain the reason for the late submission, as required by Paragraph 6 of this contract form:

FEES FOR AUDIT SERVICES

1. For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct (as applicable) and *Government Auditing Standards,2018 Revision*. Refer to Paragraph 27 of this contract for specific requirements. The following information must be provided by the Auditor; contracts presented to the LGC without this information will be not be approved.

Financial statements were prepared by: ☑ Auditor ☐ Governmental Unit ☐ Third Party

If applicable: The individual at the Governmental Unit designated to have the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the non-attest services and accept responsibility for the results of these services:

Name:	***Title and Unit / Company:***	***Email Address:***
Beth Beam	Director of Finance, City of Shelby	beth.beam@cityofshelby.com

OR Not Applicable ☐ *(Identification of SKE Individual on the LGC-205 Contract is not applicable for GAAS-only audits or audits with FYEs prior to June 30, 2020.)*

2. Fees may not be included in this contract for work performed on Annual Financial Information Reports (AFIRs), Form 990s, or other services not associated with audit fees and costs. Such fees may be included in the engagement letter but may not be included in this contract or in any invoices requiring approval of the LGC. See Paragraphs 8 and 13 for details on other allowable and excluded fees.

3. The audit fee information included in the table below for both the Primary Government Fees and the DPCU Fees (if applicable) should be reported as a specific dollar amount of audit fees for the year under this contract. If any language other than an amount is included here, the contract will be returned to the audit firm for correction.

4. Prior to the submission of the completed audited financial report and applicable compliance reports subject to this contract, or to an amendment to this contract (if required) the Auditor may submit interim invoices for approval for services rendered under this contract to the Secretary of the LGC, not to exceed 75% of the billings for the Unit's last annual audit that was submitted to the Secretary of the LGC. All invoices for services rendered in an audit engagement as defined in Rule 20 NCAC .0503 shall be submitted to the Secretary of the LGC for approval before any payment is made. Payment before approval is a violation of law. (This paragraph not applicable to contracts and invoices associated with audits of hospitals).

Primary Government Unit	City of Shelby, NC
Audit Fee (financial and compliance if applicable)	$ 94,000 (includes single audit for up to 2 programs)
Fee per Major Program (if not included above)	$ 4,500 per major program in excess of 2
Additional Fees Not Included Above (if applicable):	
Financial Statement Preparation (incl. notes and RSI)	$ 13,500
All Other Non-Attest Services	$
TOTAL AMOUNT NOT TO EXCEED	$ 121,000 (includes 5 major programs)

Discretely Presented Component Unit	N/A
Audit Fee (financial and compliance if applicable)	$
Fee per Major Program (if not included above)	$
Additional Fees Not Included Above (if applicable):	
Financial Statement Preparation (incl. notes and RSI)	$
All Other Non-Attest Services	$
TOTAL AMOUNT NOT TO EXCEED	$

SIGNATURE PAGE

AUDIT FIRM

Audit Firm* Martin Starnes & Associates, CPAs. P.A.	
Authorized Firm Representative (typed or printed)* Amber Y. McGhinnis	Signature* Amber Y. McGhinnis
Date* 03/27/26	Email Address* amcghinnis@msa.cpa

GOVERNMENTAL UNIT

Governmental Unit* City of Shelby, NC	
Date Governing Board Approved Audit Contract* **(Enter date in box to right)**	
Mayor/Chairperson (typed or printed)* O. Stanhope Anthony, Mayor	Signature*
Date	Email Address* stan.anthony@cityofshelby.com

Chair of Audit Committee (typed or printed, or "NA") N/A	Signature
Date	Email Address

GOVERNMENTAL UNIT – PREAUDIT CERTIFICATE

Required by G.S. 159-28(a1) or G.S. 115C-441(a1). Not applicable to hospital contracts.

This instrument has been preaudited in the manner required by The Local Government Budget and Fiscal Control Act or by The School Budget and Fiscal Control Act.

Sum Obligated by This Transaction:	$ 121,000 (includes 5 major programs)
Primary Governmental Unit Finance Officer* (typed or printed) Beth Beam, Director of Finance	Signature*
Date of Preaudit Certificate*	Email Address* beth.beam@cityofshelby.com

SIGNATURE PAGE – DPCU
(complete only if applicable)

DISCRETELY PRESENTED COMPONENT UNIT

DPCU* N/A	
Date DPCU Governing Board Approved Audit Contract* **(Enter date in box to right)**	
DPCU Chairperson (typed or printed)*	Signature*
Date*	Email Address*

Chair of Audit Committee (typed or printed, or "NA") N/A	Signature
Date	Email Address

DPCU – PREAUDIT CERTIFICATE

Required by G.S. 159-28(a1) or G.S. 115C-441(a1). Not applicable to hospital contracts.

This instrument has been preaudited in the manner required by The Local Government Budget and Fiscal Control Act or by The School Budget and Fiscal Control Act.

Sum Obligated by this Transaction:	$
DPCU Finance Officer (typed or printed)* N/A	Signature*
Date of Preaudit Certificate*	Email Address*

Remember to print this form, and obtain all
required signatures prior to submission.

PRINT

DEANDORTON

Report on the Firm's System of Quality Control

To the Shareholders of Martin Starnes & Associates, CPAs, P.A. and the
Peer Review Committee, Coastal Peer Review, Inc.

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, 2023. 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 (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

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. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

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.

Required Selections and Considerations

Engagements selected for review included engagements performed under Government Auditing Standards, including compliance audits under the Single Audit Act and an audit of an employee benefit plan.

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

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, 2023, 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.

Dean Dorton Allen Ford, PLLC

Dean Dorton Allen Ford, PLLC

May 10, 2024

RESOLUTION NO. 26-2026

A RESOLUTION APPROVING THE CONTRACT FOR THE PERFORMANCE OF THE CITY OF SHELBY'S ANNUAL AUDIT AND PREPARATION OF FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2026

WHEREAS, the City of Shelby has agreed to have Martin Starnes & Associates, CPAs P.A. of Hickory, North Carolina prepare the financial statements for the year ended June 30, 2026 and serve as the City's independent auditing firm; and

WHEREAS, Martin Starnes & Associates, CPAs P.A. has submitted the required Local Government Commission (LGC) contract for performance of this 2026 audit and same is ready for execution and submittal to the State for review and approval;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHELBY, NORTH CAROLINA:

Section 1. The Contract to Audit Accounts dated March 27, 2026 between the City of Shelby and Martin Starnes & Associates CPAs P.A.in the contract amount not to exceed $121,000 is hereby accepted and approved.

Section 2. The Mayor and Finance Director of the City are hereby authorized and directed to execute the contract set forth in Section 1 of this resolution.

Section 3. Upon applicable execution by the contracting parties, said contract shall be submitted to the North Carolina Local Government Commission for its review and approval.

Section 4. This resolution shall become effective upon its adoption and approval.

Adopted and approved this the 6th day of April 2026.

_____
O. Stanhope Anthony III
Mayor

ATTEST:

_____
Carol Williams
City Clerk

City of Shelby
Agenda Item Summary
April 6, 2026
City Hall Council Chambers

Agenda Item: C-8

8) Adoption of an ordinance concurring with the North Carolina Department of Transportation for speed limit revision inside the corporate limits of Shelby, North Carolina: Ordinance No. 11-2026

Consent Agenda Item: (Justin Wright, Engineering Manager)

Summary of Available Information:

- Memorandum dated March 30, 2026, from Justin Wright, Engineering Manager to Justin Merritt, City Manager
- City of Shelby – NC150 NCDOT Speed Limit Modification
- NCDOT Certification of Municipal Declaration
- Ordinance No. 11-2026

City Manager's Recommendation / Comments

Ordinance No. 11-2026 is presented for Council consideration at this time via the Consent Agenda. If approved this ordinance would essentially mean that the City of Shelby concurs with the recommendations of the NCDOT as detailed in the staff memo and presented ordinance.

It is my recommendation Ordinance No. 11-2026 be adopted and approved by City Council at this time via the Consent Agenda

ORDINANCE NO. 11 – 2026

AN ORDINANCE CONCURRING WITH THE NORTH CAROLINA DEPARTMENT OF TRANSPORTATION FOR SPEED LIMIT REVISION INSIDE THE CORPORATE LIMITS OF SHELBY, NORTH CAROLINA

WHEREAS, the City of Shelby has received a request from the North Carolina Department of Transportation for the approval of certification ordinance implementing speed limit modifications on certain roads within the City Corporate Limits; and,

WHEREAS, the City and the State must concur in this action to modify the speed limits on any state highway located within the limits of the city; and,

WHEREAS, the Shelby City Council desires to cooperate with the North Carolina Department of Transportation in the designation of speed limit modification as requested.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SHELBY, NORTH CAROLINA:

Section 1. Based upon applicable provisions of the Shelby City Code and an engineering and traffic investigation pursuant to authority granted by GS 20-141(f), the speed zone modification detailed by the North Carolina Department of Transportation (NCDOT) is herby approved as follows:

DECLARE THE FOLLOWING SPEED LIMITS ON U.S. HIGHWAY 150 (College Avenue)

Speed Limit	Route	Description
50 MPH	NC Highway 150	• NC Highway 150 (College Avenue) between a point 0.133 miles north-east of SR 1152 and a point .103 miles south-west of SR 2501
50 MPH	NC Highway 150	• NC Highway 150 (College Avenue) between a point 0.035 miles south-west of SR 1272 and a point 0.035 mile south-west of SR 1121

Section 2. The City Clerk is hereby authorized and directed to cause this Ordinance, and the attached NCDOT ordinance certification as ATTACHMENT A, to be certified and forwarded to the North Carolina Department of Transportation for its use and files for purposes effectuating the stated speed zone modifications.

Section 3. The City Manager or his designees are hereby authorized to execute amendments and change orders to the applicable documents associated with this project.

Section 4. This resolution shall become effective upon its adoption and approval both by City of Shelby and the North Carolina Department of Transportation.

Adopted and approved this the 6th day of April 2026.

O. Stanhope Anthony III
Mayor

ATTEST:

Carol Williams
City Clerk

APPROVED AS TO FORM:

Jason Lunsford
City Attorney

City of Shelby
Agenda Item Summary
April 6, 2026
City Hall Council Chambers

Agenda Item: C-9

9) Management Report:

a) Monthly Financial Summary, February 2026

Consent Agenda Item: (Justin Merritt, City Manager)

Summary of Available Information:

- Monthly Financial Report for February 2026

City Manager's Recommendation / Comments

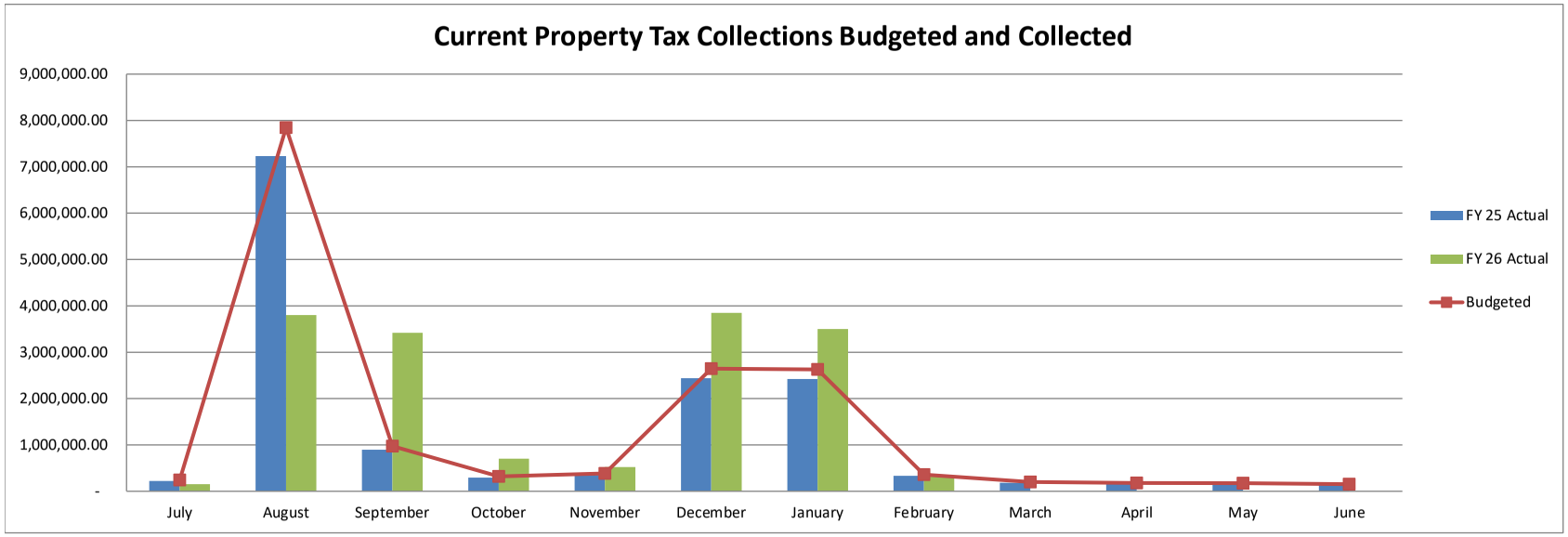
The above-mentioned report is for City Council information and is placed on the agenda to ensure documentation that it was formally presented by management during a regular meeting.



Monthly Financial Summary
February 2026

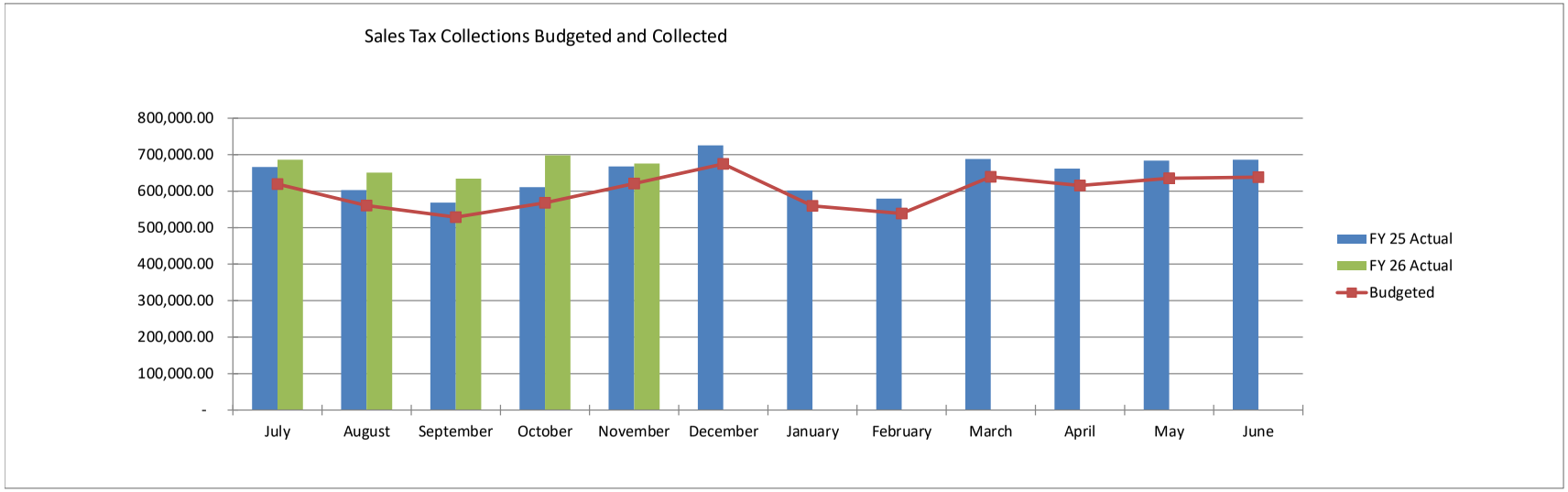
City of Shelby
Current Property Tax Collections
FY 2026
11001000-31001

	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Budget	242,321.20	7,844,377.99	973,670.18	318,832.09	383,712.22	2,644,966.98	2,626,745.61	361,330.43	199,019.67	178,213.51	173,829.76	152,980.37	16,100,000.00
FY 2025	223,311.75	7,229,007.66	897,288.38	293,820.57	353,611.03	2,437,476.44	2,420,684.49	332,985.03	183,407.11	164,233.14	160,193.28	140,979.47	14,836,998.35
FY 2026	152,288.11	3,802,653.19	3,421,249.27	702,307.40	522,736.39	3,849,442.56	3,502,297.13	318,121.75					16,271,095.80
% of Budget	0.95%	23.62%	21.25%	4.36%	3.25%	23.91%	21.75%	1.98%	0.00%	0.00%	0.00%	0.00%	101.06%
Variance	(90,033.09)	(4,041,724.80)	2,447,579.09	383,475.31	139,024.17	1,204,475.58	875,551.52	(43,208.68)	(199,019.67)	(178,213.51)	(173,829.76)	(152,980.37)	171,095.80



City of Shelby
Sales Tax Collections
FY 2026
GL #11001000-32101

	July (Oct)	August (Nov)	September (Dec)	October (Jan)	November (Feb)	December (Mar)	January (Apr)	February (May)	March (June)	April (July)	May (August)	June (September)	Totals
Budget	619,252.11	560,825.89	528,780.78	567,941.02	621,072.38	674,618.19	559,917.99	538,807.06	639,635.64	615,457.12	635,525.75	638,166.08	7,200,000.00
FY 2025	666,057.91	603,215.58	568,748.36	610,868.50	668,015.76	725,608.80	602,239.06	579,532.47	687,982.12	661,976.08	683,561.58	686,401.48	7,744,207.70
FY 2026	686,327.50	650,790.30	634,512.15	698,259.56	675,822.06								3,345,711.57
% of Budget	9.53%	9.04%	8.81%	9.70%	9.39%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	46.47%
Variance	67,075.39	89,964.41	105,731.37	130,318.54	54,749.68	(674,618.19)	(559,917.99)	(538,807.06)	(639,635.64)	(615,457.12)	(635,525.75)	(638,166.08)	(3,854,288.43)



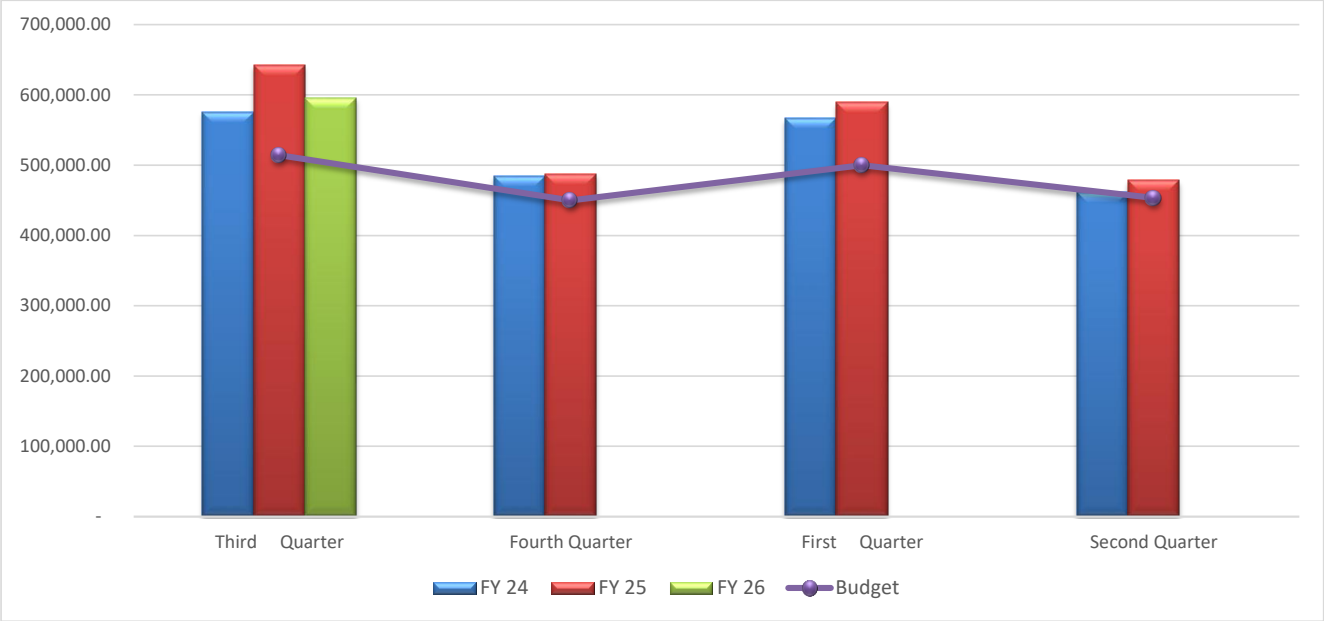
Notes:

Sales Tax Expansion to include Service Contracts: NCGS §105-164.4(a)(11), effective January 2014, has expanded the NC Sales and Use Tax to include "the sales price of a service contract".
A link to the NCDOR directive on this change is embedded here: http://www.dor.state.nc.us/practitioner/sales/directives/SD-13-5.pdf

Sales Tax Distribution Method: A link to a description of the individual articles of Sales Tax is embedded here: http://www.dor.state.nc.us/publications/salesdistribution_articles.pdf

City of Shelby
Utility Sales Tax Distribution (Formerly Utility Franchise Tax)
Last Three Years
GL #11001000-33101

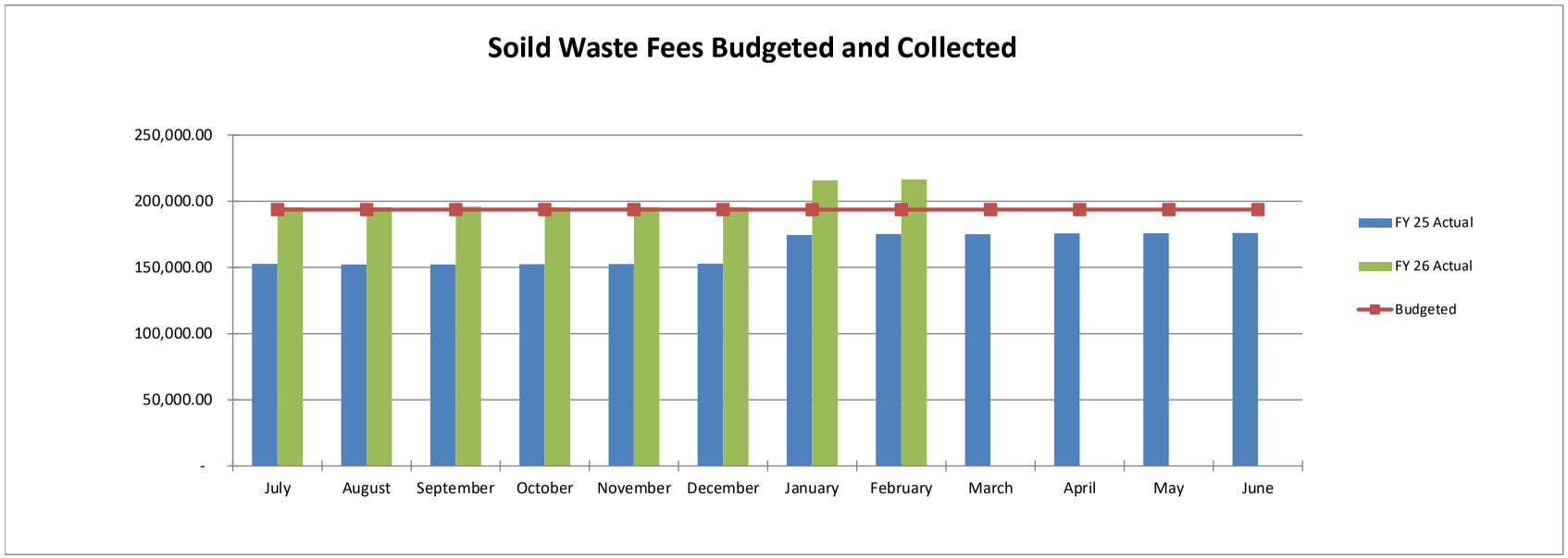
	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Totals
Collection Period:	(July-Sept.)	(Oct.-Dec.)	(Jan.-Mar.)	(Apr.-June)	
Received in:	December	March	June	September	
FY 24	575,545.63	484,885.74	566,199.32	461,664.29	2,088,294.98
FY 25	642,248.85	487,409.61	588,889.85	478,128.64	2,196,676.95
FY 26	595,464.33				595,464.33
Budget	514,196.77	449,892.13	499,995.14	453,354.97	1,917,439.00
% of Budget	31.06%	0.00%	0.00%	0.00%	31.06%



Notes:
Effective July 2014, utility franchise tax was eliminated on sales of electricity and piped natural gas. A "hold harmless" provision will keep local distribution levels at the amounts received during the 2013-14 Fiscal Year.

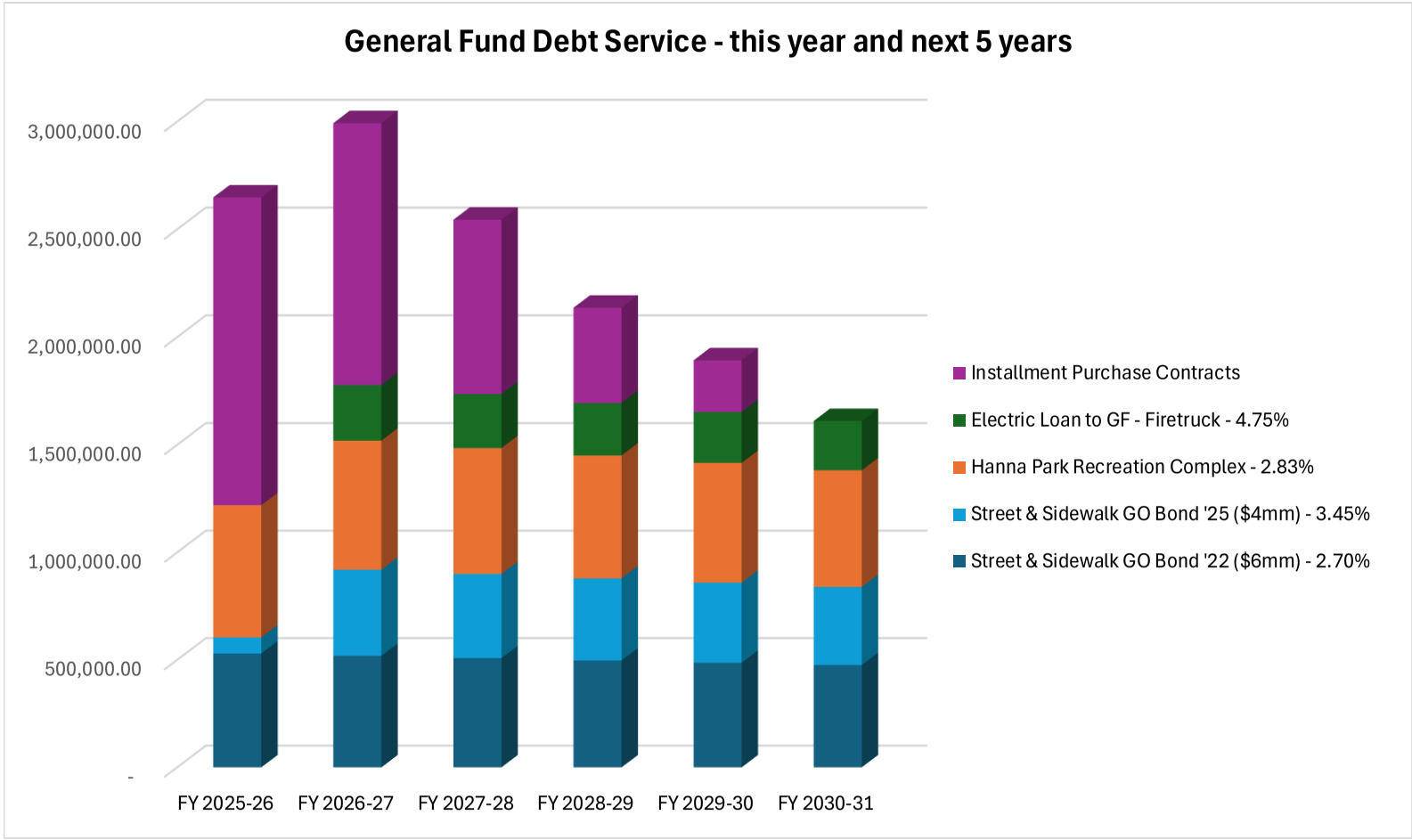
City of Shelby
Solid Waste Fees
FY 2026
GL #11007000-36101

	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Budget	193,750.00	193,750.00	193,750.00	193,750.00	193,750.00	193,750.00	193,750.00	193,750.00	193,750.00	193,750.00	193,750.00	193,750.00	2,325,000.00
FY 2025	152,721.44	152,242.65	152,213.17	152,415.46	152,523.81	152,835.98	174,434.73	175,218.54	175,205.29	175,837.60	175,989.60	176,035.92	1,967,674.19
FY 2026	195,522.25	195,548.47	195,931.48	195,553.05	195,622.92	195,715.00	215,804.84	216,451.42					1,606,149.43
% of Budget	8.41%	8.41%	8.43%	8.41%	8.41%	8.42%	9.28%	9.31%	0.00%	0.00%	0.00%	0.00%	69.08%
Variance	1,772.25	1,798.47	2,181.48	1,803.05	1,872.92	1,965.00	22,054.84	22,701.42	(193,750.00)	(193,750.00)	(193,750.00)	(193,750.00)	(718,850.57)
Res. Accts:	8,057	8,054	8,078	8,052	8,049	8,059	8,066	8,088					
Comm. Accts:	694	695	689	699	701	698	703	701					



DEBT SERVICE - GENERAL FUND	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
General Obligation Bonds						
Street & Sidewalk GO Bond '22 ($6mm) - 2.70%						
Principal	400,000.00	400,000.00	400,000.00	400,000.00	400,000.00	400,000.00
2.70% Interest	129,600.00	118,800.00	108,000.00	97,200.00	86,400.00	75,600.00
Debt Retired in 2037	529,600.00	518,800.00	508,000.00	497,200.00	486,400.00	475,600.00
Street & Sidewalk GO Bond '25 ($4mm) - 3.45%						
Principal		267,000.00	267,000.00	267,000.00	267,000.00	267,000.00
3.45% Interest	74,750.00	133,394.25	124,182.75	114,971.25	105,759.75	96,548.25
Debt Retired in 2041	74,750.00	400,394.25	391,182.75	381,971.25	372,759.75	363,548.25
TOTAL GO BONDS	604,350.00	919,194.25	899,182.75	879,171.25	859,159.75	839,148.25
Installment Purchase Contracts						
Hanna Park Recreation Complex - 2.83%	615,024.66	600,497.33	585,970.00	571,442.66	556,915.33	542,388.00
2.83% Debt Retired in 2032						
Electric Loan to GF - Firetruck - 4.75%						
4.75% Debt Retired in 15 years		257,871.10	250,718.48	243,565.85	236,413.22	229,260.59
FY 21 Installment Purchase	127,738.36		-	-		
Debt Retired in 2026						
FY 22 Installment Purchase	313,080.27	313,080.27		-		
Debt Retired in 2027						
FY 23 Installment Purchase - Radios	274,873.35	274,873.35	274,873.35			
Debt Retired in 2028						
FY 23 Installment Purchase	270,763.83	185,002.09	91,725.01			
Debt Retired in 2028						

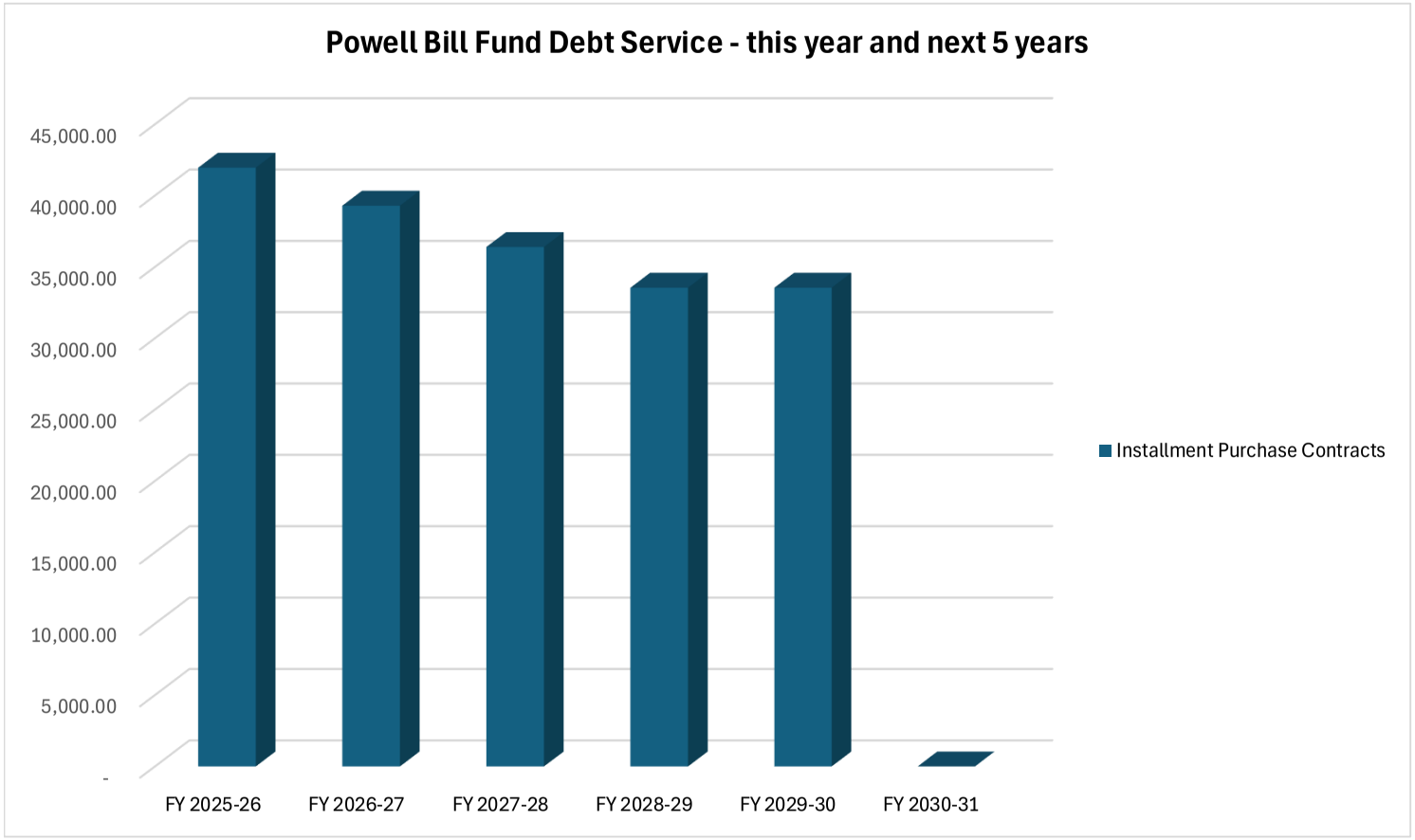
DEBT SERVICE - GENERAL FUND	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
FY 24 Installment Purchase	202,319.05	202,319.05	202,319.05	202,319.05		
Debt Retired in 2029						
FY 25 Installment Purchase	239,824.82	239,824.82	239,824.83	239,824.82	239,824.83	
Debt Retired in 2030						
subtotal Installment	1,428,599.68	1,215,099.58	808,742.24	442,143.87	239,824.83	
Total Debt Service - General Fund	2,647,974.34	2,992,662.26	2,544,613.46	2,136,323.62	1,892,313.13	1,610,796.84



City of Shelby
YTD Budget Report
For 2/28/2026 (66.67% of Fiscal Year)

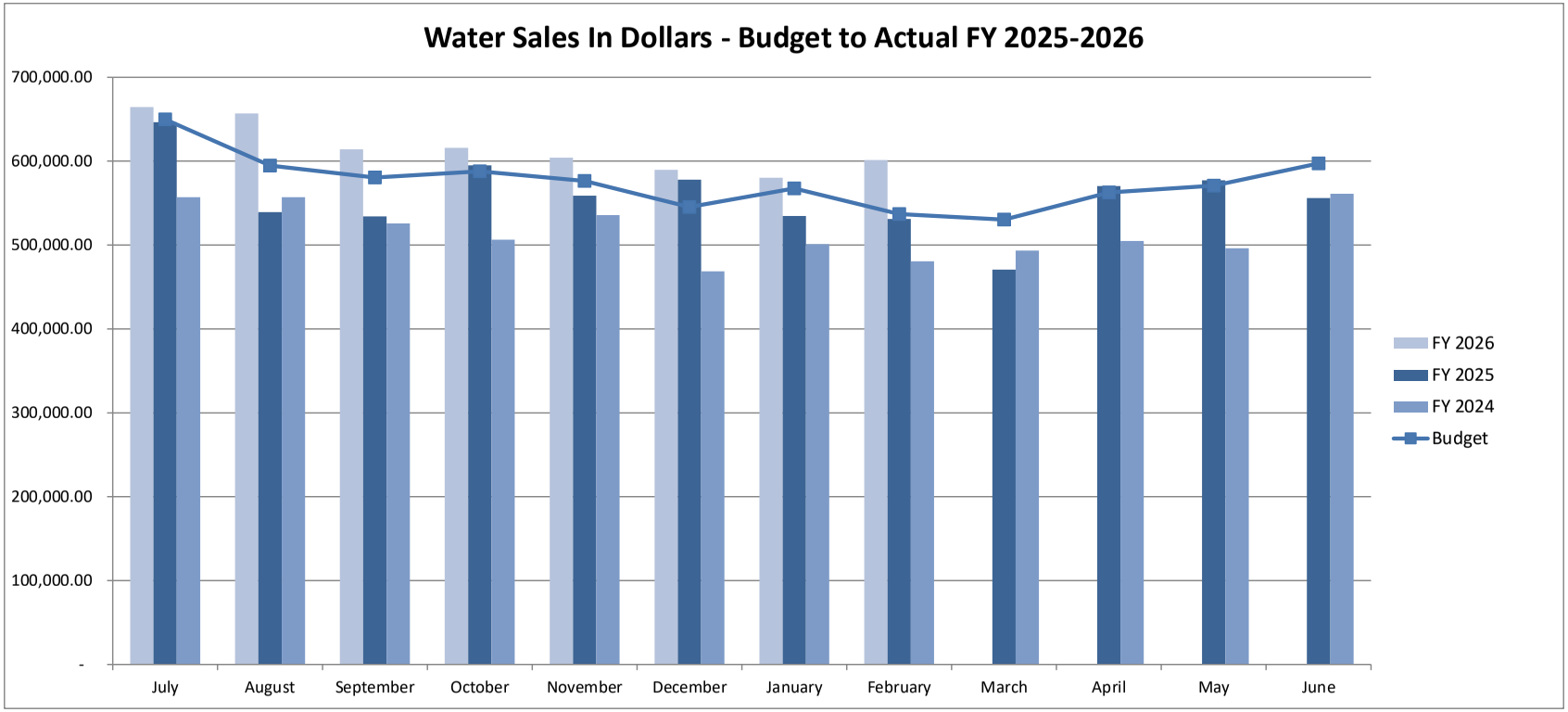
ACCOUNT DESCRIPTION	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	ENCUMB	AVAIL BUDGET	% USED
Total 110411 GOVERNING BOARD	107,539	107,539	56,385.48	57.50	51,096	52.50 %
Total 110412 ADMINISTRATION	1,104,304	1,212,304	616,979.52	8,322.31	587,002	51.60 %
Total 110413 FINANCE	979,401	979,401	673,625.36	2,778.16	302,997	69.10 %
Total 110414 PURCHASING	85,461	85,611	56,993.87	1,753.39	26,864	68.60 %
Total 110415 LEGAL	0	0	176.84	0.00	-177	100.00 %
Total 110416 HUMAN RESOURCES	484,007	484,007	258,540.06	7,892.45	217,574	55.00 %
Total 110419 CUSTOMER SERVICE	28,381	28,381	-15,077.43	15,559.22	27,899	1.70 %
Total 110420 INFORMATION SERVICES	868,372	878,966	478,939.94	94,911.99	305,114	65.30 %
Total 110421 METER SERVICE	3	3	-28,635.94	69,125.06	-40,486	100.00 %
Total 110425 GARAGE	842,940	1,007,078	610,659.45	2,416.33	394,002	60.90 %
Total 110427 CITY HALL	143,400	143,400	77,491.88	9,489.00	56,419	60.70 %
Total 110428 CITY HALL ANNEX	94,400	94,400	37,164.18	10,375.00	46,861	50.40 %
Total 110431 POLICE	9,752,628	9,819,777	6,580,142.36	30,585.59	3,209,049	67.30 %
Total 110433 COMMUNICATION	1,007,565	1,009,420	562,437.96	0.00	446,982	55.70 %
Total 110434 FIRE	6,260,790	6,292,574	4,438,226.72	32,134.51	1,822,213	71.00 %
Total 110435 BUILDING INSPECTIONS	619,995	619,995	328,752.34	24,037.50	267,205	56.90 %
Total 110451 STREETS	1,577,625	1,577,674	909,714.69	34,438.04	633,521	59.80 %
Total 110453 AIRPORT	749,585	752,585	547,881.48	11,187.78	193,516	74.30 %
Total 110471 SOLID WASTE	2,434,500	2,442,005	1,325,204.21	360,385.39	756,416	69.00 %
Total 110491 GIS	92,876	100,552	50,751.97	1,117.72	48,682	51.60 %
Total 110493 PLANNING SERVICES	943,868	963,161	506,909.43	85,669.01	370,583	61.50 %
Total 110495 SPECIAL APPROPRIATIONS	3,611,500	8,251,210	5,953,812.85	0.00	2,297,397	72.20 %
Total 110612 PARKS & RECREATION	1,831,665	1,831,665	1,072,694.32	6,891.12	752,080	58.90 %
Total 110613 MAINTENANCE GROUNDS &	1,864,895	1,866,847	1,026,415.54	33,197.60	807,234	56.80 %
Total 110 GENERAL FUND	35,485,700	40,548,555	26,126,187.08	842,324.67	13,580,043	66.50 %

DEBT SERVICE - POWELL BILL FUND	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Installment Purchase Contracts						
FY 23 Installment Purchase						
Debt Retired in 2028	8,412.74	5,748.09	2,849.93			
FY 25 Installment Purchase						
Debt Retired in 2030	33,541.34	33,541.34	33,541.33	33,541.34	33,541.34	
Total Debt Service - Powell Bill Fund	41,954.08	39,289.43	36,391.26	33,541.34	33,541.34	-



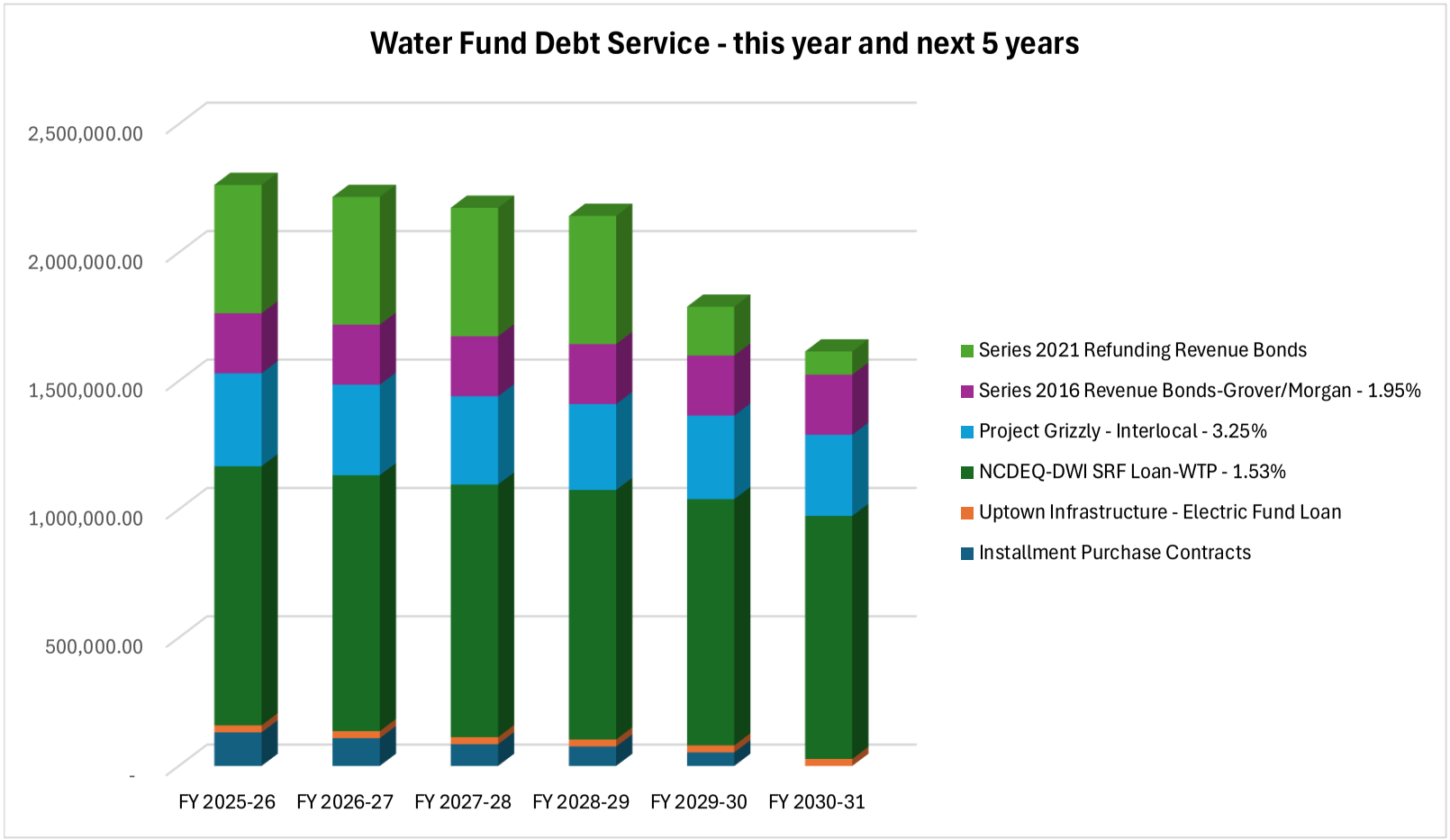
City of Shelby
Water Revenue Budget to Actual
FY 2026

	July	August	September	October	November	December	January	February	March	April	May	June	Total
FY 2026 Budget													
Inside Water													
Useage	155,504	132,362	127,741	133,188	128,740	122,238	128,933	119,174	117,121	127,375	130,371	139,111	1,561,857
Dollars	582,711.74	525,053.53	513,424.54	523,159.70	514,064.98	490,601.23	506,823.26	482,480.55	477,291.36	503,300.15	513,057.99	537,071.94	6,169,040.97
Outside Water													
Useage	15,047	15,861	14,983	14,447	13,731	11,585	13,104	11,479	11,032	12,931	12,465	13,051	159,717
Dollars	67,078.47	69,616.99	66,986.17	64,677.62	62,428.34	54,860.73	60,588.61	54,439.17	53,000.14	59,295.10	57,855.68	60,132.02	730,959.03
Totals													
Useage	170,551	148,223	142,724	147,636	142,471	133,823	142,036	130,653	128,153	140,306	142,835	152,162	1,721,574
Dollars	649,790.21	594,670.52	580,410.71	587,837.32	576,493.32	545,461.96	567,411.87	536,919.72	530,291.50	562,595.25	570,913.67	597,203.96	6,900,000.00
FY 2026 Actual													
Inside Water													
Useage	154,108	140,952	125,487	126,181	124,246	123,852	117,545	125,927	-	-	-	-	1,038,298
Dollars	599,890	592,290	542,402	552,164	544,290	537,734	522,872	542,672	-	-	-	-	4,434,313.44
Outside Water													
Useage	14,217	14,466	16,420	14,056	12,973	10,568	12,378	12,862	-	-	-	-	107,940
Dollars	64,527	64,574	71,643	63,792	59,823	51,860	57,408	58,747	-	-	-	-	492,375
Totals													
Useage	168,325	155,418	141,907	140,237	137,219	134,420	129,923	138,789	-	-	-	-	1,146,238
Dollars	664,417	656,865	614,045	615,956	604,113	589,593	580,281	601,419	-	-	-	-	4,926,688.42
Variance													
Inside Water													
Useage	(1,396)	8,590	(2,254)	(7,007)	(4,494)	1,614	(11,388)	6,753	(117,121)	(127,375)	(130,371)	(139,111)	(523,559)
Dollars	17,178.13	67,236.72	28,977.25	29,004.24	30,224.83	47,132.49	16,049.20	60,191.05	(477,291.36)	(503,300.15)	(513,057.99)	(537,071.94)	(1,734,727.53)
Outside Water													
Useage	(830)	(1,395)	1,437	(391)	(758)	(1,017)	(726)	1,383	(11,032)	(12,931)	(12,465)	(13,051)	(51,777)
Dollars	(2,551.45)	(5,042.59)	4,656.96	(885.33)	(2,605.34)	(3,001.16)	(3,180.43)	4,308.22	(53,000.14)	(59,295.10)	(57,855.68)	(60,132.02)	(238,584)
Totals													
Useage	(2,226)	7,195	(817)	(7,399)	(5,252)	597	(12,113)	8,136	(128,153)	(140,306)	(142,835)	(152,162)	(575,336)
Dollars	14,626.68	62,194.13	33,634.21	28,118.91	27,619.49	44,131.33	12,868.77	64,499.27	(530,291.50)	(562,595.25)	(570,913.67)	(597,203.96)	(1,973,311.58)


Water Sales In Dollars - Budget to Actual FY 2025-2026
700,000.00
600,000.00
500,000.00
400,000.00
300,000.00
200,000.00
100,000.00
-
July
August
September
October
November
December
January
February
March
April
May
June
FY 2026
FY 2025
FY 2024
Budget

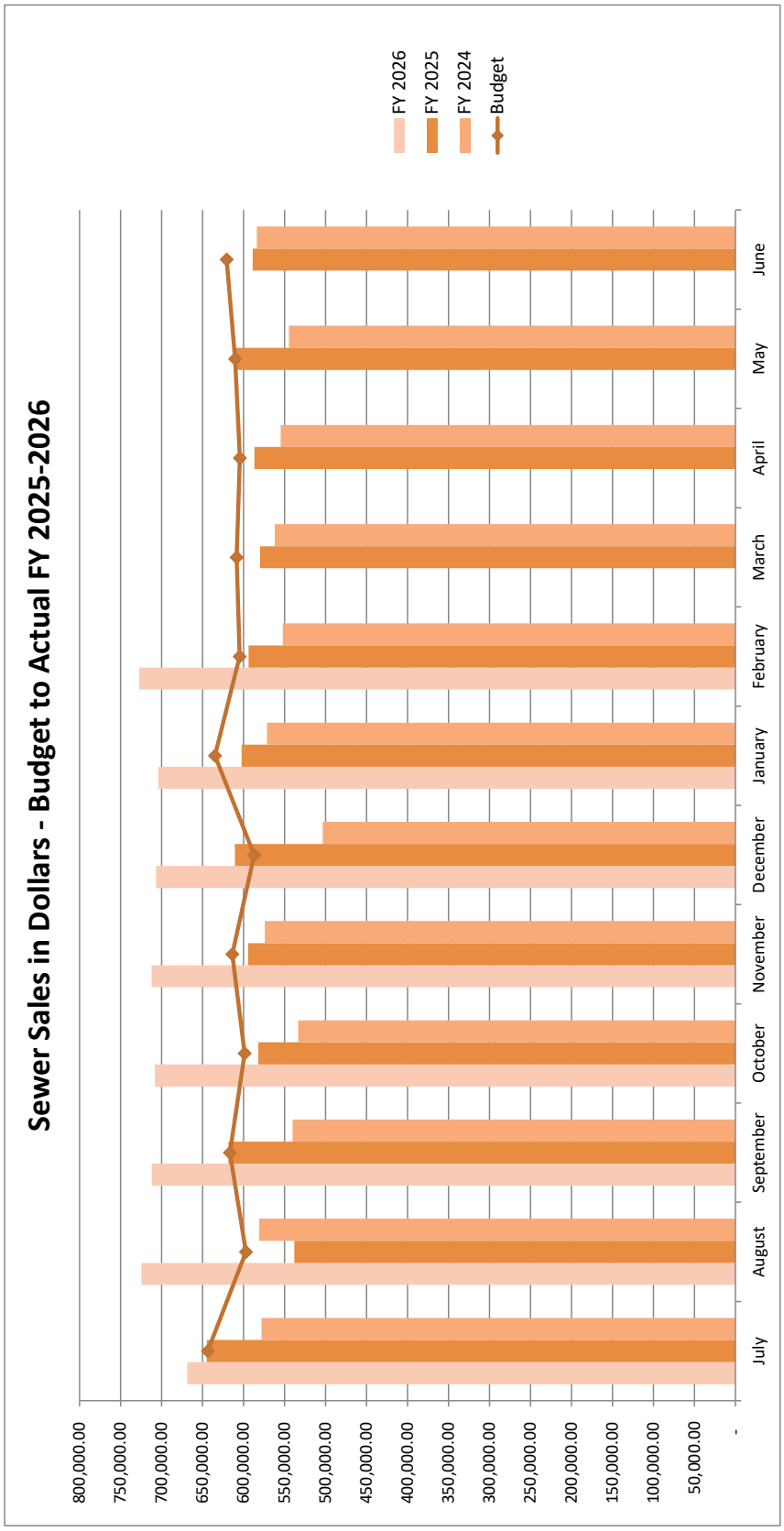
DEBT SERVICE - WATER FUND	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Revenue Bonds						
Series 2021 Refunding Revenue Bonds						
Principal	470,516.88	474,598.56	484,259.94	490,006.96	187,000.00	90,000.00
Interest	29,097.59	22,504.52	15,822.83	9,024.53	3,220.00	630.00
Debt Retired in 2031	499,614.47	497,103.08	500,082.77	499,031.49	190,220.00	90,630.00
Series 2016 Revenue Bonds-Grover/Morgan - 1.95%						
Principal	206,744.67	210,795.85	214,836.41	219,137.91	223,431.93	229,985.76
1.95% Interest	26,655.33	22,604.15	18,473.59	14,262.09	9,968.07	3,368.76
Debt Retired in 2032	233,400.00	233,400.00	233,310.00	233,400.00	233,400.00	233,354.52
NCDEQ-DWI SRF Loan-WTP - 1.53%	*Water Treatment Plant*					
Principal	821,392.50	821,392.50	821,392.50	821,392.50	821,392.50	821,392.50
1.53% Interest	188,509.58	175,942.28	163,374.96	150,807.66	138,240.36	125,673.06
Debt Retired in 2040	1,009,902.08	997,334.78	984,767.46	972,200.16	959,632.86	947,065.56
Project Grizzly - Interlocal - 3.25%						
Principal	298,570.05	298,570.05	298,570.05	298,570.05	298,570.05	298,570.05
3.25% Interest	63,396.35	54,339.73	45,283.11	36,226.49	27,169.86	18,113.24
Debt Retired in 2032	361,966.40	352,909.78	343,853.16	334,796.54	325,739.92	316,683.29

Installment Purchase Contracts						
Uptown Infrastructure - Electric Fund Loan	27,250.00	27,250.00	27,250.00	27,250.00	27,250.00	27,250.00
Debt Retired in 2038						
FY 21 Installment Purchase	14,366.13	-	-	-	-	
Debt Retired in 2026						
FY 22 Installment Purchase	14,628.58	14,628.58	-	-	-	
Debt Retired in 2027						
FY 23 Installment Purchase	25,870.40	17,676.21	8,763.96	-	-	
Debt Retired in 2028						
FY 24 Installment Purchase	23,217.59	23,217.59	23,217.59	23,217.59		
Debt Retired in 2029						
FY 25 Installment Purchase	52,771.71	52,771.71	52,771.71	52,771.71	52,771.70	
Debt Retired in 2030						
Total Installment Debt	130,854.41	108,294.09	84,753.26	75,989.30	52,771.70	-
Total Debt Service - Water Fund	2,262,987.36	2,216,291.73	2,174,016.65	2,142,667.49	1,789,014.48	1,614,983.37


Water Fund Debt Service - this year and next 5 years
2,500,000.00
2,000,000.00
1,500,000.00
1,000,000.00
500,000.00
-
FY 2025-26
FY 2026-27
FY 2027-28
FY 2028-29
FY 2029-30
FY 2030-31
Series 2021 Refunding Revenue Bonds
Series 2016 Revenue Bonds-Grover/Morgan - 1.95%
Project Grizzly - Interlocal - 3.25%
NCDEQ-DWI SRF Loan-WTP - 1.53%
Uptown Infrastructure - Electric Fund Loan
Installment Purchase Contracts

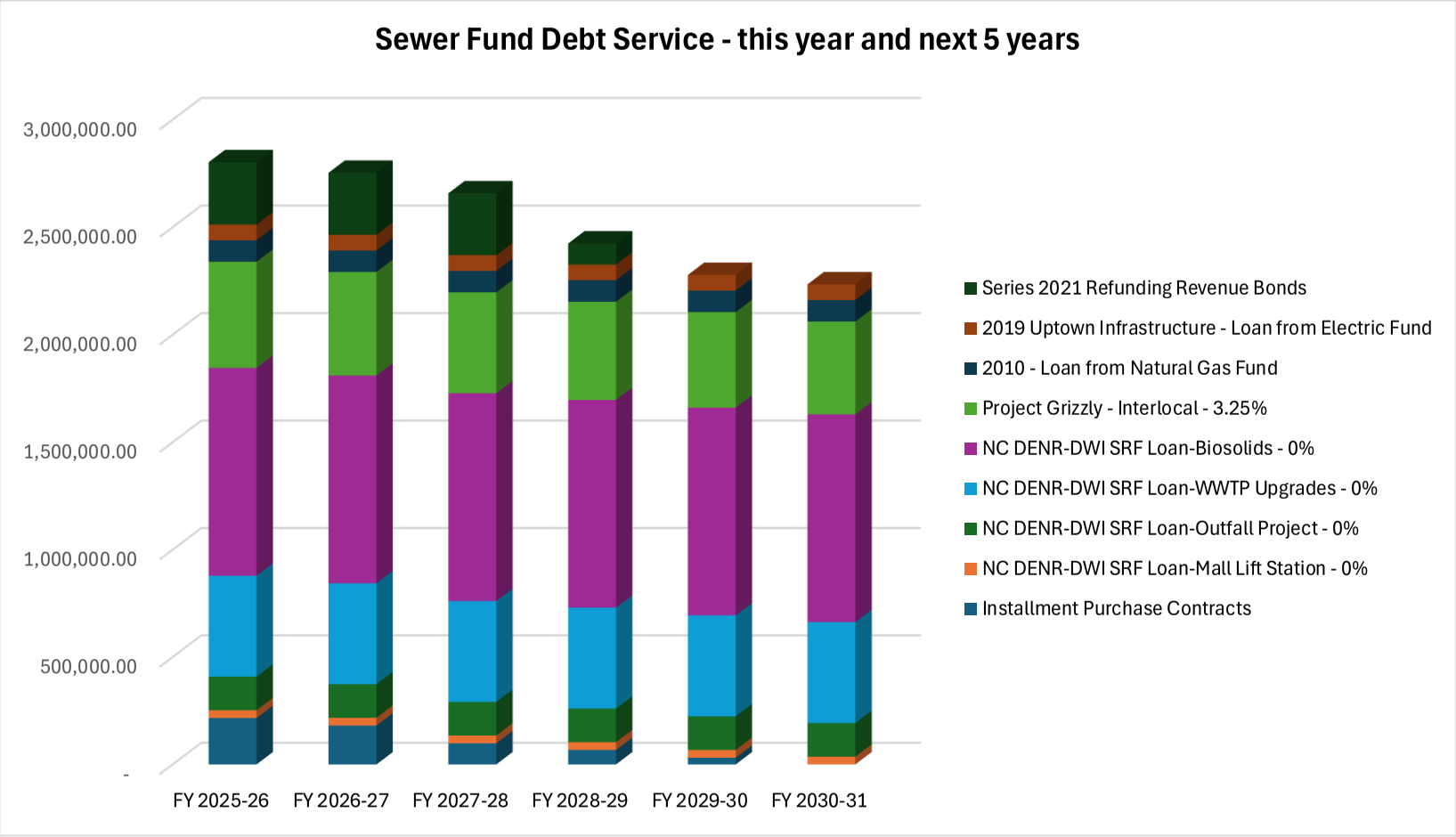
City of Shelby
Sewer Revenue Budget to Actual
FY 2026

	July	August	September	October	November	December	January	February	March	April	May	June	Totals
FY 2026 Budget													
Inside Sewer													
Useage	82,099	71,789	53,846	68,610	73,400	69,082	77,328	71,229	72,561	71,191	73,569	76,205	860,908
Dollars	593,769.71	547,593.00	556,071.45	538,992.61	557,906.50	532,246.83	574,276.02	546,913.59	550,071.44	549,528.04	556,474.30	567,441.85	6,671,285.34
Outside Sewer													
Useage	3,294	3,240	4,574	4,503	4,001	3,914	4,656	4,290	4,339	3,875	3,781	3,682	48,149
Dollars	49,969.93	49,533.19	60,465.20	59,642.87	55,712.89	54,750.36	60,732.92	57,749.24	58,372.02	54,825.27	53,865.61	53,095.14	668,714.66
Totals													
Useage	85,393	75,029	58,420	73,113	77,401	72,996	81,983	75,519	76,900	75,066	77,350	79,887	909,057
Dollars	643,739.64	597,126.19	616,536.65	598,635.48	613,619.39	586,997.20	635,008.93	604,662.83	608,443.46	604,353.32	610,339.91	620,536.99	7,340,000.00
FY 2026 Actual													
Inside Sewer													
Useage	82,171	103,425	93,355	96,127	96,948	99,362	97,353	106,786	-	-	-	-	775,527
Dollars	619,030	674,791	649,087	646,556	650,096	650,416	651,805	676,034	-	-	-	-	5,217,813.70
Outside Sewer													
Useage	3,090	3,095	4,719	4,546	2,595	3,880	3,368	3,208	-	-	-	-	28,501
Dollars	49,742	49,740	62,677	61,551	62,120	56,328	52,077	51,303	-	-	-	-	445,539.22
Totals													
Useage	85,261	106,520	98,074	100,673	99,543	103,242	100,721	109,994	-	-	-	-	804,028
Dollars	668,772.04	724,530.47	711,764.58	708,107.23	712,216.25	706,743.36	703,882.24	727,336.75	-	-	-	-	5,663,352.92
Variance													
Inside Sewer													
Useage	72	31,636	39,509	27,517	23,548	30,280	20,025	35,557	(72,561)	(71,191)	(73,569)	(76,205)	(85,381.00)
Dollars	25,259.84	127,197.97	93,015.77	107,563.13	92,189.49	118,168.67	77,528.92	129,120.20	(550,071.44)	(549,528.04)	(556,474.30)	(567,441.85)	(1,453,471.64)
Outside Sewer													
Useage	(204)	(145)	145	43	(1,406)	(34)	(1,288)	(1,082)	(4,339)	(3,875)	(3,781)	(3,682)	(19,648.33)
Dollars	(227.44)	206.31	2,212.16	1,908.62	6,407.37	1,577.50	(8,655.62)	(6,446.28)	(58,372.02)	(54,825.27)	(53,865.61)	(53,095.14)	(223,175.44)
Totals													
Useage	(132)	31,491	39,654	27,560	22,142	30,246	18,738	34,475	(76,900)	(75,066)	(77,350)	(79,887)	(105,029.33)
Dollars	25,032.40	127,404.28	95,227.93	109,471.75	98,596.86	119,746.16	68,873.31	122,673.92	(608,443.46)	(604,353.32)	(610,339.91)	(620,536.99)	(1,676,647.08)


Sewer Sales in Dollars - Budget to Actual FY 2025-2026
FY 2026
FY 2025
FY 2024
Budget
800,000.00
750,000.00
700,000.00
650,000.00
600,000.00
550,000.00
500,000.00
450,000.00
400,000.00
350,000.00
300,000.00
250,000.00
200,000.00
150,000.00
100,000.00
50,000.00
-
July
August
September
October
November
December
January
February
March
April
May
June

DEBT SERVICE - SEWER FUND	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Revenue Bonds						
Series 2021 Refunding Revenue Bonds						
Principal	277,664.01	279,862.62	283,510.18	96,815.67		
Interest	12,157.65	8,263.12	4,332.28	1,017.03		
Debt Retired in 2031	289,821.66	288,125.74	287,842.46	97,832.70	-	
NC DENR-DWI SRF Loan-Mall Lift Station - 0%	36,300.10	36,300.10	36,300.10	36,300.10	36,300.10	36,300.10
0% Debt Retired in 2034						
NC DENR-DWI SRF Loan-Outfall Project - 0%	156,521.90	156,521.90	156,521.90	156,521.90	156,521.90	156,521.90
0% Debt Retired in 2035						
NC DENR-DWI SRF Loan-WWTP Upgrades - 0%	469,832.90	469,832.90	469,832.90	469,832.90	469,832.90	469,832.90
0% Debt Retired in 2036						
NC DENR-DWI SRF Loan-Biosolids - 0%	967,046.85	967,046.85	967,046.85	967,046.85	967,046.85	967,046.85
0% Debt Retired in 2041						
Project Grizzly - Interlocal - 3.25%						
Principal	407,155.35	407,155.35	407,155.35	407,155.35	407,155.35	407,155.35
3.25% Interest	86,452.62	74,102.25	61,751.87	49,401.50	37,051.12	24,700.75
Debt Retired in 2032	493,607.97	481,257.59	468,907.22	456,556.84	444,206.47	431,856.10

DEBT SERVICE - SEWER FUND	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Installment Purchase Contracts						
2010 - Loan from Natural Gas Fund	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
0% **Debt Retired in 2033**						
2019 Uptown Infrastructure - Loan from Electric	72,750.00	72,750.00	72,750.00	72,750.00	72,750.00	72,750.00
0% **Debt Retired in 2038**						
FY 21 Installment Purchase	6,172.52		-	-		
Debt Retired in 2026						
FY 22 Installment Purchase	50,913.19	50,913.19		-		
Debt Retired in 2027						
FY 23 Installment Purchase	91,762.10	62,697.37	31,085.68			
Debt Retired in 2028						
FY 24 Installment Purchase	35,939.56	35,939.56	35,939.56	35,939.56		
Debt Retired in 2029						
FY 25 Installment Purchase	31,305.25	31305.25	31305.25	31305.25	31,305.25	
Debt Retired in 2030						
Total Installment Debt	216,092.62	180,855.37	98,330.49	67,244.81	31,305.25	
Total Debt Service - Sewer Fund	2,801,974.00	2,752,690.45	2,657,531.92	2,424,086.10	2,277,963.47	2,234,307.85


Sewer Fund Debt Service - this year and next 5 years
3,000,000.00
2,500,000.00
2,000,000.00
1,500,000.00
1,000,000.00
500,000.00
-
FY 2025-26
FY 2026-27
FY 2027-28
FY 2028-29
FY 2029-30
FY 2030-31
Series 2021 Refunding Revenue Bonds
2019 Uptown Infrastructure - Loan from Electric Fund
2010 - Loan from Natural Gas Fund
Project Grizzly - Interlocal - 3.25%
NC DENR-DWI SRF Loan-Biosolids - 0%
NC DENR-DWI SRF Loan-WWTP Upgrades - 0%
NC DENR-DWI SRF Loan-Outfall Project - 0%
NC DENR-DWI SRF Loan-Mall Lift Station - 0%
Installment Purchase Contracts

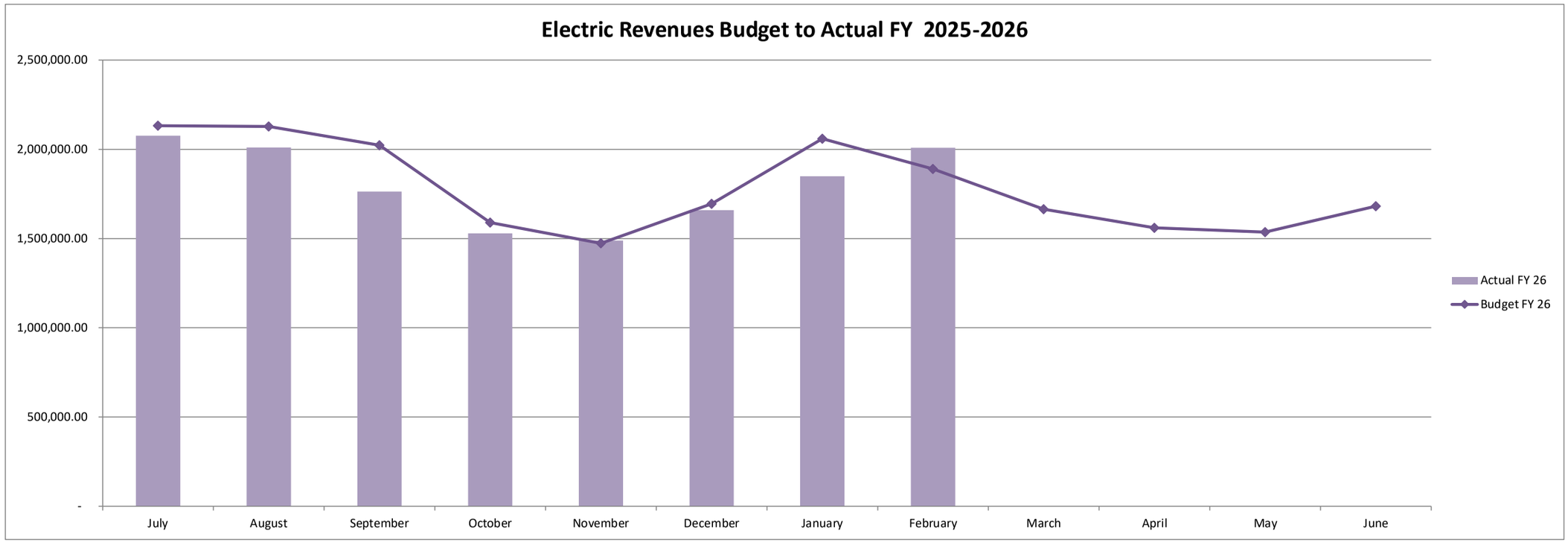
City of Shelby
Electric Revenues Budget to Actual
FY 2026

Revenues

Budget FY 26	**July**	**August**	**September**	**October**	**November**	**December**	**January**	**February**	**March**	**April**	**May**	**June**	**Totals**
Residential	929,775.32	904,104.45	831,468.92	607,247.94	593,682.42	796,180.40	1,074,100.34	946,660.49	766,939.59	663,977.52	619,719.19	709,383.19	9,443,239.76
Commercial/Industrial	1,202,496.07	1,224,338.65	1,191,680.20	981,999.59	879,653.88	898,713.49	985,721.14	942,978.04	897,543.71	895,825.50	916,421.65	971,888.32	11,989,260.24
Totals	2,132,271.39	2,128,443.10	2,023,149.12	1,589,247.53	1,473,336.30	1,694,893.89	2,059,821.48	1,889,638.54	1,664,483.29	1,559,803.02	1,536,140.84	1,681,271.51	21,432,500.00

Actual FY 26	**July**	**August**	**September**	**October**	**November**	**December**	**January**	**February**	**March**	**April**	**May**	**June**	**Totals**
Residential	938,511.73	881,852.33	718,936.64	615,678.07	639,193.54	816,753.83	964,247.20	1,064,969.48					6,640,142.82
Commercial/Industrial	1,137,778.91	1,128,979.32	1,044,428.15	913,046.25	849,393.34	842,736.85	884,676.36	943,457.73					7,744,496.91
Totals	2,076,290.64	2,010,831.65	1,763,364.79	1,528,724.32	1,488,586.88	1,659,490.68	1,848,923.56	2,008,427.21	-	-	-	-	14,384,639.73

Revenue Variance	**July**	**August**	**September**	**October**	**November**	**December**	**January**	**February**	**March**	**April**	**May**	**June**	**Totals**
Residential	8,736.41	(22,252.12)	(112,532.28)	8,430.13	45,511.12	20,573.43	(109,853.14)	118,308.99	(766,939.59)	(663,977.52)	(619,719.19)	(709,383.19)	(2,803,096.94)
Commercial/Industrial	(64,717.16)	(95,359.33)	(147,252.05)	(68,953.34)	(30,260.54)	(55,976.64)	(101,044.78)	479.69	(897,543.71)	(895,825.50)	(916,421.65)	(971,888.32)	(4,244,763.33)
	(55,980.75)	(117,611.45)	(259,784.33)	(60,523.21)	15,250.58	(35,403.21)	(210,897.92)	118,788.67	(1,664,483.29)	(1,559,803.02)	(1,536,140.84)	(1,681,271.51)	(7,047,860.27)

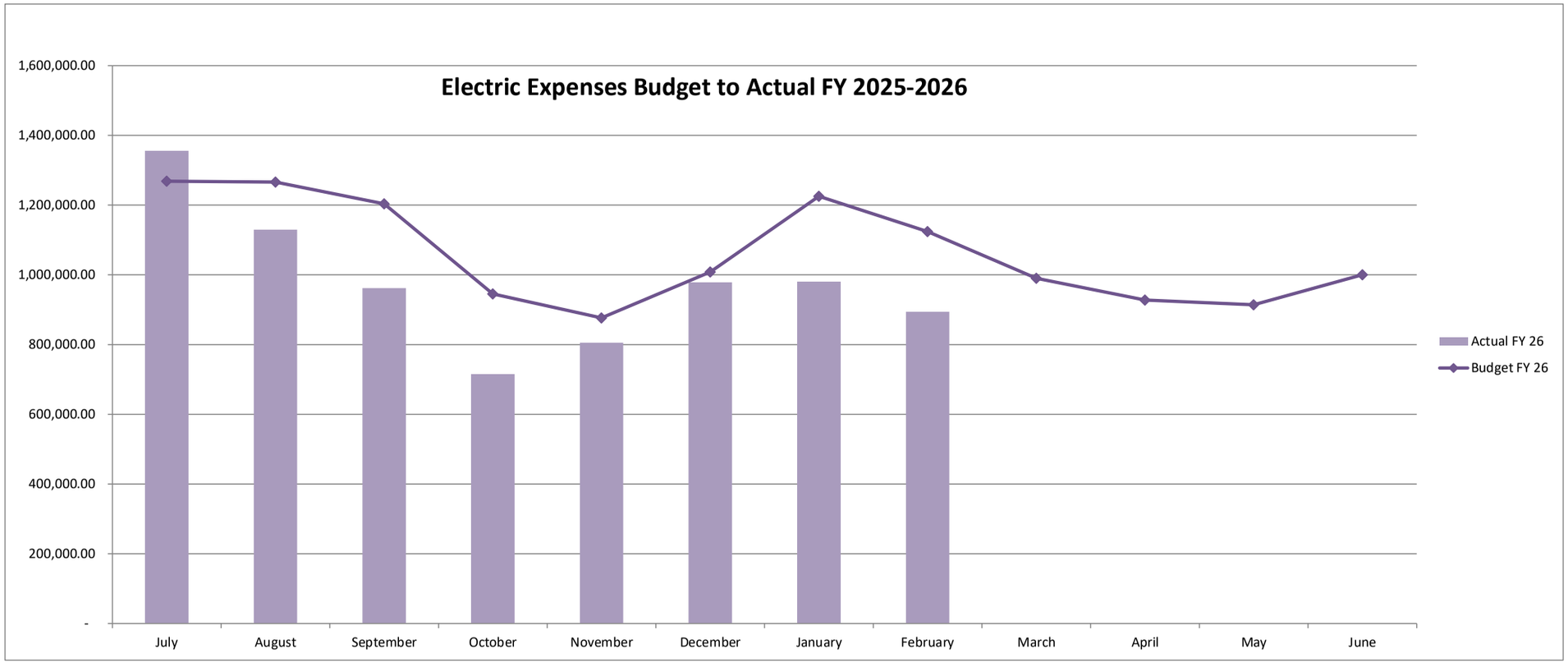

Electric Revenues Budget to Actual FY 2025-2026
2,500,000.00
2,000,000.00
1,500,000.00
1,000,000.00
500,000.00
-
July
August
September
October
November
December
January
February
March
April
May
June
Actual FY 26
Budget FY 26

Expenses

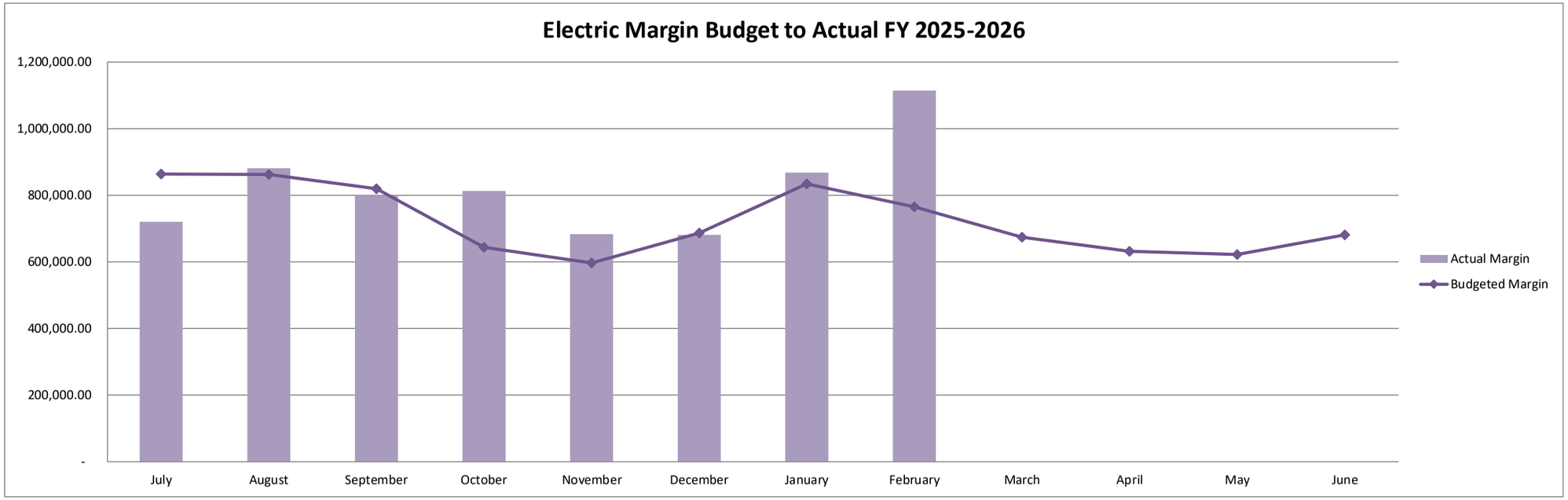
Budget FY 26	**July**	**August**	**September**	**October**	**November**	**December**	**January**	**February**	**March**	**April**	**May**	**June**	**Totals**
NCMPA1	1,225,689.19	1,223,488.58	1,162,962.66	913,543.90	846,914.88	974,272.38	1,184,042.95	1,086,217.04	956,791.52	896,618.37	883,016.69	966,441.85	12,320,000.00
													-
SEPA	42,779.74	42,702.93	40,590.42	31,885.05	29,559.53	34,004.64	41,326.17	37,911.80	33,394.51	31,294.31	30,819.58	33,731.33	430,000.00
Totals	1,268,468.93	1,266,191.51	1,203,553.08	945,428.95	876,474.41	1,008,277.01	1,225,369.13	1,124,128.84	990,186.03	927,912.68	913,836.26	1,000,173.18	12,750,000.00

Actual FY 26	**July**	**August**	**September**	**October**	**November**	**December**	**January**	**February**	**March**	**April**	**May**	**June**	**Totals**
NCMPA1	1,314,633.32	1,091,365.05	925,299.84	677,282.08	766,500.34	935,157.85	941,498.48	851,726.63					7,503,463.59
wholesale power 1st d	$20.93/kW	$20.93/kW	$20.93/kW	$20.93/kW	$20.93/kW	$20.93/kW	$20.93/kW	$20.93/kW					
energy charges 1st blo	$.0359/kWh	$.0359/kWh	$.0359/kWh	$.0339/kWh	.0339/kWh	.0339/kWh	.0339/kWh	.0339/kWh					
SEPA	41,277.22	38,284.26	36,696.47	38,117.99	38,743.54	43,314.80	39,275.63	42,459.78					318,169.69
capacity rate	4.16/kW	4.16/kW	4.16/kW	4.16/kW	4.16/kW	4.16/kW	4.16/kW	4.16/kW					
avg energy cost	.089/kWh	.088/kWh	.088/kWh	.098/kWh	.119/kWh	.099/kWh	.103/kWh	.123/kWh					
Totals	1,355,910.54	1,129,649.31	961,996.31	715,400.07	805,243.88	978,472.65	980,774.11	894,186.41	-	-	-	-	7,821,633.28

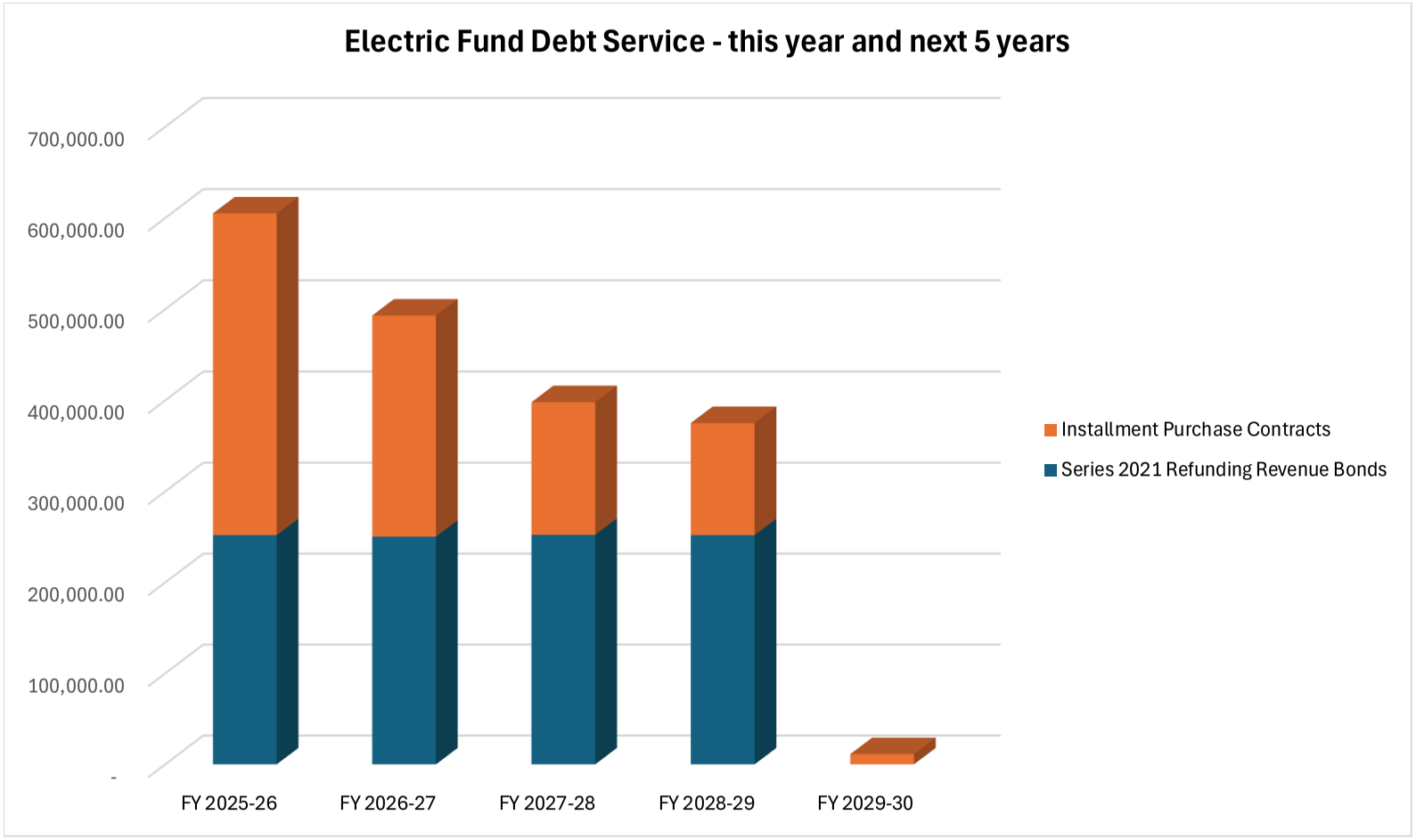
Expense Variance	**July**	**August**	**September**	**October**	**November**	**December**	**January**	**February**	**March**	**April**	**May**	**June**	**Totals**
NCMPA1	(88,944.13)	132,123.53	237,662.82	236,261.82	80,414.54	39,114.53	242,544.47	234,490.41	956,791.52	896,618.37	883,016.69	966,441.85	4,816,536.41
SEPA	1,502.52	4,418.67	3,893.95	(6,232.94)	(9,184.01)	(9,310.16)	2,050.54	(4,547.98)	33,394.51	31,294.31	30,819.58	33,731.33	111,830.31
Totals	(87,441.61)	136,542.20	241,556.77	230,028.88	71,230.53	29,804.36	244,595.02	229,942.43	990,186.03	927,912.68	913,836.26	1,000,173.18	4,928,366.72


Electric Expenses Budget to Actual FY 2025-2026
1,600,000.00
1,400,000.00
1,200,000.00
1,000,000.00
800,000.00
600,000.00
400,000.00
200,000.00
-
July
August
September
October
November
December
January
February
March
April
May
June
Actual FY 26
Budget FY 26

Margin	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Budgeted Revenues	2,132,271.39	2,128,443.10	2,023,149.12	1,589,247.53	1,473,336.30	1,694,893.89	2,059,821.48	1,889,638.54	1,664,483.29	1,559,803.02	1,536,140.84	1,681,271.51	21,432,500.00
Budgeted Expenses	(1,268,468.93)	(1,266,191.51)	(1,203,553.08)	(945,428.95)	(876,474.41)	(1,008,277.01)	(1,225,369.13)	(1,124,128.84)	(990,186.03)	(927,912.68)	(913,836.26)	(1,000,173.18)	(12,750,000.00)
Budgeted Margin	863,802.47	862,251.59	819,596.05	643,818.58	596,861.89	686,616.88	834,452.35	765,509.70	674,297.27	631,890.34	622,304.58	681,098.33	8,682,500.00
Actual Revenues	2,076,290.64	2,010,831.65	1,763,364.79	1,528,724.32	1,488,586.88	1,659,490.68	1,848,923.56	2,008,427.21	-	-	-	-	14,384,639.73
Actual Expenses	(1,355,910.54)	(1,129,649.31)	(961,996.31)	(715,400.07)	(805,243.88)	(978,472.65)	(980,774.11)	(894,186.41)	-	-	-	-	(7,821,633.28)
Actual Margin	720,380.10	881,182.34	801,368.48	813,324.25	683,343.00	681,018.03	868,149.45	1,114,240.80	-	-	-	-	6,563,006.45
Margin Variance	(143,422.37)	18,930.75	(18,227.57)	169,505.67	86,481.11	(5,598.85)	33,697.10	348,731.10	(674,297.27)	(631,890.34)	(622,304.58)	(681,098.33)	(2,119,493.55)



DEBT SERVICE - ELECTRIC FUND	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Revenue Bonds						
Series 2021 Refunding Revenue Bonds						
Principal	239,138.82	240,834.84	246,262.10	249,314.94	-	-
Interest	12,819.53	9,466.84	6,076.16	2,618.99	-	-
Debt Retired in 2031	251,958.35	250,301.68	252,338.26	251,933.93	-	-
Installment Purchase Contracts						
FY 21 Installment Purchase						
Debt Retired in 2026	89,337.65					
FY 22 Installment Purchase						
Debt Retired in 2027	74,290.23	74,290.23				
FY 23 Installment Purchase						
Debt Retired in 2028	66,232.10	45,253.74	22,437.05			
FY 24 Installment Purchase						
Debt Retired in 2029	112,072.59	112,072.59	112,072.59	112,072.59		
FY 25 Installment Purchase						
Debt Retired in 2030	11,180.45	11,180.44	11,180.44	11,180.45	11,180.45	
Total Installment Debt	353,113.02	242,797.00	145,690.08	123,253.04	11,180.45	
Total Debt Service - Electric Fund	605,071.37	493,098.68	398,028.34	375,186.97	11,180.45	-


Electric Fund Debt Service - this year and next 5 years
700,000.00
600,000.00
500,000.00
400,000.00
300,000.00
200,000.00
100,000.00
-
FY 2025-26
FY 2026-27
FY 2027-28
FY 2028-29
FY 2029-30
Installment Purchase Contracts
Series 2021 Refunding Revenue Bonds

City of Shelby
Gas Revenues Budget to Actual
FY 2026

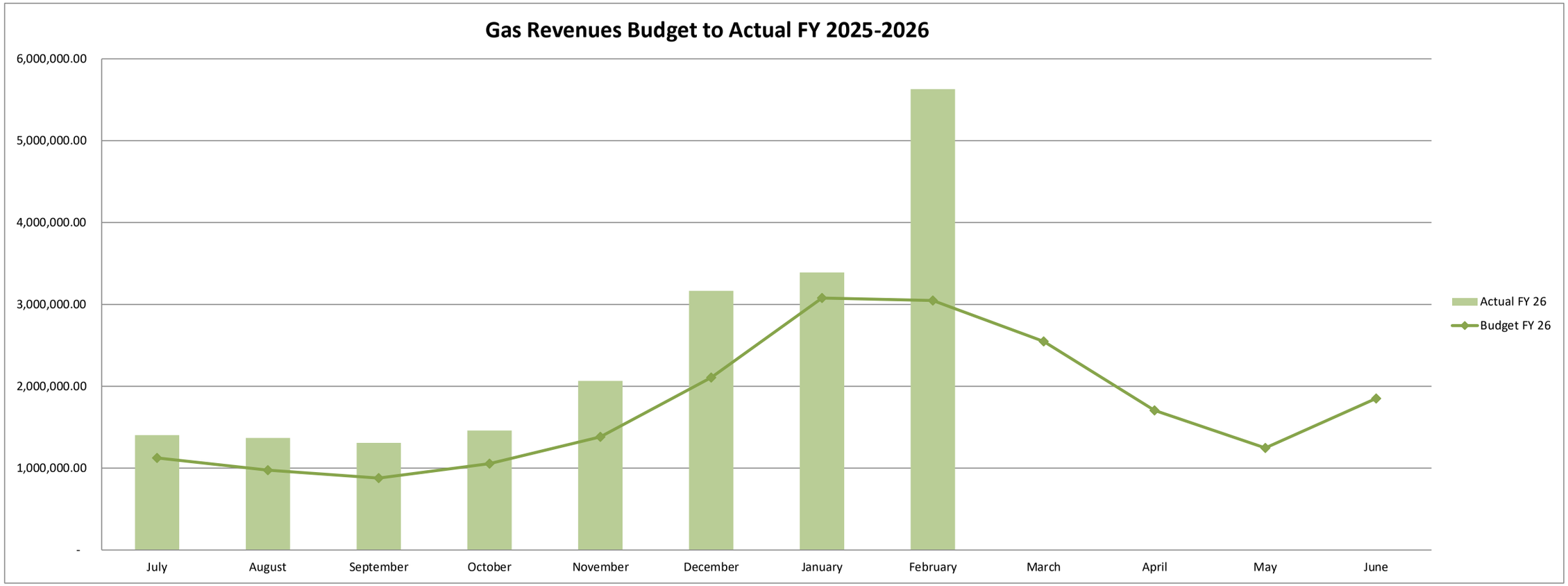
Revenues

Budget FY 26	**July**	**August**	**September**	**October**	**November**	**December**	**January**	**February**	**March**	**April**	**May**	**June**	**Totals**
Residential	122,297.76	115,215.27	123,501.93	143,519.89	220,165.62	581,262.07	949,372.32	958,941.34	640,985.22	293,120.29	178,880.71	765,344.73	5,092,607.15
Commercial	149,923.99	137,540.73	136,105.65	147,502.66	235,366.51	551,602.18	869,135.20	887,667.37	617,178.90	307,345.83	223,423.82	177,853.32	4,440,646.16
High Load Factor	15,097.10	14,097.37	12,830.74	13,985.82	15,257.65	25,917.21	26,807.18	26,603.01	23,652.84	20,564.95	22,072.26	24,027.88	240,914.02
Interruptibles	67,938.68	53,473.91	56,068.00	54,973.69	63,752.80	76,625.29	93,949.87	102,927.25	80,083.55	84,382.58	71,209.79	64,239.03	869,624.42
Special Ind Class	768,893.29	656,012.46	550,115.56	694,380.86	847,719.33	871,565.33	1,138,930.03	1,071,679.32	1,185,392.27	1,000,688.50	751,095.71	819,735.59	10,356,208.25
Totals	1,124,150.82	976,339.74	878,621.88	1,054,362.91	1,382,261.91	2,106,972.09	3,078,194.60	3,047,818.29	2,547,292.77	1,706,102.15	1,246,682.29	1,851,200.55	21,000,000.00

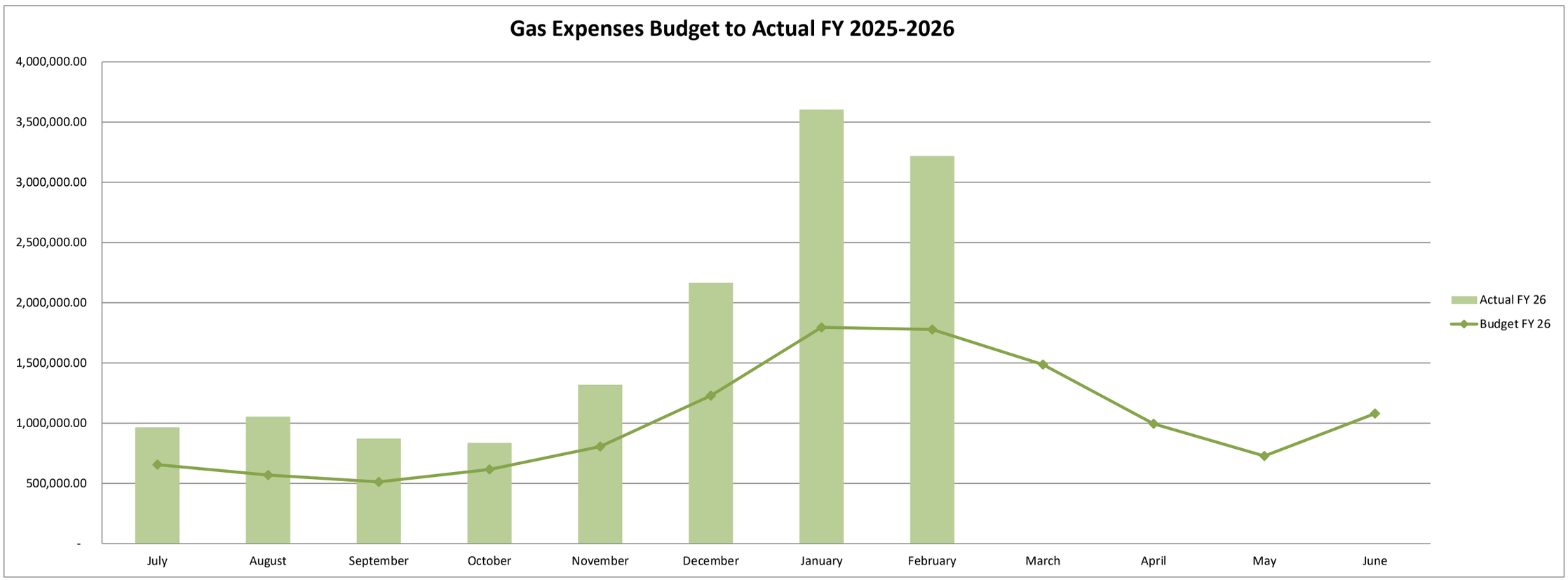
Actual FY 26	**July**	**August**	**September**	**October**	**November**	**December**	**January**	**February**	**March**	**April**	**May**	**June**	**Totals**
Residential	131,437.24	124,966.17	130,991.23	142,556.99	340,347.94	676,324.24	897,660.49	1,316,134.47					3,760,418.77
Commercial	169,815.71	161,489.32	174,920.40	179,802.22	331,031.71	667,492.09	814,298.25	1,284,187.61					3,783,037.31
High Load Factor	21,999.76	20,590.44	19,805.67	18,962.38	21,118.92	24,926.08	28,140.57	41,993.08					197,536.90
Interruptibles	77,938.24	76,366.82	76,924.77	65,679.11	84,699.61	92,011.86	118,958.15	136,183.76					728,762.32
Special Ind Class	1,002,382.54	986,028.72	905,231.84	1,053,034.19	1,288,092.06	1,705,113.17	1,532,122.84	2,850,962.66					11,322,968.02
Year End GL to Sales Report Reconciliation							corr for Oct NEG						
Totals	1,403,573.49	1,369,441.47	1,307,873.91	1,460,034.89	2,065,290.24	3,165,867.44	3,391,180.30	5,629,461.58	-	-	-	-	19,792,723.32

Revenue Variance	**July**	**August**	**September**	**October**	**November**	**December**	**January**	**February**	**March**	**April**	**May**	**June**	**Totals**
Residential	9,139.48	9,750.90	7,489.30	(962.90)	120,182.32	95,062.17	(51,711.83)	357,193.13	(640,985.22)	(293,120.29)	(178,880.71)	(765,344.73)	(1,332,188.38)
Commercial	19,891.72	23,948.59	38,814.75	32,299.56	95,665.20	115,889.91	(54,836.95)	396,520.24	(617,178.90)	(307,345.83)	(223,423.82)	(177,853.32)	(657,608.85)
High Load Factor	6,902.66	6,493.07	6,974.93	4,976.56	5,861.27	(991.13)	1,333.39	15,390.07	(23,652.84)	(20,564.95)	(22,072.26)	(24,027.88)	(43,377.12)

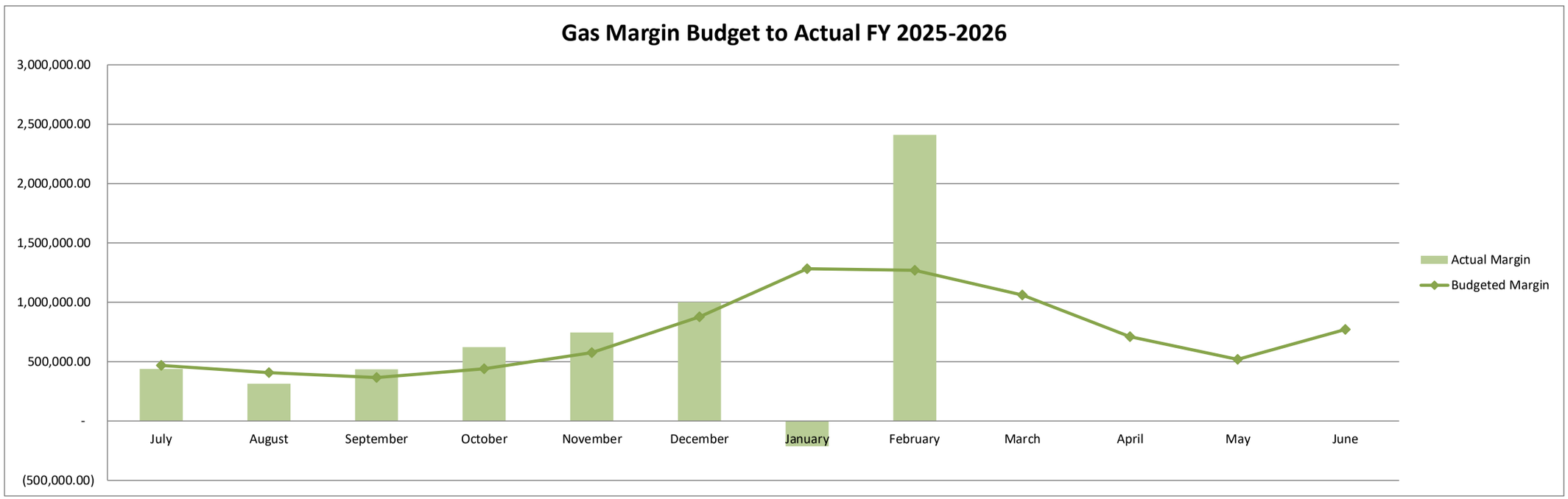
Interruptibles	9,999.56	22,892.91	20,856.77	10,705.42	20,946.81	15,386.57	25,008.28	33,256.51	(80,083.55)	(84,382.58)	(71,209.79)	(64,239.03)	(140,862.10)
Special Ind Class	233,489.25	330,016.26	355,116.28	358,653.33	440,372.73	833,547.84	393,192.81	1,779,283.34	(1,185,392.27)	(1,000,688.50)	(751,095.71)	(819,735.59)	966,759.77
Totals	279,422.67	393,101.73	429,252.03	405,671.98	683,028.33	1,058,895.35	312,985.70	2,581,643.29	(2,547,292.77)	(1,706,102.15)	(1,246,682.29)	(1,851,200.55)	(1,207,276.68)



Cost of Gas Expenses	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Budget FY 26	655,754.65	569,531.52	512,529.43	615,045.03	806,319.45	1,229,067.05	1,795,613.52	1,777,894.00	1,485,920.78	995,226.25	727,231.34	1,079,866.99	12,250,000.00
Actual FY 26	965,660.84	1,055,051.01	872,134.32	837,007.00	1,319,216.40	2,165,975.57	3,603,850.03	3,218,613.75					14,037,508.92
Cycle 1 WAGOG	3.8807	3.6944	3.3230	3.1717	3.9727	5.7893	5.9283	9.8504					
Cycle 2 WACOG	3.7876	3.5087	3.2474	3.5722	4.8810	5.8588	7.8894	6.8210					
Cycle 3 WAGOG	3.6944	3.3230	3.1717	3.9727	5.7893	5.9283	9.8504	3.7916					
Expense Variance	(309,906.19)	(485,519.49)	(359,604.89)	(221,961.97)	(512,896.95)	(936,908.52)	(1,808,236.51)	(1,440,719.75)	1,485,920.78	995,226.25	727,231.34	1,079,866.99	(1,787,508.92)

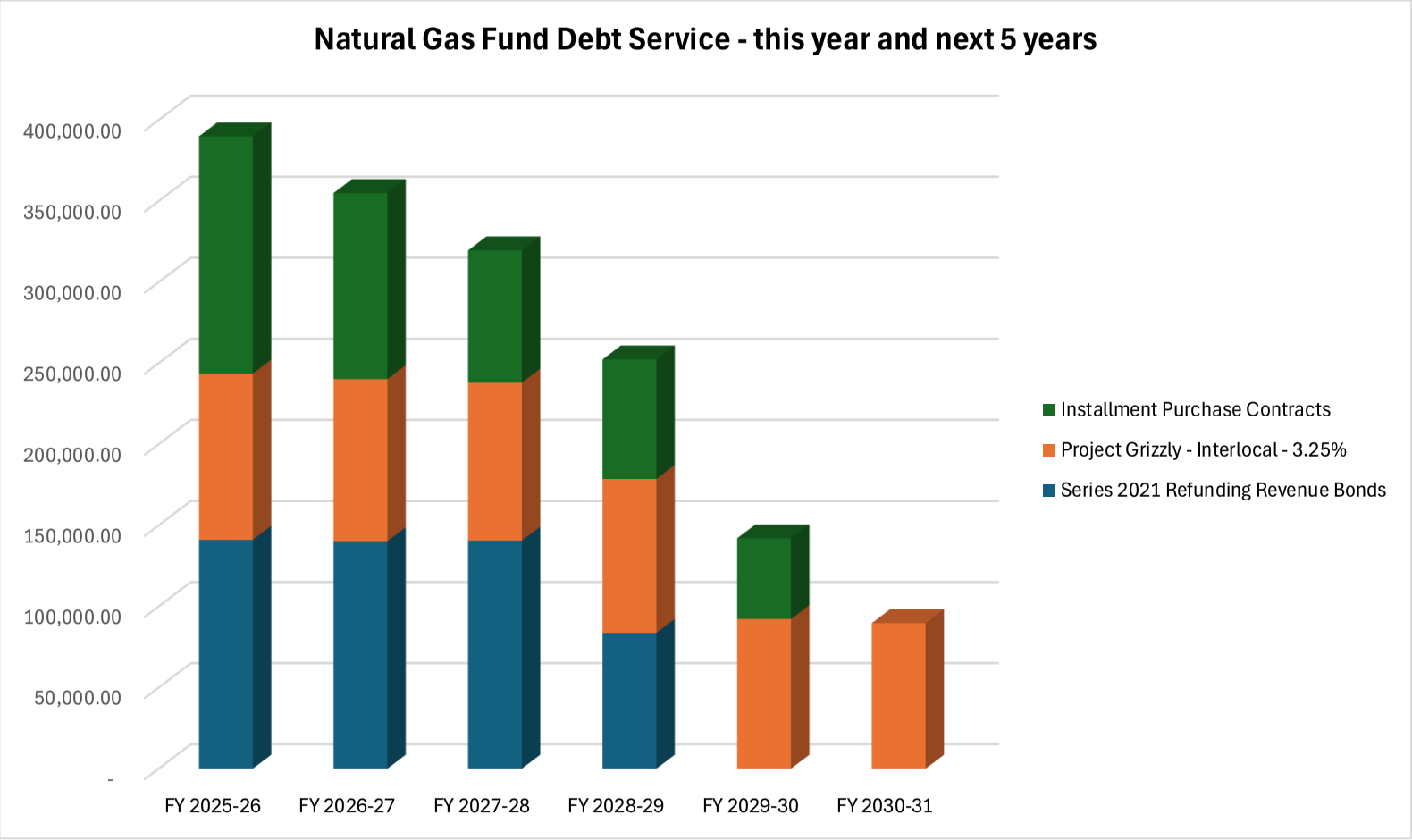


Margin	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Budgeted Revenues	1,124,150.82	976,339.74	878,621.88	1,054,362.91	1,382,261.91	2,106,972.09	3,078,194.60	3,047,818.29	2,547,292.77	1,706,102.15	1,246,682.29	1,851,200.55	21,000,000.00
Budgeted Expenses	655,754.65	569,531.52	512,529.43	615,045.03	806,319.45	1,229,067.05	1,795,613.52	1,777,894.00	1,485,920.78	995,226.25	727,231.34	1,079,866.99	12,250,000.00
Budgeted Margin	468,396.18	406,808.23	366,092.45	439,317.88	575,942.46	877,905.04	1,282,581.08	1,269,924.29	1,061,371.99	710,875.90	519,450.95	771,333.56	8,750,000.00
Actual Revenues	1,403,573.49	1,369,441.47	1,307,873.91	1,460,034.89	2,065,290.24	3,165,867.44	3,391,180.30	5,629,461.58	-	-	-	-	19,792,723.32
Actual Expenses	965,660.84	1,055,051.01	872,134.32	837,007.00	1,319,216.40	2,165,975.57	3,603,850.03	3,218,613.75	-	-	-	-	14,037,508.92
Actual Margin	437,912.65	314,390.46	435,739.59	623,027.89	746,073.84	999,891.87	(212,669.73)	2,410,847.83	-	-	-	-	5,755,214.40
Margin Variance	(30,483.53)	(92,417.77)	69,647.14	183,710.01	170,131.38	121,986.83	(1,495,250.81)	1,140,923.54	(1,061,371.99)	(710,875.90)	(519,450.95)	(771,333.56)	(2,994,785.60)

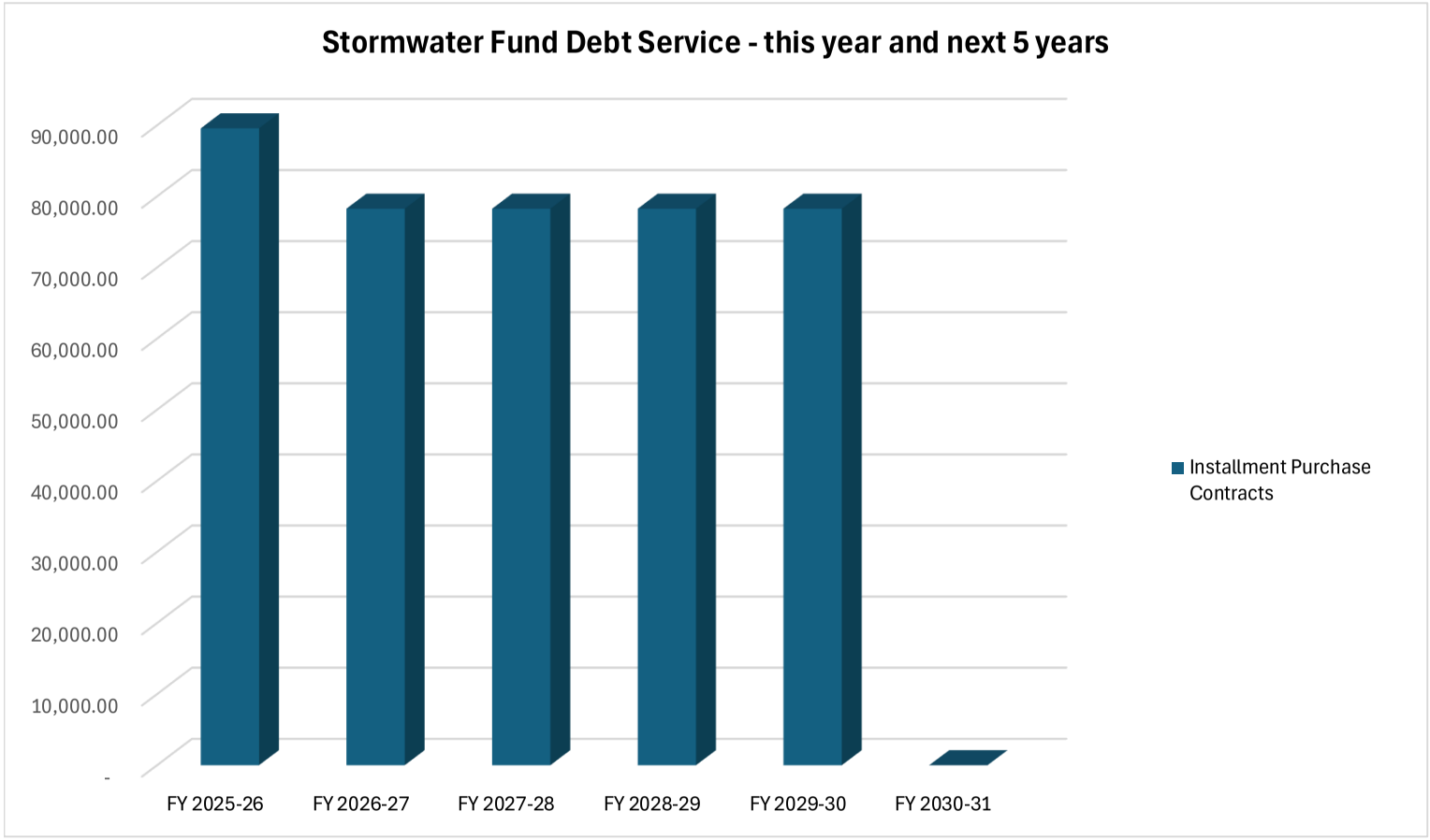


DEBT SERVICE - GAS FUND	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Revenue Bonds						
Series 2021 Refunding Revenue Bonds						
Principal	134,680.29	135,703.98	137,967.78	82,862.43		
Interest	6,405.23	4,516.52	2,608.73	870.45		
Debt Retired in 2031	141,085.52	140,220.50	140,576.51	83,732.88	-	
Project Grizzly - Interlocal - 3.25%						
Principal	84,560.60	84,560.60	84,560.60	84,560.60	84,560.60	84,560.60
3.25% Interest	17,955.03	15,390.02	12,825.02	10,260.02	7,695.01	5,130.01
Debt Retired in 2032	102,515.63	99,950.62	97,385.62	94,820.62	92,255.61	89,690.61
Installment Purchase Contracts						
FY 21 Installment Purchase						
Debt Retired in 2026	24,225.77					
FY 22 Installment Purchase						
Debt Retired in 2027	25,145.86	25,145.86				
FY 23 Installment Purchase						
Debt Retired in 2028	23,244.45	15,882.00	7,874.38			
FY 24 Inallment Purchase						
Debt Retired in 2029	24,012.71	24,012.71	24,012.71	24,012.71		
FY 25 Inallment Purchase						
Debt Retired in 2030	49,752.98	49,752.98	49,752.98	49,752.98	49,753.00	

DEBT SERVICE - GAS FUND	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Total Installment Purchase Contracts	146,381.77	114,793.55	81,640.07	73,765.69	49,753.00	
Total Debt Service - Gas Fund	389,982.92	354,964.68	319,602.20	252,319.19	142,008.61	89,690.61



DEBT SERVICE - STORMWATER FUND	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Installment Purchase Contracts						
FY 21 Installment Purchase Debt Retired in 2026	11,304.84					
FY25 Installment Purchase Debt Retired in 2030	78,263.13	78,263.13	78,263.13	78,263.13	78,263.13	
Total Debt Service - Stormwater Fund	89,567.97	78,263.13	78,263.13	78,263.13	78,263.13	-



City of Shelby
YTD Budget Report
For 2/28/2026 (66.67% of Fiscal Year)

ACCOUNT DESCRIPTION	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	ENCUMB	AVAIL BUDGET	% USED
Total 610711 WATER ADMINSTRATION	3,597,120	4,381,436	2,215,794.33	12,327.60	2,153,314	50.90 %
Total 610713 WATER LINES OPERATIONS	1,821,948	1,723,680	1,075,349.06	381,251.65	267,079	84.50 %
Total 610714 WATER PLANT OPERATIONS	2,423,205	2,576,503	1,729,245.24	418,401.68	428,856	83.40 %
Total 610 WATER FUND	7,842,273	8,681,619	5,020,388.63	811,980.93	2,849,249	67.20 %

ACCOUNT DESCRIPTION	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	% USED
Total 620721 SEWER ADMINISTRATION	3,689,678	3,719,253	1,042,998.36	47,000.40	2,629,254	29.30 %
Total 620723 SEWER LINES OPERATIONS	1,672,723	2,015,037	1,563,672.55	-190,620.93	641,986	68.10 %
Total 620724 SEWER PLANT OPERATIONS	2,989,774	3,156,128	1,966,510.86	260,810.87	928,806	70.60 %
Total 620 SEWER FUND	8,352,175	8,890,418	4,573,181.77	117,190.34	4,200,046	52.80 %

ACCOUNT DESCRIPTION	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	% USED
Total 630731 ELECTRIC ADMINISTRATIO	3,949,026	5,272,896	3,630,470.93	33,089.65	1,609,336	69.50 %
Total 630732 ELECTRIC PURCHASE	14,070,000	14,070,000	8,640,640.33	0.00	5,429,360	61.40 %
Total 630733 ELECTRIC LINES	4,197,084	6,387,390	3,022,404.33	2,020,116.06	1,344,870	78.90 %
Total 630734 ECONOMIC DEVELOPMENT	219,200	219,200	107,235.92	107.36	111,857	49.00 %
Total 630 ELECTRIC FUND	22,435,310	25,949,487	15,400,751.51	2,053,313.07	8,495,422	67.30 %

ACCOUNT DESCRIPTION	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	% USED
Total 640741 NATURAL GAS ADMINISTRA	5,091,964	7,385,876	5,501,243.49	23,268.17	1,861,364	74.80 %
Total 640742 NATUTRAL GAS PURCHASE	13,200,000	13,200,000	11,411,778.03	0.00	1,788,222	86.50 %
Total 640743 NATURAL GAS LINES	3,582,239	4,192,209	2,431,268.51	265,423.82	1,495,517	64.30 %
Total 640 NATURAL GAS FUND	21,874,203	24,778,085	19,344,290.03	288,691.99	5,145,103	79.20 %

ACCOUNT DESCRIPTION	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	% USED
Total 650751 STORMWATER ADMINISTRAT	1,833,457	2,161,909	1,240,357.99	207,819.69	713,731	67.00 %
Total 650 STORMWATER FUND	1,833,457	2,161,909	1,240,357.99	207,819.69	713,731	67.00 %

City of Shelby
Weather Variances
Fiscal Year to Date at February 28, 2026

Month	Average Rain*	Actual Rain	Variance	Average CDD**	Actual CDD	Variance	Average HDD**	Actual HDD	Variance
July	4.47	4.30	(0.17)	436	594	158	0	0	0
August	4.27	5.80	1.53	377	342	-35	0	0	0
September	3.07	5.10	2.03	231	222	-9	14	2	-12
October	3.88	2.80	(1.08)	52	51	-1	171	178	7
November	4.43	0.90	(3.53)	3	1	-2	486	356	-130
December	5.21	2.10	(3.11)	0	0	0	628	648	20
January	4.36	5.20	0.84	0	0	0	765	772	7
February	4.08	3.00	(1.08)	2	7	5	575	578	3
March	3.85		(3.85)	4		-4	459		-459
April	5.23		(5.23)	25		-25	217		-217
May	4.29		(4.29)	136		-136	61		-61
June	3.57		(3.57)	306		-306	1		-1
Totals	50.71	29.20	(21.51)	1,572	1,217	(355)	3,377	2,534	(843)

Heating Degree Days: This is a value which gives an indication of the need to heat a building in a given climate.
The number of heating degrees in a day is defined as the difference between a reference value of 65°F and the average outside temperature for that day.

Cooling Degree Days: This is a value which gives an indication of the need to cool a building in a given climate.
The number of cooling degrees in a day is defined as the difference between a reference value of 65°F and the average outside temperature for that day.

* Source www.weather.com Climate (weather.gov) Data for 2024 was pulled using Location: Shelby 2 Nne, NC; Product: Monthly Summarized Data; Year Range 2013 - 2023.

** Source www.climate.fizber.com

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D. Unfinished Business:

Agenda Item: D-1

1) Proposed adjustment of Inspection Fees for simple construction: Ordinance No. 12-2026

New Business Agenda Item: (Presenting: Brian Burgess, Director of Planning & Development)

Summary of Available Information:

- Memorandum dated March 20, 2026, from Brian Burgess, Director of Planning & Development to Justin Merritt, City Manager
- Permit Fees
- Ordinance No. 12-2026

City Manager's Recommendation / Comments

Ordinance No. 12-2026 is presented for City Council consideration at this time. If approved, this ordinance would amend the Permit Fee schedule to provide a reduced fee structure for construction projects that are simpler in nature, therefore requiring less staff time for required inspections. These types of construction would be limited to storage units, aircraft hangars, pre-manufactured units and similar structures.

The revised fee more closely reflects the true cost of construction associated with this type of project and provides a fair fee for the inspection services required. Currently, our fee schedule calculates commercial construction permit fees based upon a $220 per square foot cost. The proposed fee structure for these simpler projects would be based upon a $125 per square foot cost.

It is recommended that Ordinance No. 12-2026 be adopted and approved by City Council at this time.

Memorandum

To: Justin Merritt - City Manager

From: Brian Burgess – Planning & Development Director

Date: March 20th, 2026

Subject: Adjustment of Inspections Fees for Simple Construction

Executive Summary of issue – Background

Staff have encountered a project that, due to the size of the project, would incur a disproportionately high permit fee as compared to the amount of staff time necessary to inspect the project. Storage type occupancies are often very simple for inspectors, typically involving foundation, slab, and some other simple structural inspections. This is compared to projects such as new commercial, industrial, or residential construction that require all four trades to be inspected, and often multiple times.

Recommendation

Staff are recommending the delineation of "these types of projects on the permitting fee schedule to reflect the average cost per square foot of construction as provided by the International Code Council's Building Valuation Data. This would adjust those fees to be valued, at a minimum, at $125 per square foot.

Strategic Goal Alignment: Priority 3, Goal 1. "Develop strategies for retaining existing businesses and attracting a variety of new businesses and industries."

Effective April 7, 2026
Replaces schedule effective 7/1/2025

PERMIT FEES

New Construction Residential & Commercial Building Permits

Cost of total construction at $220 sq. ft. Commercial or $195 sq. ft. Residential or the owner's valuation whichever is greater multiplied by 0.0045 = the permit fee. Storage units, aircraft hangars, pre-manufactured units, and similar structures will be valued at $125 sq. ft.

Solar Construction

Permit fee is calculated as $5 per every $1,000.00 of project cost

Renovation Permit	$100 Base Fee, plus $.45/sq. ft.
Moving Permit	$100
Demolition Permit	$100
Manufactured Homes	$300.00
Accessory Structures 400 sq. ft. or less	$200
Accessory Structures 400 sq. ft. or greater	$250
Swimming Pool	$125.00
Electrical Permit	$100
Plumbing Permit	$100
Mechanical Permit	$100
Insulation Permit	$100
Re-inspection Fee	$100.00
Min. Bldg. Permit Fee	$100.00
Work started without permit	double the normal fee
Trip Fee	$200

Minimum Housing fees will consist of all costs accrued by the City of Shelby plus a 30 percent administration charge.

- The Building Inspector will determine building permit fees not listed
- All fees shall be rounded to the nearest dollar amount

Note: Permit fees are for blanket permits that include electrical, plumbing and mechanical.

ORDINANCE NO. 12 – 2026

AN ORDINANCE AMENDING THE CITY OF SHELBY'S SCHEDULE OF FEES

WHEREAS, the City of Shelby has adopted a Fee Schedule for the purpose of establishing uniform fees for services charged to its citizens; and,

WHEREAS, the City of Shelby has established Permit Fees, including fees associated with commercial construction; and,

WHEREAS, the City of Shelby now desires to revise its Fee Schedule, specifically adding a new Permit Fee structure to address simple construction such as storage units, airport hangars, pre-manufactured units and similar structures.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SHELBY, NORTH CAROLINA:

Section 1. The City of Shelby Fee Schedule is amended to revise the current Permit Fee Schedule, as set forth below, which may, from time to time, be modified by City Council:

New Construction Residential & Commercial Building Permits

Cost of total construction at $220 sq. ft. Commercial or $195 sq. ft. Residential or the owner's valuation whichever is greater multiplied by 0.0045 = the permit fee. Storage Units, aircraft hangars, pre-manufactured units and similar structures will be valued at $125 sq. ft

Section 4. This resolution shall become effective upon its adoption and approval both by City of Shelby and the North Carolina Department of Transportation.

Adopted and approved this the 6th day of April 2026.

_____

O. Stanhope Anthony III
Mayor

ATTEST:

_____

Carol Williams
City Clerk

APPROVED AS TO FORM:

_____

Jason Lunsford
City Attorney

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E. New Business:

Agenda Item E-1

1) Consideration of appointments to City advisory boards and commissions:

    a) Housing and Redevelopment Advisory Commission

Unfinished Business Agenda Item: (Carol Williams, City Clerk)

Summary of Available Information:

- Memorandum dated April 1, 2026, from Carol Williams, City Clerk to Justin Merritt, City Manager
- Housing Redevelopment Advisory Board Roster
- Application(s)

City Manager's Recommendation / Comments

Volunteers are an essential part of the work the City performs each year. As always this is just a reminder that we all should work to recruit qualified and quality people to serve whenever possible. Solicitation of both qualified and interested citizens to serve on these important advisory boards remains a priority for 2026. I would challenge each of you to recruit viable candidates that possess the knowledge and willingness to serve during the coming months. I cannot emphasize enough the importance of appointing quality people to these very important citizen boards and commissions. It is incumbent upon Council as the appointing authority to ensure members are responsible members of the community who will make decisions that reflect the established and recognized values of the City. These appointees after all reflect upon Council as the appointing authority as well as the City as they conduct business month to month.

OFFICE OF THE CITY CLERK

Memo

To: Justin Merritt, City Manager

From: Carol Williams, City Clerk

Date: April 1, 2026

Re: Appointments to City Advisory Boards

BOARD REVIEW: Housing and Redevelopment Board –

The terms of three incumbents, Debra Littlejohn, Sharon Leigh and Tanzy Wallace concluded March 2026. Ms. Littlejohn does not want to continue her service to the Housing Board. Ms. Leigh has not attended a meeting or answered emails this past year. Ms. Wallace wants to continue her service on the board.

There is one application on file in the Clerk's Office –

- **Tanya Glenn**

POSSIBLE ACTION:

Council can begin the nominating process or take appointive action for three new terms concluding March 2029.

Attachment:

A. Housing and Redevelopment Board roster 2025
B. Attendance Sheet for 2025
C. Application – Tanya Glenn

SHELBY HOUSING AND REDEVELOPMENT ADVISORY BOARD 2025

MEMBERS	ADDRESS	TERM	PHONE
Debra Littlejohn Grant360solutions@outlook.com	205 Garden View Lane Shelby, NC 28152	March 2026	W: 704 866-3168 C: 864 490-1943
Sharon Leigh sleigh@peoplesbanknc.com	1031 Hunter Valley Road Shelby, NC 28150	March 2026	H: 704 484-8663 W: 704 484-6200
Tanzy Wallace tanzybw@gmail.com	1104 South Lafayette Street Shelby, NC 28150	March 2026	C: 704 300-5439
Phyllis Williams unpredictablefaith@gmail.com	1030-3 Sue Lane, Apt 6 Shelby, NC 28152	March 2027	C: 704-418-9782
Marie Jackson marie@shelbypres.org	201 S. Washington St., #304 Shelby, NC 28150	March 2027	C: 704-466-6065
Michael Shawn Collins shawn.collins@ncdps.gov	100 Buck Landing Rd. Shelby, NC 28150	March 2027	H: 704 472-2694 W: 704 480-5698 Ext. 201
Talmadge C. Strickland IV tcstrickland4@carolina.rr.com	314 S. Poston Street Shelby, NC 28150	March 2028	H: 704 473-9170 W: 704 482-3031
Matthew Albinger albymatt69@gmail.com	801 W. Warren Street Shelby, NC 28150	March 2028	C: 704-718-8998
Derrick L. Haynes Dhay1257@yahoo.com	300 Atlantic Avenue Shelby, NC 28150	March 2028	C: 704 974-8195

Meetings are held February, May, August, and November on the second Tuesday of the month at noon, or as necessary, at the Housing Department Center, 801 Logan Street, Shelby, NC.

Board is comprised of nine members as of September 15, 1991, each serving three (3) year terms.

City Council Liaison: Emilie Bullock – Ward 1
1007 Castlewood Drive
Shelby, NC 28150
828 447-2619
emilie.bullock@cityofshelby.com

Staffed by:

Kendra Whitworth, Housing Director
P O Box 1192
Shelby, NC 28151-1192
Office: 704-484-6830
Cell: 704-473-6491
kendra.whitworth@cityofshelby.com

Michelle Hudson, Secretary to the Board
P O Box 1192
Shelby, NC 28151-1192
Office: 704-484-6830
Cell: 704- 472-2728
michelle.hudson@cityofshelby.com

ATTENDANCE BOARD MEMBERS 2025

Contact-Kendra Whitworth or Michelle Hudson

Members	Meeting Dates				
	2/11/2025	5/13/2025	8/12/2025	11/18/2025	
Shawn Collins	Present	Present	cancelled	Present	
Emilie Bullock City Liaison	Present				
Derrick Haynes	Present	Present		Present	
Matthew Albinger	Present	Present		Present	
Phyllis Williams	Present	Present		Present	
Debra Littlejohn	Present				
Tanzy Wallace	Present			Present	
Sharon Leigh					
Talmadge Strickland					

City of Shelby

Shelby Housing & Redevelopment Advisory Board Online Submission Form

15 Questions

1) Date *

31/01/2026 12:00:00 AM

2) Full Name *

Tanya Glenn

3) Full Address *

817 Surry Dr Shelby NC 28152

4) Do you live within Shelby's city limits? *

- [x] Yes
- [ ] No

5) If you live in Shelby, how many years and months?

26 years

6) Date of Birth

26/06/1976 12:00:00 AM

7) Home Phone

704-477-5703

8) Mobile Phone

704-477-5703

9) Work Phone

10) Email *

tanyaglenn1976@gmail.com

11) Occupation

Human Services Supervisor

12) Why are you interested in serving on the Shelby Housing and Redevelopment Advisory Board?

I firmly believe that everyone deserves access to fair, safe, and affordable housing. I am a local realtor with firsthand knowledge of housing availability, affordability challenges, and community needs. In addition, I am employed

by NC DHHS, where I have dedicated 26 years of service working with families at both the county and state levels. Throughout my career, I have collaborated with diverse stakeholders, navigated complex systems, and advocated for solutions that promote stability.

13) Please list any previous board service (If applicable)

14) Interests, skills, expertise or experiences that may be of assistance to the Shelby Housing and Redevelopment Advisory Board's success

15) Type your name for signature *

Tanya Glenn

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Agenda Item: F

City Manager's Report

I will report to Mayor and Council about ongoing projects and issues. The projects and issues reported upon are intended to be for your information and do not require action by Council.

Agenda Item: G

Council Announcements and Remarks

Agenda Item: H

Closed Session

1) N.C. General Statute 143-318.11(3): To consult with an attorney employed or retained by the public body in order to preserve the attorney-client privilege between the attorney and the public body regarding CMH Homes, Inc., a Tennessee corporation (d/b/a Clayton Homes), Petitioner, vs. City of Shelby, Respondent, File No. 26CV001030-220.

I. Adjournment:

To adjourn a meeting of City Council, a majority of the Council members must vote for a motion to adjourn.

1) Motion to adjourn