

City of High Shoals
Regular City Council Meeting
October 13, 2026

- I. Call to Order**
- II. Invocation**
- III. Pledge of Allegiance**
- IV. Approval of Agenda**
- V. Approval of Minutes**

Citizens' comments/concerns: The City of High Shoals City Council offers citizens the opportunity for public expression pursuant to NCGS 160A-81.1. Comments are limited to 3–5 minutes per speaker.

Good of the Order: Time set aside for members to offer comments or observations about the organization and its work without formal motion.

VI. Departmental Reports:

- Police Report-Gaston County
- Financial-Dennis Cash
 - CHECKING 1: \$
 - Powell Bill : \$
 - CAP MGMT: \$
 - TOTAL: \$
- Cemetery-Denese Cook
- Water/Sewer-Bo Rhyne
- Streets/Maintenance/Sanitation-Kathy Rhyne
- Parks/Recreation-Bobby Vassey
 - Yard of the Month:– 300 Old Hardin Road – Justin Anderson
- Vehicles- Tim Eidson
- Administration/Mayor Report-PJ Rathbone
 - Trash Truck-Direct Grant update
 - LGC building purchase request update
 - City water line update
 - Code Enforcement Actions- 204 School St. –Code Enforcement Committee to meet directly after council meeting.

Council Comments / Announcements

VII. New Business:

- **Discussion/Action Bids for CDBG Administrator:**
 - i. **Motion to approve contract with Steve Austin**
- **Consideration & Approval of Supplemental Response to the North Carolina Local Government Commission (LGC) regarding the FY 2024-2025 financial Performance Indicators of Concern (FPICs).**
 - **Motion to Approve the supplemental FDIC response, authorize required signatures, and direct the Administrator to submit the signed response to the LGC through its designated portal.**

VIII. Motion to Adjourn:

Type	Acct Num	Acct Name	Budget	YTD	Variance	Prcnt
Type: Revenues						
Revenues	10-3010-0000	Taxes Ad Valorem CY	\$330,000.00	\$39,852.40	(\$290,147.60)	12.08%
Revenues	10-3020-0000	Taxes - Ad Valorem - Prior	\$25,000.00	\$18,007.32	(\$6,992.68)	72.03%
Revenues	10-3025-0000	Taxes - Tag Fee	\$23,000.00	\$9,854.88	(\$13,145.12)	42.85%
Revenues	10-3250-0000	App Fees (was priv license)	\$2,400.00	\$840.00	(\$1,560.00)	35.00%
Revenues	10-3255-0000	LIEN PAYMENT TO CITY	\$0.00	\$11,994.48	\$11,994.48	0.00%
Revenues	10-3290-0000	Interest On Checking	\$400.00	\$83.09	(\$316.91)	20.77%
Revenues	10-3292-0000	Interest on Capital Management	\$7,700.00	\$2,479.53	(\$5,220.47)	32.20%
Revenues	10-3293-5000	INTEREST ON POWELL BILL ACCT CORRECTED	\$25.00	\$2.07	(\$22.93)	8.28%
Revenues	10-3294-0000	CAP MGMT_DEBT SETOFF	\$0.00	\$317.90	\$317.90	0.00%
Revenues	10-3341-0000	Copies/Faxes/Notary Income	\$100.00	\$48.00	(\$52.00)	48.00%
Revenues	10-3342-0000	City Hall Rental	\$1,000.00	\$0.00	(\$1,000.00)	0.00%
Revenues	10-3350-0000	Alcohol/Beverage	\$3,000.00	\$0.00	(\$3,000.00)	0.00%
Revenues	10-3370-0000	Franchise Tax	\$28,000.00	\$6,001.47	(\$21,998.53)	21.43%
Revenues	10-3430-0000	Powell Bill	\$30,000.00	\$11,274.27	(\$18,725.73)	37.58%
Revenues	10-3450-0000	Local Option Sales Tax (NC Sales &Use Tax Distrib.	\$88,000.00	\$25,360.84	(\$62,639.16)	28.82%
Revenues	10-3455-0000	Gaston County Sales Tax	\$16,092.00	\$4,675.69	(\$11,416.31)	29.06%
Revenues	10-3560-0000	Park Rental Income	\$3,000.00	\$1,115.00	(\$1,885.00)	37.17%
Revenues	10-3670-0000	Sales Tax Refund	\$6,000.00	\$0.00	(\$6,000.00)	0.00%
Revenues	10-3675-0000	WITHHOLDING TAX REFUND	\$0.00	\$711.96	\$711.96	0.00%
Revenues	10-3680-0000	Gas Tax Refund	\$1,500.00	\$275.11	(\$1,224.89)	18.34%
Revenues	10-3710-0000	Cemetery Plots Income	\$2,000.00	\$1,000.00	(\$1,000.00)	50.00%
Revenues	10-3720-0000	Code Violation Fee (Was Zoning Vio Fee)	\$1,500.00	\$8,665.57	\$7,165.57	577.70%
Revenues	10-3730-0000	Solid Waste Disposal Tax	\$515.00	\$118.37	(\$396.63)	22.98%
Revenues	10-3740-0000	Sanitation User Fee	\$93,500.00	\$27,136.70	(\$66,363.30)	29.02%
Revenues	10-3742-0000	SANITATION SURPLUS SALES	\$10,000.00	\$0.00	(\$10,000.00)	0.00%
Revenues	10-3745-0000	Dump Truck Rental (was recycling income)	\$515.00	\$147.28	(\$367.72)	28.60%
Revenues	10-3810-0000	Sale Of Surplus Property	\$3,000.00	\$0.00	(\$3,000.00)	0.00%
Revenues	10-3990-0000	Fund Balance Appropriation	\$128,000.00	\$0.00	(\$128,000.00)	0.00%
Revenues	30-3710-0000	Water Charges	\$140,000.00	\$51,389.19	(\$88,610.81)	36.71%
Revenues	30-3715-0000	Water Taps	\$3,200.00	\$6,400.00	\$3,200.00	200.00%
Revenues	30-3720-0000	Sewer Charges	\$140,000.00	\$43,370.59	(\$96,629.41)	30.98%
Revenues	30-3725-0000	Sewer Taps	\$3,200.00	\$6,400.00	\$3,200.00	200.00%
Revenues	30-3740-0000	Returned Check Fees	\$30.00	\$90.00	\$60.00	300.00%
Revenues	30-3746-0000	PURCHASE OF WATER FROM SMALL BUSINESS (TO FILL TAN	\$150.00	\$100.00	(\$50.00)	66.67%
Revenues	30-3750-0000	Reconnect & Late Fees	\$3,500.00	\$1,670.17	(\$1,829.83)	47.72%
Revenues	30-3755-0000	BROKEN METER - REPLACEMENT	\$650.00	\$0.00	(\$650.00)	0.00%

Type	Acct Num	Acct Name	Budget	YTD	Variance	Prnt
Revenues	30-3990-0000	Fund Bal Appro.	\$10,000.00	\$0.00	(\$10,000.00)	0.00%
			\$1,104,977.00	\$279,381.88	(\$825,595.12)	25%
Type: Expenses						
Expenses	10-4200-8020	Salaries	\$130,000.00	\$38,159.86	\$91,840.14	29.35%
Expenses	10-4200-8030	Mayor And Council	\$60,600.00	\$12,150.00	\$48,450.00	20.05%
Expenses	10-4200-8040	Professional Services	\$6,500.00	\$0.00	\$6,500.00	0.00%
Expenses	10-4200-8050	Social Security	\$11,818.00	\$3,044.84	\$8,773.16	25.76%
Expenses	10-4200-8060	Health Ins.	\$38,000.00	\$6,549.42	\$31,450.58	17.24%
Expenses	10-4200-8070	Medicare	\$2,764.00	\$712.14	\$2,051.86	25.76%
Expenses	10-4200-8090	Unemployment Ins	\$1,000.00	\$0.00	\$1,000.00	0.00%
Expenses	10-4200-8110	Telephone & Postage	\$6,000.00	\$1,190.28	\$4,809.72	19.84%
Expenses	10-4200-8120	Public Notices-Printing	\$500.00	\$110.27	\$389.73	22.05%
Expenses	10-4200-8130	Utilities	\$6,000.00	\$1,367.06	\$4,632.94	22.78%
Expenses	10-4200-8140	Travel Expenses	\$15,000.00	\$4,265.02	\$10,734.98	28.43%
Expenses	10-4200-8142	Education/Schools	\$6,000.00	\$615.00	\$5,385.00	10.25%
Expenses	10-4200-8160	Maintenance Equipment	\$1,500.00	\$105.63	\$1,394.37	7.04%
Expenses	10-4200-8330	Departmental Supplies	\$4,000.00	\$1,007.72	\$2,992.28	25.19%
Expenses	10-4200-8370	Loan Payment	\$19,162.50	\$8,762.50	\$10,400.00	45.73%
Expenses	10-4200-8450	Contracted Services	\$15,500.00	\$6,655.85	\$8,844.15	42.94%
Expenses	10-4200-8530	Dues & Subscriptions	\$4,000.00	\$3,488.09	\$511.91	87.20%
Expenses	10-4200-8540	Insurance & Bonding	\$32,175.00	\$25,044.98	\$7,130.02	77.84%
Expenses	10-4200-8570	Miscellaneous	\$800.00	\$0.00	\$800.00	0.00%
Expenses	10-4200-8610	IT ANNUAL SUPPORT	\$16,000.00	\$4,431.00	\$11,569.00	27.69%
Expenses	10-4200-8620	MS LICENSING	\$2,000.00	\$0.00	\$2,000.00	0.00%
Expenses	10-4200-8640	OFFICE EQUIPMENT	\$4,000.00	\$578.60	\$3,421.40	14.47%
Expenses	10-4200-8650	HEY GOV/TOWN WEB/SOFTWARE	\$10,000.00	\$9,280.71	\$719.29	92.81%
Expenses	10-4200-8700	CODE ENFORCEMENT-MINIMUM HOUSING	\$10,000.00	\$477.97	\$9,522.03	4.78%
Expenses	10-4200-8710	Capital Outlay Building	\$15,000.00	\$574.95	\$14,425.05	3.83%
Expenses	10-4200-8740	Capital Outlay---PUBLIC WORKS DEPT	\$28,902.00	\$1,399.90	\$27,502.10	4.84%
Expenses	10-4200-8990	Contingency	\$15,000.00	\$0.00	\$15,000.00	0.00%
Expenses	10-5600-8020	Salaries	\$49,920.00	\$7,854.22	\$42,065.78	15.73%
Expenses	10-5600-8050	Social Security	\$3,096.00	\$487.00	\$2,609.00	15.73%
Expenses	10-5600-8070	Medicare	\$724.00	\$113.86	\$610.14	15.73%
Expenses	10-5600-8130	Utilities	\$17,000.00	\$5,827.49	\$11,172.51	34.28%
Expenses	10-5600-8160	Maintenance Equipment	\$6,000.00	\$262.11	\$5,737.89	4.37%
Expenses	10-5600-8170	Maintenance Truck	\$2,000.00	\$947.43	\$1,052.57	47.37%
Expenses	10-5600-8310	FUEL/GAS	\$6,000.00	\$2,079.78	\$3,920.22	34.66%

Type	Acct Num	Acct Name	Budget	YTD	Variance	Prnt
Expenses	10-5600-8330	Departmental Supplies	\$9,000.00	\$1,092.23	\$7,907.77	12.14%
Expenses	10-5600-8450	Contracted Services	\$5,668.00	\$5,104.92	\$563.08	90.07%
Expenses	10-5600-8460	GASTON CO LANDFILL (YARD WASTE)	\$1,500.00	\$232.58	\$1,267.42	15.51%
Expenses	10-5600-8740	Capital Outlay	\$1,500.00	\$0.00	\$1,500.00	0.00%
Expenses	10-5600-8750	Capital Lease	\$19,162.50	\$0.00	\$19,162.50	0.00%
Expenses	10-5600-8990	Contingency	\$10,000.00	\$0.00	\$10,000.00	0.00%
Expenses	10-5700-8730	Capital Outlay- Equipment	\$2,767.12	\$3,118.10	(\$350.98)	112.68%
Expenses	10-5700-8731	LEASE PAYMENTS-WELLS FARGO (POWELL)	\$15,569.28	\$2,594.88	\$12,974.40	16.67%
Expenses	10-5700-8732	LEASE PAYMENTS-JD FINANCIAL (POWELL)	\$11,688.60	\$910.33	\$10,778.27	7.79%
Expenses	10-5800-8020	Sanitation Salaries	\$30,000.00	\$6,639.01	\$23,360.99	22.13%
Expenses	10-5800-8050	Social Security	\$1,866.00	\$411.60	\$1,454.40	22.06%
Expenses	10-5800-8070	Medicare	\$437.00	\$96.22	\$340.78	22.02%
Expenses	10-5800-8170	Maintenance Truck including tires	\$15,000.00	\$14,144.05	\$855.95	94.29%
Expenses	10-5800-8310	FUEL/GAS	\$8,450.00	\$1,845.19	\$6,604.81	21.84%
Expenses	10-5800-8330	Departmental Supplies	\$300.00	\$0.00	\$300.00	0.00%
Expenses	10-5800-8450	GC Landfill (Dumping charges)	\$14,000.00	\$3,864.99	\$10,135.01	27.61%
Expenses	10-5800-8530	Fees	\$300.00	\$0.00	\$300.00	0.00%
Expenses	10-5800-8570	Miscellaneous	\$33,662.00	\$11,395.00	\$22,267.00	33.85%
Expenses	10-6200-8020	Salaries	\$17,042.00	\$4,043.91	\$12,998.09	23.73%
Expenses	10-6200-8050	FICA	\$1,056.00	\$250.72	\$805.28	23.74%
Expenses	10-6200-8070	Medicare	\$247.00	\$58.62	\$188.38	23.73%
Expenses	10-6200-8130	Utilities	\$7,920.00	\$1,697.85	\$6,222.15	21.44%
Expenses	10-6200-8160	Maintenance	\$0.00	\$66.25	(\$66.25)	0.00%
Expenses	10-6200-8330	Departmental Supplies	\$4,000.00	\$167.93	\$3,832.07	4.20%
Expenses	10-6200-8450	Contracted Services	\$4,000.00	\$1,578.00	\$2,422.00	39.45%
Expenses	10-6200-8570	Sponsored Events	\$1,500.00	\$0.00	\$1,500.00	0.00%
Expenses	10-6200-8600	MILL PROPERTY	\$10,000.00	\$1,487.69	\$8,512.31	14.88%
Expenses	10-6200-8740	Prepaid Park Maintenance	\$3,000.00	\$0.00	\$3,000.00	0.00%
Expenses	10-6400-8020	Salaries	\$16,952.00	\$3,613.40	\$13,338.60	21.32%
Expenses	10-6400-8050	Social Security	\$1,052.00	\$224.02	\$827.98	21.29%
Expenses	10-6400-8070	Medicare	\$246.00	\$52.41	\$193.59	21.30%
Expenses	10-6400-8160	Maintenance	\$300.00	\$23.99	\$276.01	8.00%
Expenses	10-6400-8450	Contracted Services	\$6,600.00	\$1,750.00	\$4,850.00	26.52%
Expenses	10-6400-8990	Contingency	\$2,500.00	\$0.00	\$2,500.00	0.00%
Expenses	30-8100-8020	Salaries	\$31,000.28	\$8,518.61	\$22,481.67	27.48%
Expenses	30-8100-8040	Professional Services	\$100.00	\$0.00	\$100.00	0.00%
Expenses	30-8100-8050	Social Security	\$1,900.00	\$528.16	\$1,371.84	27.80%

Type	Acct Num	Acct Name	Budget	YTD	Variance	Prcent
Expenses	30-8100-8070	Medicare	\$450.44	\$123.51	\$326.93	27.42%
Expenses	30-8100-8110	Telephone & Postage	\$2,500.00	\$0.00	\$2,500.00	0.00%
Expenses	30-8100-8140	Travel	\$1,500.00	\$0.00	\$1,500.00	0.00%
Expenses	30-8100-8160	Maintenance Equipment	\$500.00	\$0.00	\$500.00	0.00%
Expenses	30-8100-8310	FUEL/GAS	\$3,000.00	\$799.19	\$2,200.81	26.64%
Expenses	30-8100-8330	Chemicals & Supplies	\$29,000.00	\$23,735.92	\$5,264.08	81.85%
Expenses	30-8100-8450	Contracted Services	\$10,000.00	\$765.80	\$9,234.20	7.66%
Expenses	30-8100-8500	Water Purchase	\$50,000.00	\$9,631.13	\$40,368.87	19.26%
Expenses	30-8100-8540	Dues & Fees	\$1,800.00	\$1,024.00	\$776.00	56.89%
Expenses	30-8100-8600	Water Lines	\$779.28	\$0.00	\$779.28	0.00%
Expenses	30-8100-8610	SOUTHERN SOFTWARE	\$5,000.00	\$0.00	\$5,000.00	0.00%
Expenses	30-8100-8990	Contingency	\$10,000.00	\$0.00	\$10,000.00	0.00%
Expenses	30-8200-8020	Salaries	\$25,000.00	\$2,820.52	\$22,179.48	11.28%
Expenses	30-8200-8050	Social Security	\$1,460.00	\$174.87	\$1,285.13	11.98%
Expenses	30-8200-8070	Medicare	\$357.00	\$40.89	\$316.11	11.45%
Expenses	30-8200-8110	Telephone & Postage	\$1,002.00	\$0.00	\$1,002.00	0.00%
Expenses	30-8200-8130	Utilities	\$5,500.00	\$887.71	\$4,612.29	16.14%
Expenses	30-8200-8142	Education/ Schools	\$1,000.00	\$401.00	\$599.00	40.10%
Expenses	30-8200-8160	Maintenance Equipment	\$550.00	\$0.00	\$550.00	0.00%
Expenses	30-8200-8310	FUEL/GAS	\$3,020.00	\$0.00	\$3,020.00	0.00%
Expenses	30-8200-8330	Chemicals & Supplies	\$5,000.00	\$1,230.57	\$3,769.43	24.61%
Expenses	30-8200-8450	Contracted Services	\$32,001.00	\$7,288.16	\$24,712.84	22.77%
Expenses	30-8200-8500	SEWER PURCHASE	\$60,000.00	\$18,999.63	\$41,000.37	31.67%
Expenses	30-8200-8700	Sewer Lines	\$310.00	\$0.00	\$310.00	0.00%
Expenses	30-8200-8990	Contingency	\$18,000.00	\$0.00	\$18,000.00	0.00%
			\$1,104,977.00	\$290,977.24	\$813,999.76	26%

City of High Shoals
Regular City Council Meeting
September 8, 2026

- I. **Call to Order:** Tim Eidson called the meeting to order at 6:30 pm. In attendance are the following members: Denese Cook, Bo Rhyne, Bobby Vassey & Tim Eidson. Mayor PJ Rathbone, Dennis Cash were absent.
- II. **Invocation**
- III. **Pledge of Allegiance**
- IV. **Approval of Agenda:** Denese made motion to approve agenda, seconded by Bo Rhyne all in favor.
- V. **Approval of Minutes:** Motion to approve made by Denese Cook, seconded by Bobby Vassey. All in favor.

Citizens' comments/concerns: The City of High Shoals City Council offers citizens the opportunity for public expression pursuant to NCGS 160A-81.1. Comments are limited to 3–5 minutes per speaker.

Judy Taylor signed up to speak. Condemned houses/boarded up. Chris' house has a few people living in there. The guy on the bicycle from Rash Road. The gold car with no tag is parked all over the city, including behind the Taylor house. There's a no-trespassing sign on the old Taylor house.

Good of the Order: Time set aside for members to offer comments or observations about the organization and its work without formal motion.

VI. Departmental Reports:

- Police Report-Gaston County
- Financial-Dennis Cash
 - CHECKING 1: \$139,020.96
 - Powell: \$ 6,904.30
 - CAP MGMT: \$274,054.38
 - TOTAL: \$419,979.64
- Cemetery-Denese Cook: Nothing to report
- Water/Sewer-Bo Rhyne: Everything is good for the moment, though Tim stated there's a leak on River.
- Streets/Maintenance/Sanitation-Kathy Rhyne: Trash was picked up today, the entire route.
- Parks/Recreation-Bobby Vassey
 - Yard of the Month:— 217 School Street---Patricia Todd
- Vehicles- Tim Eidson: Need big tires put on the big truck—the small trash truck needs brakes on the back to pass inspection.
- Administration/Mayor Report-PJ Rathbone: Nothing to report

Council Comments / Announcements

VII. New Business:

- **Capital Project Ordinance: Public Works Facility Acquisition Project**
 - i. Motion to approve the Capital Project Ordinance for \$300,000 for the acquisition of the fire department building made by Denese Cook, seconded by Bo Rhyne, all in favor.
- **Discussion and Consideration of Fall Festival Date Change**
 - i. The church will have BBQ, music, and trunk-r-treat.
 - ii. Need to start scheduling in January for Spring or Summer.

VIII. Motion to Adjourn

- Motion to adjourn made by Denese Cook, seconded by Bo Rhyne. All in favor.

City of High Shoals – CDBG Grant Administrator Proposal Comparison

Council Review Worksheet | \$1,000,000 CDBG Neighborhood Revitalization Grant

Grant Award	\$1,000,000	Admin Funding Limit	10.0%	Grant-Funded Admin Capacity	\$100,000			
Firm / Team	Location	Proposed Cost	% of Grant	Amount Above 10%	Availability	CDBG / Relevant Experience	Staffing / Local Presence	Key Scope / Cost Notes
Stephen Austin, AICP	Hickory, NC	\$95,000	9.5%	-	Available now	47 completed grant projects listed; 6 for High Shoals. Longstanding City grant administrator.	Individual consultant; established High Shoals relationship	NTE \$95,000: \$15,000 environmental review/release of funds + \$80,000 administration. \$200/hr stated. City normally covers postage.
Sherry Griffin	Hickory, NC	\$200,000	20.0%	\$100,000	Available Oct. 15	Newly retired; private consulting. Specific project count / High Shoals experience not provided in current notes.	Consultant-led; intends to seek qualified subcontractors. Requires private office and City-provided computer(s).	NTE \$200,000 + expenses. \$200/hr consultant; subcontractors minimum \$100/hr. Mileage additional. Initial work: policies/procedures + environmental review record under her leadership, then engineering procurement no later than December.
The Dean Group + Patriot Materials Group	Columbia, SC + Hickory, NC	\$65,885	6.6%	-	Not stated in reviewed pages	No North Carolina experience identified by City review; no completed CDBG grant-administration projects identified. Proposal states 14+ years federal community-development compliance and 40+ Part 58 environmental reviews for Dean principal.	Dean Group is based in Columbia, SC. Patriot is based in Hickory, NC and provides local project coordination/site presence; local partner location is not presented as North Carolina CDBG experience.	Lump sum covers all 26 RFP General Administrative Services through REDD acceptance of close-out. 433 hours. Out-of-scope work requires advance written City authorization. Certain environmental conditions, URA work, and limited Dean travel are outside lump sum.
Insight	Wilmington, NC	\$140,000	14.0%	\$40,000	Not stated	7-person team; all 7 have some CDBG experience, primarily with larger cities. Two proposed team members recently left State employment.	7-person team.	Proposed cost \$140,000. Based on the City's stated 10% grant-administration funding limit, \$40,000 would require another City funding source if the full amount is incurred.
C Bishop Enterprises Inc. / Kanza Bey	Greensboro, NC (as stated). Travel claim disputed; see notes.	\$15,000	1.5%	-	Start date not stated	Claims CDBG-funded Section 3 compliance in Milwaukee (2013-2017). No completed full-cycle CDBG administration projects or NC CDBG/REDD experience identified. Related lead-risk, FEMA inspection, and nonprofit housing experience.	Kanza Bey proposed for both roles. Specialized subcontractors may be engaged. No High Shoals-area office identified. Two other current positions listed; project capacity not specified.	Administration: \$75/hr, NTE \$15,000. Rehabilitation: \$3,500/unit x 4 = \$14,000. Combined estimate \$29,000. Labor, travel and overhead included. Beyond-scope work: \$75/hr with prior mutual agreement.

Council Review Notes

Price is only one comparison factor. Council should evaluate proposals using the criteria stated in the City's solicitation/RFI. The "Amount Above 10%" column is a funding calculation only; it is not a ranking or recommendation.

Dean/Patriot: \$65,885 includes the 26 General Administrative Services through REDD-accepted close-out under stated assumptions. The proposal identifies specific out-of-scope conditions requiring advance written authorization.

Insight: all seven team members were reported as having some CDBG experience; that experience was described as primarily with larger cities or counties

Griffin: \$200,000 is stated as not-to-exceed plus expenses; mileage is additional. City-provided postage is normal City practice and is therefore not treated as a differentiator here.

Austin: available immediately; 47 completed grant projects listed, including six for High Shoals; \$95,000 NTE includes environmental review/release of funds and administration.

Dean/Patriot: no North Carolina experience identified. Patriot's Hickory location provides local presence, but should not be treated as North Carolina CDBG experience.

C Bishop pricing: Proposed Cost shows the \$15,000 administration cap (1.5% of the grant). The \$29,000 combined estimate also includes \$14,000 for four rehabilitation/reconstruction units. Confirm the separate funding treatment and scope before comparing combined fees with administration-only proposals.

C Bishop location: proposal claims Greensboro is 45 minutes away and on-site arrival within one hour. City review estimates Greensboro at nearly two hours. Travel claim is disputed; confirm actual operating address and realistic response time. Address is supplied as 2201 W English Rd., Greensboro, NC 27262.

C Bishop experience: proposal claims CDBG-funded Section 3 compliance, but provides no named completed grants, full-cycle administration record, NC CDBG/REDD projects, or project references. Request examples covering environmental review/release of funds, grant financial management, monitoring and close-out.

C Bishop submission: City reports receipt by email. Email says two hard copies with signed/notarized eligibility certificate would follow. Certificate in the supplied email text has blank signature/date/notary lines. Confirm hard-copy receipt and completed certificate. Source: emailed proposal and resume supplied by City.

STATE OF North Carolina
COUNTY OF Gaston

**AGREEMENT FOR SERVICES
WITH LOCAL GOVERNMENT
TO ADMINISTER CDBGI PROJECT**

THIS AGREEMENT, made and entered into this _____ day of _____, 2026 by and between Stephen F. Austin, herein and after referred to as the "Service Provider" and the City of High Shoals, North Carolina, a municipal corporation, herein and after referred to as the "City."

WITNESSETH:

WHEREAS, the City has been awarded a Community Development Block Grant in the amount of 1,000,000 by the North Carolina Department of Commerce Rural Economic Development Division (REDD), CDBG #24-C-4224; and

WHEREAS, the Service Provider has expertise in response to the request pertaining to the FY 2022 City of High Shoals Community Development Block Grant program; and

WHEREAS, the City and the Service Provider desire to memorialize the Service Provider's proposal and award of the contract,

NOW THEREFORE, the City and the Service Provider agree as follows:

- 1. SCOPE OF SERVICES:** The Service Provider agrees to provide and perform for the City all of those services stipulated in the Scope of Services attached to this contract as Exhibit "A" which are hereby incorporated as a part of this contract as if fully set forth herein.
- 2. COMPENSATION FOR SERVICES:** In the provision of the aforementioned services, the Service Provider shall receive compensation in the form of: (1) a not to exceed fee in the amount of \$1,000,000. This fee shall be paid to the Service Provider in accordance with Section 3 below. Any different or additional Scope of Services approved and authorized by the City in advance shall be compensated when authorized in accordance with the terms agreed to by both parties in a formally executed Contract Addendum.
- 3. METHOD OF PAYMENT:** The Service Provider shall prepare and submit periodically to the City invoice statements for progress payment fees as stated in Section 2 above. The City shall compensate the Service Provider for services satisfactorily performed within fourteen (14) days of the date of said invoice statement. Invoicing will not begin until the City has executed the Grant Agreement and Funding Approval.
- 4. TERMINATION OF CONTRACT FOR CAUSE (required for contracts of \$10,000 or more):** If the Service Provider shall fail to fulfill in a timely, professional and proper manner all obligations under this contract, or should the Service Provider violate any of the covenants, agreements, or stipulations of this contract, the City shall have the right to terminate this contract immediately by giving written notice to the Service Provider of such termination and specifying the effective date thereof. In a like manner, the Service Provider shall have the right to terminate this

contract immediately by giving written notice to the City of such termination and specifying the effective date thereof. In such event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs and reports prepared by the Service Provider under this contract shall, at the option of the City, become the property of the City and the Service Provider shall be entitled to receive just and equitable compensation for any work satisfactorily completed pursuant to this contract. However, the City shall not be obligated to pay any remaining charges for work satisfactorily completed where there exists a right in favor of the City for refund, reimbursement or offset in connection with any obligations arising from the Service Provider to the City.

This agreement shall automatically conclude upon formal notification from the North Carolina Department of Commerce Rural Economic Development Division (REDD) that the project is formally closed pending final audit. If that action by REDD does not occur within one year of the City's submission of project closeout documentation, service provider will provide all records of the project to the City, both physical and digital, and consider this agreement concluded.

Termination for Convenience. In addition to all of the other rights which the City may have to cancel this Contract, the City shall have the further right, to terminate the Contract, in whole or in part, at any time at its complete discretion by providing 30 days' notice in writing from the City to Service Provider. If the Contract is terminated by the City in accordance with this paragraph Service Provider will be paid in an amount which bears the same ratio to the total compensation as does the Services actually delivered or performed to the total originally contemplated in the Contract. If the City has paid for services in advance, Service Provider shall reimburse the City for any amounts that exceed the ratio to the total compensation paid to the total Services actually provided.

5. **LEGAL REMEDIES:** The Service Provider shall not be relieved of any liability to the City for damages sustained by the City by virtue of any breach of this contract by the Service Provider. It is specifically understood that the City may withhold any payments to the Service Provider for the purpose of offset until such time as the exact amount of damages due the City from the Service Provider is determined.

6. **CHANGES:** The City may, from time to time, request changes in the Scope of Services of the Service Provider to be performed hereunder. Such changes, including any increase or decrease in the amount of the Service Provider's compensation which may be mutually agreed upon between the City and the Service Provider, shall be incorporated in written amendments to this contract after appropriate authorization as called for in Section 2 of this contract.

7. **EQUAL EMPLOYMENT OPPORTUNITY/AFFIRMATIVE ACTION:** The Service Provider shall not discriminate against any employee or applicant for employment on account of age, race, color, religion, sex, national origin, because of handicapping condition, or Vietnam Era Veteran status. The Service Provider shall take affirmative action to ensure equal employment opportunity with respect to all of its employment practices and assist the City in the execution of the City's Equal Employment Opportunity Plan required for this CDBG project.

8. **FEDERAL AND STATE COMPLIANCE:** The Service Provider acknowledges

responsibility for compliance with any and all applicable corporate, partnership or individual taxation laws. The Service Provider shall pay all applicable taxes and insurance premiums stipulated by applicable law and shall hold harmless the City for the payment thereof. The Service Provider acknowledges exemption from withholding of applicable taxes or other deductions from compensation agreed to in Section 2 of this contract. The Service Provider agrees to furnish Federal Form W-9, upon execution of this contract and prior to issuance of any compensation from the City.

9. REPORTS AND INFORMATION: The Service Provider, at such times and in such manner as the City may require, shall furnish the City such periodic reports as it may request pertaining to the work or services undertaken pursuant to this contract, the cost and obligations incurred or to be incurred in connection therewith, and any other matters covered by this contract.

10. ACCESS TO RECORDS AND AUDITS: The Service Provider shall maintain accounts and records, including personnel, property and financial records, adequate to identify and account for all costs pertaining to the contract and such other records as may be deemed necessary by the City to assure proper accounting for all project funds, both Federal and non-Federal shares. These records will be made available for audit purposes to the City or any duly authorized representative of the City, to the U.S. Department of HUD and to the Comptroller General of the United States. All original records shall be maintained at the City.

In general, all official project records and documents must be maintained during the operation of this project and for a period of three years following closeout in compliance with 24 CFR 570.490.

The North Carolina Department of Commerce; Rural Development Division, the North Carolina Department of the Treasurer, U.S. Department of Housing and Urban Development, the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers and records of the Administering Agency which are pertinent to the execution of this agreement, for the purpose of making audits, examinations, excerpts and transcriptions in compliance with the above Rule.

11. FINDINGS CONFIDENTIAL: All of the reports, information, data and other such material prepared or assembled by the Service Provider may not be released to any individual or organization without the prior written approval of the City because of the confidential nature of some of the information. The City shall have the exclusive right to determine what, if any, such information is public information and may be made available to any such requesting individual or organization.

12. CONFLICT OF INTEREST (Interest of Members, Officers, or Employees of the Recipient, Members of Local Governing Body, or Other Public Officials): The Service Provider covenants and agrees that he presently has no interest and shall not acquire any interest, direct or indirect, in the target area or any parcels therein or any other interest which would conflict in any manner or degree with the performance of this contract. Furthermore, no member, officer, or employee of the City, or its agents, no member of the governing body of the locality in which the program is situated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the program during his tenure or for one year thereafter,

shall have any financial interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the program assisted under this agreement. Immediate family members of said members, officers, employees, and officials are similarly barred from having any financial interest in the program. The Service Provider and the City shall incorporate, or cause to be incorporated, in all such contracts or subcontracts, a provision prohibiting such interest pursuant to the purpose of this section.

13. EXECUTIVE ORDER 11246 CLAUSE (required for contracts of \$10,000 or more):
During the performance of this contract, the Service Provider agrees as follows:

a. The Service Provider will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Service Provider will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Service Provider agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause (2).

b. The Service Provider will, in all solicitations or advertisements for employees placed by or on behalf of the Service Provider, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

c. The Service Provider will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers representative of the Service Providers commitments under Section 202 of Executive Order 11246 of 9-24-65, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

d. The Service Provider will comply with all provisions of Executive order No. 11246 of 9-24-65, and of the rules, regulations, and relevant orders of the Secretary of Labor.

e. The Service Provider will furnish all information and reports required by Executive Order No. 11246 of 9-24-65, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

f. In the event of the Service Provider's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part and the Service Provider may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order 11246 of 9-24-65, and such other sanctions may be imposed and remedies involved as provided in Executive Order No. 11246 of 9-24-65, or by rule, regulation, or order of the Secretary of Labor, or as otherwise

provided by law.

g. The Service Provider will include the provisions of subparagraphs (a) through (f) of paragraph 14 in every subcontract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to section 204 of Executive order No. 11246 of 9-24-65, so that such provisions will be binding upon each subcontractor or vendor. The Service Provider will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance, provided however, that in the event the contract becomes involved in, or threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Service Provider may request the United States to enter into such litigation to protect the interests of the United States.

14. TITLE VI OF THE CIVIL RIGHTS ACT OF 1964 CLAUSE: The Service Provider agrees to comply with all requirements of Title VI of the Civil Rights Act of 1964.

15. NONDISCRIMINATION CLAUSE – SECTION 109 OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974: No person in the United States shall on the ground of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds available under this title.

16. SECTION 3” - COMPLIANCE IN THE PROVISION OF TRAINING, EMPLOYMENT, AND BUSINESS OPPORTUNITIES:

a. The work to be performed under this Contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. §1701u) (“**Section 3**”). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted developments covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons including persons who are recipients of HUD assistance for housing, with preference for both targeted workers living in the service area or neighborhood of the Development and Youthbuild participants, as defined at 24 CFR Part 75 (“**Section 3 Regulations**”).

b. The Parties agree to comply with HUD's regulations in Section 3 Regulations, which implement Section 3. As evidenced by their execution of this Contract, the Parties certify that they are under no contractual or other impediment that would prevent them from complying with the Section 3 Regulations.

c. The Contractor agrees to send to each labor organization or representative or workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth the following: (i) minimum number and job titles subject to hire, (ii) availability of apprenticeship and training positions, (iii) qualifications for each, (iv) name and location of the person(s) taking applications

for each of the positions, and (v) the anticipated date the work shall begin.

d. The Contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in Section 3 Regulations and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in Section 3 Regulations. The Contractor will not subcontract with any subcontractor where the Contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in Section 3 Regulations.

e. The Contractor will certify that any vacant employment positions, including training positions, that are filled (i) after a contractor is selected but before the contract is executed, and (ii) with persons other than those to whom the regulations of Section 3 Regulations require employment opportunities to be directed, were not filled to circumvent the Contractor's obligations under Section 3 Regulations.

f. Noncompliance with HUD's regulations in Section 3 Regulations may result in sanctions, termination of this Contract for default, and debarment or suspension from future HUD assisted contracts.

g. With respect to work performed in connection with Section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

17. SECTION 503 OF THE REHABILITATION ACT OF 1973 AS AMENDED CLAUSE: The Service Provider shall comply with Section 503 of the Rehabilitation Act of 1973 as amended. Section 503 prohibits federal contractors and subcontractors from discriminating in employment against individuals with disabilities, and requires these employers to take affirmative action to recruit, hire, promote, and retain these individuals. As revised, the regulations strengthen the affirmative action provisions to aid contractors in their efforts to recruit and hire individuals with disabilities, and improve job opportunities for individuals with disabilities. The regulations also include changes to the nondiscrimination provisions to bring them into compliance with the ADA Amendments Act (ADAAA) of 2008.

18. SECTION 504 OF THE REHABILITATION ACT OF 1973, AS AMENDED – NONDISCRIMINATION OF THE BASIS OF HANDICAP: No qualified disabled person shall on the basis of disability, be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under any program or activity which receives or benefits from Federal financial assistance.

19. AGE DISCRIMINATION ACT OF 1975, AS AMENDED – NONDISCRIMINATION ON THE BASIS OF AGE: No qualified person shall on the basis of age, be excluded from

participation in, be denied the benefits of, or otherwise be subjected to discrimination under any program or activity which receives or benefits from Federal financial assistance.

20. ANTI-LOBBYING CLAUSE: The Service Provider agrees that as required by Section 1352, Title 31, US Code:

- (1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative, agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- (2) If any funds other than Federal appropriated funds, have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying" in accordance with its instructions.
- (3) This is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each failure.

21. DEBARMENT AND SUSPENSION (EXECUTIVE ORDERS 12549 AND 12689:

- a. The Service Provider certifies to the best of its knowledge and belief, that it and its principals:
 1. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transaction by a Federal department or agency;
 2. Have not within a three-year period preceding this contract been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 3. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
 4. Have not within a three-year period preceding this contract had one or more public transactions (Federal, State or local) terminated for cause or default.

- b. Where the Service Provider is unable to certify to any of the state in this certification, such prospective participant shall attach an explanation to this contract.

22. FAIR HOUSING CLAUSE: The Service Provider covenants that no person shall be excluded from participation in, be denied the benefits of, or be subject to discrimination under this Federal program on the grounds of sex, race, color, age, religion, familial status, handicap status, or national origin.

23. KEY PERSONNEL: The Service Provider shall not substitute key personnel assigned to the performance of this contract without prior approval by the City and the grantor agency, the North Carolina Department of Commerce, Rural Economic Development Division. Individuals designated as key personnel for purposes of this contract are those specified in the proposal submitted by the Service Provider

24. SUBCONTRACTING: Work proposed to be performed under this contract by the Service Provider or its employees shall not be subcontracted without prior written approval by the City and the grantor agency, the North Carolina Department of Commerce, Rural Economic Development Division. Acceptance of an offeror's proposal shall include any subcontractor(s) specified therein.

25. ENTIRE AGREEMENT: This is the entire agreement between the parties and there are no terms, conditions, representations or warranties relating to the work to be performed hereunder which are not specifically set forth herein.

IN WITNESS WHEREOF, the parties have executed this agreement as of the day and year first above written.

IN WITNESS WHEREOF, the parties have executed this agreement as of the day and year first above written.

CITY OF HIGH SHOALS

ATTEST

Signature

BY:

Signature

P.J. Rathbone, Mayor
Print or Type name

City Clerk
Title

THE SERVICE PROVIDER

Signature

Stephen F. Austin
Print or Type name

EXHIBIT A

The Service Provider will be responsible for the following:

General Administration:

1. Prepare the Environmental Review Record, publish all required notices and send necessary documentation to the Department of Commerce, Rural Economic Development Division (REDD) in order to receive release of funds.
2. Preparation of all other documents required to obtain release of funds, including all required policies and procedures for adoption by the City Council.
3. Establish and maintain a filing system in accordance with the Department of Commerce, Rural Economic Development Division standards.
4. Assist the City in establishing a financial management system. Preparation of all requisitions, disbursement documentation, and preliminary approval of disbursements. The City will approve and sign all requisitions and disbursement checks. All posting of checks will be performed by the City.
5. Perform all tasks necessary to procure professional services, including legal, housing rehabilitation specialist, lead based paint inspection and architectural services to meet the program objectives. This will include the development of advertisements, Requests for Proposals, Requests for Qualifications, and contract documents meeting federal requirements.
6. Coordinate with all third party professional contracts for the implementation of the project and provide assistance as needed.
7. Oversee performance on contracts. Review bid advertisement, bid procedures, and contract documents to assure conformance with all federal and state laws. Oversee the bidding of the project activities, including but not limited to rehabilitation, legal, lead based paint and environmental inspections, and any other professional services that may be required for the successful completion of the project. Coordinate and attend pre-construction conferences to advise contractor of all state and federal regulations. Review requests for payments. Handle all related citizen complaints.
8. Prepare all Annual Performance Reports required by the Department of Commerce, Rural Economic Development Division.
9. Represent the City on all monitoring visits and prepare any responses to the Department of Commerce, Rural Economic Development Division monitoring reports.
10. Provide necessary assistance during formal audits to the program.
11. Handle all aspects of Program Close-out including but not limited to public hearing notices,

- preparation of Final Performance Report, and Certificate of Completion.
12. Prepare any periodic status reports on accomplishments and expenditures of the project as required by REDD.
 13. Assume all administrative responsibility for the Department of Commerce, Rural Economic Development Division Program compliance and completion of all activities defined in the City of High Shoals FY25 Community Development Block Grant Application.
 14. Preparation of other administrative procedures to be utilized in the implementation of the rehabilitation program to include all necessary forms such as application and income verification forms, deeds of trust, loan documents, modification agreements, third party legally binding commitments, contract award documentation, material lien releases, invoices, payment authorizations, contracts and change order forms.
 15. Attendance at City Board meetings as required.
 16. Preparation of bid award procedures to comply with equal opportunity requirements, and other REDD contract and procurement requirements.
 17. Conduct pre-construction conferences with potential contractors to review work and equal opportunity requirements.
 18. Filing of all reports and completion of activities to ensure compliance with equal opportunity, Section 504, Section 3, Labor Standards, Fair Housing, and income verification requirements.
 19. Preparation of required reports, documents, files and forms.
 20. Preparation of a Fair Housing Plan.
 21. Ensure compliance with Section 504 Handicapped Accessibility requirements.
 22. Preparation of required Equal Employment, Procurement and Section 3 compliance plans and policies.
 23. Prepare general policy documents to be adopted by the City City Council to insure compliance with all aspects of Certification submitted to the State.
 24. Recording of all required documents with the Register of Deeds office including all deeds of trust, modification agreements, and any other such required documents related to the rehabilitation aspect of this project. The City will pay recording fees via grant funds.
 25. Prepare any program amendment requests including all public hearing and environmental review requirements and all documentation to be submitted to REDD.

26. Provide any other CDBG administrative services as may be required by the Grant Agreement and Funding approval, state and federal CDBG regulations.

The City of High Shoals shall be responsible for the following:

1. Payment of costs for annual and closeout audits by an independent public accountant.
2. Payment of costs of postage and public advertising for general administration, rehabilitation specialist, contractors, environmental review records, public hearings for closeout and program and/or budget amendments and Gaston County Register of Deeds recording fees. All costs of advertising for public notices required by the CDBG regulations will be paid for by the City via the CDBG funds.
3. Examine and review all requests presented by the consultant and render its decision pertaining thereto reasonable time so as not to delay the services of the Consultant.
4. All administrative costs not specifically identified as the responsibility of the Consultant shall be the responsibility of the City of High Shoals unless mutually agreed.



Lynne Rogers <Lynne.Rogers@nctreasurer.gov>

To: Brandi Strange

Cc: Stephanie Bacik; fireman2100@bellsouth.net; eddie@eddiecarrickcpa.com

Reply Reply All Forward

Thu 10/8/2025 3:59 PM

You replied to this message on 10/8/2025 5:25 PM.

From: LGC FPIC <LGC FPIC@nctreasurer.gov>

Sent: Wednesday, October 7, 2026 4:58 PM

To: fireman2100@bellsouth.net; eddie@eddiecarrickcpa.com

Cc: Michael Milam <Michael.Milam@nctreasurer.gov>; Lynne Rogers <Lynne.Rogers@nctreasurer.gov>

Subject: High Shoals 2025 FPIC Resonse - MORE INFORMATION NEEDED

Good afternoon,

Your response to the Financial Performance Indicators of Concern (FPICs) identified in the annual audit for the fiscal year indicated below has been received and reviewed by LGC staff.

The response needs to be supplemented to further explain each of the FPIC concerns below:

- Please provide more details explaining how your unit plans to address your lower (relative to your peers) and declining general fund balance
- Please provide more details regarding your water/sewer fund's operating loss for fiscal year 2025

Please note that because your unit has a proposed transaction scheduled for presentation to the Local Government Commission (LGC) at the November 3rd, 2026 meeting, an update on implementation of your corrective action plan may be required. Deadlines related to applications for LGC debt approval, including deadlines for receipt of the application and FPIC responses are found [here](#).

Under North Carolina Administrative Code (20 NCAC 20 03 .0508), your supplemental response must include the signatures of a majority of the members of the governing board. We also ask that the manager and finance officer sign the response to indicate their knowledge of the FPICs as well as their agreement with the response and plan for implementation of corrective action.

Please submit as a PDF using the [LGC File Transfer Portal](#). Do not mail or email your response.

FPIC Details

Fiscal Year: 2025

Unit Name: High Shoals

Respectfully,

Visit the [LGC Staff Blog](#) to stay up to date on deadlines, news, and announcements.



The LGC FPIC Team

State & Local Government Finance Division

3200 Atlantic Avenue

Raleigh, N.C. 27604

(919) 814-4300

Agenda Item: Supplemental Response to LGC Financial Performance Indicators of Concern

The North Carolina Local Government Commission (LGC) has reviewed the City's initial response to the Financial Performance Indicators of Concern (FPICs) identified in the FY 2024–2025 audit and has requested additional information regarding:

1. The City's declining General Fund balance and corrective measures to address the decline.
2. The Water/Sewer Fund's operating loss and corrective measures to improve financial performance.

The City has prepared a supplemental response outlining contributing factors, financial trends, and corrective actions implemented or underway.

Pursuant to 20 NCAC 03 .0508, the supplemental response must be signed by a majority of the governing board. The LGC has also requested signatures from the manager and finance officer, as applicable.

The supplemental response is associated with the City's pending financing application scheduled for consideration at the November 3, 2026, LGC meeting.

Recommended Action: Approve the supplemental FPIC response, authorize the required signatures, and direct the Administrator to submit the signed response to the LGC through its designated File Transfer Portal.

CITY OF HIGH SHOALS, NORTH CAROLINA

Governing Board Response to Financial Performance Indicators of Concern

October 13, 2026

To: North Carolina Local Government Commission / Department of State Treasurer

Re: FY 2024–2025 Financial Performance Indicators of Concern and Proposed Installment Financing

Dear Local Government Commission Staff:

The City of High Shoals submits this response regarding the financial performance indicators identified in its audited financial statements for the fiscal year ended June 30, 2025, in connection with the City's proposed installment financing under N.C.G.S. § 160A-20 for acquisition of a facility to support Public Works operations. The Governing Board recognizes the importance of maintaining adequate reserves, balancing recurring revenues and expenditures, and demonstrating capacity for any new debt service.

General Fund financial performance

For FY 2024–2025, audited General Fund revenues were \$525,640 and expenditures were \$607,436. After a \$19,163 transfer from the Water/Sewer Fund, total General Fund balance decreased \$62,633, from \$340,296 to \$277,663. At year-end, \$228,375 was unassigned, representing approximately 37.6% of annual General Fund expenditures. The City recognizes that continued operating deficits would reduce its financial flexibility, notwithstanding this remaining reserve.

The fiscal year included response to Hurricane Helene and other operational pressures. The City is not assigning an unverified portion of the fund balance decline to the storm. The City has also reviewed expenditure trends, including sanitation service costs, and is taking steps to address recurring financial pressures.

Water/Sewer Fund financial performance

The FY 2024–2025 audited Water/Sewer Fund reported operating revenues of \$237,988 and operating expenses of \$361,087, including \$103,559 in depreciation, for an operating loss of \$123,099. Operating expenses excluding depreciation exceeded operating revenues by \$19,540; operating cash flow was negative \$22,767. The City recognizes that depreciation is a noncash charge but that the remaining operating and cash-flow shortfalls require corrective action.

Effective April 25, 2026, the City implemented revised water and sewer rates intended to better align user charges with operating costs. The City is also strengthening account review, billing accuracy, collections, and monitoring of consumption and operating expenditures. Results will continue to be assessed as additional billing cycles and audited data become available.

General Fund corrective actions and sanitation improvements

For FY 2026–2027, the City increased its property tax rate from \$0.35 to \$0.42 per \$100 of assessed value and is monitoring the effects of new residential development on its tax base and service revenues. The City also revised sanitation fees and undertook a sanitation-cart replacement and inventory-control initiative that identified accounts receiving more carts than reflected in their billing. Billing corrections are being implemented to improve recurring revenue and equitable cost recovery.

In FY 2025–2026, the City purchased sanitation carts from Toter, LLC for \$29,858.75, recorded as a single transaction on October 30, 2025. The City collected approximately 550 old carts, excluding damaged carts from that count, initially distributed approximately 460 new carts, and sold 517 usable surplus carts for \$4,950 in separately recorded revenue. Additional carts were purchased in FY 2026–2027 to serve new residences and requests for second carts. These purchases reflect replacement and service expansion; their final accounting treatment is subject to audit review.

The aging sanitation truck continues to generate significant repair expense: \$19,979.77 in FY 2025–2026 and \$14,144.05 in FY 2026–2027 year-to-date against a \$15,000 annual truck-maintenance budget. The City has been awarded \$200,000 in state-directed grant funding for a sanitation truck and utility vehicle and is evaluating procurement and any additional funding needs. Equipment replacement is intended to improve reliability, although future savings are not yet quantified.

Current information and financing oversight

Preliminary Southern Software budgetary reports for FY 2025–2026 show General Fund revenues of \$552,830.29 and expenditures of \$616,454.72, a \$63,624.43 shortfall, and Water/Sewer revenues of \$258,833.61 and expenditures of \$283,776.81, a \$24,943.20 shortfall. These are unaudited budgetary figures and are not directly comparable to all audited GAAP results; the City will provide updated figures following year-end audit adjustments and reconciliation.

Preliminary July–early October 2026 activity indicates improved revenues compared with the comparable prior period, but the City acknowledges that timing, one-time receipts, and incomplete fiscal-year activity limit the conclusions that can be drawn. The Governing Board will continue to review revenue collections, expenditures, reserve levels, and debt-service affordability before and after any financing is completed.

The proposed acquisition would consolidate Public Works equipment, vehicles, and operational space. The financing proposal under review is approximately \$300,000 over 15 years at a fixed 5% interest rate, with annual debt service of approximately \$35,000 beginning in September 2027. The City understands that this is an additional recurring General Fund obligation and that its affordability must be considered alongside existing operations and reserve needs.

The City respectfully requests that the LGC continue its review of the proposed financing based on the audited FY 2024–2025 statements, the corrective actions described above, and available interim information while the FY 2025–2026 audit is being finalized. The City will promptly provide the completed audit and any additional schedules or clarification requested. This response is not a representation that the FY 2025–2026 audit has been completed or that the corrective actions have fully resolved the indicators.

Respectfully submitted,

Adopted / acknowledged by the City of High Shoals Governing Board on October 13, 2026:

PJ Rathbone, Mayor	Date
Denese Cook, Council Member	Date
Kathy Rhyne, Council Member	Date
Bobby Vassey, Council Member	Date
William Dennis Cash, Council Member	Date
Tim Eidson, Council Member	Date
Bo Rhyne, Council Member	Date
Brandi Strange, City Administrator	Date

Submission: Signed response to be provided through the LGC File Transfer Portal, with supporting materials as requested.