

Incorporated 1927

Town of Lake Lure

P. O. Box 255 • Lake Lure, NC 28746-0255 • 704/625-9983 • FAX 704/625-8371

MINUTES OF THE REGULAR MEETING OF THE LAKE LURE TOWN COUNCIL HELD TUESDAY, JUNE 25, 1996, 7:30 P.M. AT THE LAKE LURE MUNICIPAL CENTER

PRESENT: Mayor Max E. Lehner
Commissioner Bill Bush
Commissioner Carolyn Cobb
Commissioner Beth Rose
Commissioner Bud Schichtel

John R. Strutner, Town Manager
Sam Karr, Finance Director
J. Christopher Callahan, Town Attorney

ABSENT: N/A

CALL TO ORDER

Mayor Lehner called the meeting to order at approximately 7:30 p.m.

INVOCATION

Attorney Chris Callahan gave the invocation.

AUDIENCE OF CITIZENS

The following persons requested to speak under audience of citizens:

1. Joan Cashion, a Lake Lure resident, told Council members the children need better playground equipment for the Lake Lure Park. Mrs. Cashion reported that the current equipment was not safe and the swings had rusty chains and dangerous hooks. She also requested that Council consider applying for a matching grant from

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the state for the purpose of improving the Lake Lure Park. Mrs. Cashion provided Council members with a copy of the U.S. Consumer Safety Commission handbook for public playground safety for their review.

2. Cindy Sims, owner of Lake Side Pizza, presented Town Council with a petition asking the Town of Lake Lure to match the State and Federal Grants already approved for the purpose of improving the Lake Lure Park playground equipment. (Copy of petition attached).
3. Martha Jane Powers, a Lake Lure resident, also expressed her support of new playground equipment for the Lake Lure Park.

Mayor Lehner said that the Town applied for a matching grant from the state last year to purchase new equipment for the Lake Lure Point Park, but the application was denied. Mayor Lehner stated that the Town would look into the grant again in July.

APPROVAL OF MINUTES

Commissioner Schichtel moved, seconded by Commissioner Cobb, to approve the minutes of the Regular Council meeting (Tuesday, June 11, 1996), recessed Regular Council meeting (Thursday, June 13, 1996) and the Closed Session minutes (Thursday, June 13, 1996) as written and presented by the Clerk. The vote of approval was unanimous.

PRESENTATION OF THE 1996-97 BUDGET AND BUDGET MESSAGE

Council members were presented with a copy of the Town Manager's Message and Budget Estimates for Fiscal Year 1996-97. Town Manager Strutner read the report aloud and gave a summary (Copy attached).

Finance Director Sam Karr prepared handouts of the 1996-97 Town Budget Ordinance, summary of the revenues and expenditures for the current budget (1995-96), and the proposed budget (1996-97) and Town Manager's Budget Message and Budget Estimates. These handouts were made available to the public for review.

PUBLIC HEARING -- TOWN BUDGET FISCAL YEAR 1996-97

Notice of the Public Hearing was duly given within the legal classified advertising section of the Friday, June 14, 1996 issue of the Forest City Daily Courier newspaper.

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Commissioner Bush moved, seconded by Commissioner Cobb, to enter into the public hearing for the purpose of discussing the proposed 1996-97 Town budget. The vote of approval was unanimous.

Mayor Lehner invited citizens who wanted to speak during the public hearing. The following citizens requested to speak:

1. Ken West, a Lake Lure resident, questioned why the Town of Lake Lure continues to operate the Lake Lure Municipal Golf Course despite losing money when there are two public golf courses at Fairfield Mountains.
2. Jack Powell, a Lake Lure resident, said that he had attended previous Town budget workshop meetings and that the four-cent tax increase was only the first of a series of tax hikes because the town had many maintenance issues to address in the upcoming years. Mr. Powell expressed his concern of the Town depleting its reserve fund. He also requested that the Town Council appoint a committee to study strategic and long-range planning needs of the Town and look at the services that can be afforded by the citizens.
3. Joan Cashion, a Lake Lure resident, requested that the Town consider new playground equipment in the budget for the Lake Lure Park.
4. Lynn Smith, owner of the Geneva Motel, asked Council to consider increasing tourist business in the Town by implementing a municipal sales tax to bring in extra revenue for the Town. Mr. Smith said that by increasing the tourist trade, the Town could increase the money coming into the valley and get back shared revenue from the state. Mr. Smith also told Council that there was a U.S. Golf company in Alabama that might be interested in purchasing the Lake Lure Municipal Golf Course.

Mayor Lehner said that Council members would be monitoring the golf course on an ongoing basis.

Commissioner Cobb said that she was the Council member liaison appointed to the Town's Golf Course Advisory Committee and would like to give the golf course another chance before considering leasing or selling the golf course. She also said that Council had already made cut-backs on the golf course budget.

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With no further items of discussion, Commissioner Bush moved, seconded by Commissioner Rose, to come out of the public hearing and re-enter the regular session of the meeting. The vote of approval was unanimous.

ADOPTION OF THE BUDGET ORDINANCE -- FISCAL YEAR 1996-97

Council members were presented with a proposed FY 1996-97 Budget Ordinance. Commissioner Schichtel moved, seconded by Commissioner Bush, to adopt the FY 1996-97 Budget Ordinance as presented by the Town Manager and Finance Director. Commissioner Schichtel, Commissioner Bush, and Commissioner Cobb voted yes. Commissioner Rose voted no. Therefore, the motion passed with a vote of 3 to 1. (Budget Ordinance attached).

Commissioner Rose stated the reason why she opposed the proposed FY 1996-97 Budget was because of 15% tax increase to the budget was too high and she felt that there were more areas that could have been cut back to reduce the budget.

OLD BUSINESS

a. Other Old Business

There was no other old business for discussion.

NEW BUSINESS

a. Budget Adjustments -- Fiscal Year 1996-97

Finance Director Karr requested the following budget adjustments to cover overruns from Fiscal Year 1995-96:

Marina gas tanks (replacement and disposal) have gone over budget due to unforeseen state and local requirements. The Town had budgeted \$24,000.00 to cover disposing of five tanks and replacing two. In addition, the Town was required to hire an engineer for approval, a geologist to site test samples for any leakage, and move the gas pump at the Marina to the end of the covered slips. If the adjustment is acceptable, a motion is recommended to take \$18,000.00 from the Reserve for Contingency and allocate it to the Marina budget to cover these additional expenses.

The Wastewater Treatment budget had an overrun due to stopped up sewer lines and manhole repair this past month. The Town also incurred major expense in sludge

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hauling earlier this year. A motion is recommended to move \$5,000.00 from the Water Dept. to the Wastewater Treatment Plant to cover these additional expenses.

Commissioner Cobb moved, seconded by Commissioner Schichtel, to take \$18,000.00 from the Reserve for Contingency and allocate it to the Marina budget to cover additional expenses as recommended by the Finance Director. The vote of approval was unanimous.

Commissioner Bush moved, seconded by Commissioner Rose, to transfer \$5,000.00 from the Water Department to the Wastewater Treatment Plant to cover additional expenses as recommended by the Finance Director. The vote of approval was unanimous.

NEW BUSINESS:

b. Other New Business

There was no other new business for discussion.

STAFF REPORTS

There were no staff reports given.

COUNCIL COMMENTS

Commissioner Cobb stated that Council had spent a lot of time on the budget and would like to personally thank Town Manager John Strutner, Finance Director Sam Karr, Town Clerk Mary Flack and other staff members for all their work in preparing documentation for the budget.

Mayor Lehner, Commissioner Bush, Commissioner Rose, and Commissioner Schichtel also expressed their appreciation to staff for all of their work in the preparation of the budget.

CLOSED SESSION

**PERSONNEL MATTERS (G.S. 143-318.11)
AND ATTORNEY/CLIENT MATTERS**

Commissioner Rose moved, seconded by Commissioner Schichtel, to enter into closed session for the purpose of discussing personnel (G.S. 143-318.11) and Attorney-Client matters. The vote of approval was unanimous.

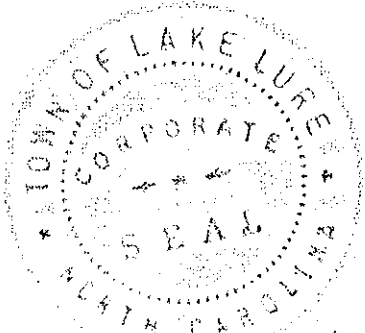
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After discussion within closed session, Commissioner Schichtel moved, seconded by Commissioner Cobb, to come out of the closed session and re-enter the regular session of the meeting. The vote of approval was unanimous. No action was taken in closed session.

ADJOURNMENT

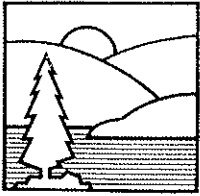
With no further items of discussion, Commissioner Bush moved, seconded by Commissioner Rose, to adjourn the meeting at 10:05 p.m. The vote of approval was unanimous.

ATTEST:



Mary A. Flack, CMC/AAE
Town Clerk

Mayor Max E. Lehner



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Town of Lake Lure

P. O. Box 255 • Lake Lure, NC 28746-0255 • 704/625-9983 • FAX 704/625-8371

TO: MAYOR AND COMMISSIONERS OF THE TOWN OF LAKE LURE

**RE: Town Manager's Budget Message and Proposed Budget
for Fiscal Year 1996-1997**

Originally submitted: June 1, 1996

Revised and resubmitted: June 19, 1996

Ladies and Gentlemen:

In accordance with Section 159-12 of the General Statutes of North Carolina, it is my duty to submit for your consideration my Budget Message, and the proposed Budget for Fiscal Year 1996-1997 as it now stands after four lengthy workshops by Town Council.

Municipal budgeting is much more than a process of simply balancing revenues and expenditures. In fact, it might best be described as the process of allocating **scarce** resources to **unlimited** demands. That dichotomy is most certainly descriptive of this year's budgetary process.

Budgets are financial instruments enacted for the purposes of **planning, controlling** and **evaluating**. A budget is a dollars and cents **plan** of operation for a specific period of time. This "budget plan" contains information about the types and amounts of proposed expenditures, the purposes for which they are being made, and the proposed means of financing them. Budgets are also viewed as devices of **control** in governments in that when the budget is enacted by the legislative body, the expenditure estimates become appropriations - both authorizations to and limitations upon the administration. Lastly, the various financial reports and audits which are part of the continuous budget monitoring process serve as the basis for **evaluating** budget execution and attainment of the "objectives" implicit in the budget, e.g. the scope and level of various municipal services and the completion of specific capital projects.

It is recognized by realistic, conscientious decision makers that good government is not cheap government. The crux of modern public administration is "managing to get the right things done" (termed as **effectiveness**) both **efficiently** and **economically**. In order to fulfill this three-pronged goal, municipal government must also be adaptive, perceptive and cost conscious. For every municipality there is a particular level and mix of public services and amount of public expenditure to accomplish and deliver such services, which for that municipality, in that time and under its specific circumstances, represents an equitable and affordable program of

[2] FY96-97 Budget Message and Proposed Budget

services. This level and mix of public services may vary from year to year as the local governing body, in its budget deliberations, defines and structures the total program of particular municipal services which will meet the needs, wants, desires and preferences of the citizens during the fiscal year.

I believe the budget now before you sets forth a reasonable program of services which, in fact, calls for a decrease of 0.58% in **total actual operational expenditures only (not including capital expenditures)** for all three funds, i.e. General, Water/Sewer, and Electric. The total estimate for **actual operating and capital expenditures** for Fiscal Year 1996-97 is \$2,892,552. The increase over the amount budgeted in the previous fiscal year for operating and capital items (\$2,886,923) results primarily from general inflationary trends in the costs of some goods and services required to deliver Town services, a modest and equitable 3% COLA increase for Town employees, and an ambitious and comprehensive capital expenditures program. **Total actual revenue** is forecast at \$2,123,155. This represents an increase of 4.6% over last fiscal year's estimate for total actual revenue (\$2,029,513).

Particularly noteworthy is the revenue side of the budget where the following changes in **real revenues** for FY95-96 vs. FY96-97 are:

- * General Fund + 14.8% (when factoring out Transfers in
and Contributions for Capital)
- * Water/Sewer Fund + 17.2% (less appropriated fund balance)
- * Electric Fund..... - 44.4% " " " "
- * **TOTAL Revenues** + 4.6%

On the other side of the budgetary equation are these comparisons between FY95-96 and FY96-97 expenditures (less any Contributions to Capital and Transfers out), i.e. **real expenditures, excluding capital projects.**

- * General Fund + 0.05%
- * Water/Sewer Fund..... - 8.7%
- * Electric Fund..... + 10.1%
- * **TOTAL Expenditures**..... - 0.58%

However, as favorable as this data may appear at first glance, the Town does face a serious problem - one that extends back a number of years - and that is: the need to transfer funds annually into the General Fund from that fund's balance, and/or from the balances

[3] FY96-97 Budget Message and Proposed Budget

of the other two funds. In short, there is a very real "gap" between operating revenues and expenditures in the **General Fund**, and this gap has existed since at least FY1991-92 (which is as far back as the Finance Director and I have researched).

The gap has become quite apparent in developing the estimates for FY96-97 where General Fund Revenues are estimated to total \$1,606,030 (prior to any Transfers in), while General Fund Expenditures are estimated at \$2,441,780. (including capital projects). This shortfall in the FY96-97 General Fund is equal to \$835,750.

Thus, in the budget estimates presented below you will find transfers from the Electric and Sewer/Water fund balances equal to that sum as a means to "balance" the budget.

The major areas of revenue and expenditure for the fiscal year commencing July 1, 1996 and ending June 30, 1997 are as follows:

FISCAL YEAR 1996-97 BUDGET ESTIMATES

REVENUES

I. GENERAL FUND

Ad Valorem and Vehicle Taxes	\$731,275
State Shared Revenues	382,600
Miscellaneous Revenues	159,505
Land Use Fees	7,200
Golf Course	97,200
Lake	83,650
Beach	90,050
Marina	54,550
Transfer from Electric Fund	601,740
Transfer from Water/Sewer Fund	234,010

TOTAL GENERAL	\$2,441,780
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II. WATER/SEWER FUND

Water and Sewer	\$ 317,125
Appropriation - Fund Balance	193,780

TOTAL WATER/SEWER	\$ 510,905
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[4] FY96-97 Budget Message and Proposed Budget

III. ELECTRIC FUND

Electric	\$ 200,000
Appropriation - Fund Balance	575,617
TOTAL ELECTRIC	\$ 775,617
 GRAND TOTAL - ALL FUNDS	 \$3,728,302

EXPENDITURES

I. GENERAL FUND

Governing Board	\$ 29,210
Administration	396,925
Police	419,480
Fire Department	165,735
E.M.S.	3,420
Public Works	295,860
Sanitation	84,500
Golf Course	155,000
Lake	465,190
Beach	69,717
Community Center	1,960
Marina	52,600
Insurance/Bonds & Debt Service	232,183
Contingency Reserve	70,000
 TOTAL GENERAL	 \$2,441,780

II. WATER/SEWER FUND

Sewer	\$ 112,167
Water	164,728
Transfer to General Fund	234,010
TOTAL WATER/SEWER	\$ 510,905

III. ELECTRIC FUND

Electric	\$ 173,877
Transfer to General Fund	601,740
TOTAL ELECTRIC	\$ 775,617
GRAND TOTAL - ALL FUNDS	\$3,728,302

The Town's Auditor submitted a report on May 31, 1996 regarding the schedule of the Town's several fund balances. Those were reported to be as follows:

Fund Balances as of:	6-30-95 +	6-30-96 #
* General Fund	\$ 698,686.19	(See: Note)
* Water/Sewer Fund	\$1,012,792.08	\$1,193,339.61
* Electric Fund	\$1,105,594.48	1,136,284.66

+ = Actual balances from the Audit Report for FY94-95

= Estimated balances for 6-30-96 based upon Town financial records as of 5-29-96 (estimates developed by the Town Auditor)

NOTE: The General Fund will be affected by any excess amounts in the Capital Projects Fund and Capital Reserve Fund. This will be determined at the end of the fiscal year. Therefore, no estimate of this fund's balance is available at this time.

The Auditor also cautions that when the Town's financial records are adjusted and audited as of 6-30-96, the ending fund balances may be materially different from the amounts estimated above for 6-30-96.

The Lake Lure Town Council, Town Manager and Finance Director have held four joint workshops to study, discuss, consider and debate financial data, Town departmental and outside agency requests, and capital needs. There was ample opportunity for the general public to provide input during these workshops, and a significant amount of same was received in both oral and written formats. These meetings represent a significant number of hours devoted by Council and staff to crafting this budget.

As is often the case in most communities, there were many hard decisions associated with the formulation of this budget. The costs required to address the various needs, wants and desires of the Town were in excess of the **current** array of means to pay for same. The result was a lengthy process of establishing priorities among the many competing good and worthy projects in need of funding.

[6] FY96-97 Budget Message and Proposed Budget

For example, the Council faced many hard decisions and choices surrounding such needs as: (1) the expenditure of significant funds to remove silt from the lake; (2) funding to continue to maintain, upgrade and operate the Hydro-Electric Plant; (3) purchase replacements for Police vehicles with high mileage; (4) a desire to maintain a fair and competitive level of compensation for Town employees; (5) repair and repave streets; (6) identify, acquire and develop new sources of potable water; (7) financing for a Fire Boat and replacement of the Police Boat; (8) equipment replacements and additions in Public Works; (9) requests for development of a children's playground; (10) what level to continue to support the operation of the Golf Course; and (11) continuation of the process to upgrade and replace elements of water and sewer infrastructure.

This estimated Budget for FY1996-97 is based upon the following premises:

1. There is an implicit assumption that there will be no annexations or major growth in population served during the subject fiscal year.
2. The Ad Valorem tax rate on real property will be increased by \$0.04 from its current \$0.26 per \$100 valuation to \$0.30. (This will equal an increase of \$60 per year on a property valued at \$150,000). Total estimated valuation is \$245,500,000 according to Rutherford County's Assessor.
3. Capital expenditures totaling \$769,558 are allocated for seventeen (17) projects. Major projects include: silt removal (\$454,895), replace two police vehicles (\$45,700), replacement of 3,600+ ft. of waterline and appurtenances (\$36,183), and sandblasting/repainting and resealing the gates at the dam (\$94,000).
4. This budget includes a fair and modest 3.0% cost-of-living adjustment for Town employees. Despite the consistent dedication, loyalty and hard work demonstrated by our Town work force, we must recognize the need to maintain our competitive standing vis-a-vis the compensation offered by surrounding localities. Failure to be vigilant and equitable in this regard will make it difficult to continue to attract and retain the talented and dedicated cadre of employees we now have on staff.
5. The operations portion of the budget will permit us to continue to provide the **same** levels of effective and efficient public services as provided in last year's budget.

[7] FY96-97 Budget Message and Proposed Budget

6. No increase in Water or Sewer user charges or Land Use fees are proposed for next year. Admission fees at the Beach were increased by \$1 on June 1, 1996; Golf Course fees were adjusted by Town Council earlier this year. Annual Boat Permit Fees will be increased by \$20 (from \$30 to \$50) for Town residents with motorized water craft, while non-motorized permits will be increased by \$10 (from \$10 to \$20) for both residents and non-residents. These new rates are slated to take effect at the start of the 1997 permit year. (The non-resident motorized permit fee (\$400) and daily and weekly fees remain the same as in 1996.)

7. During my review of the budget and at subsequent Town Council budget workshops, the various estimates and requests were reviewed thoroughly. Capital and operating requests were cut by \$361,529.

8. In order to balance the budget, given the above, you found it necessary to make appropriations from the accumulated fund balances of the Water/Sewer and Electric funds, and then transfers of same to the General Fund. (The Auditor strongly advises against making appropriations and transfers using the General Fund balance as was done in the past, given its status on 6-30-95 vis-a-vis both the FY95-96 and estimated FY96-97 General Fund Expenditures. The Finance Director and I both concur with the Auditor's advice.)

9. The proposed silt removal project will require lowering the lake by 16+ ft. which necessitates taking the Town's Hydroelectric Plant "off line". In order to accomplish this project, and based upon past experience of staff, this plant will be non-productive for approximately four (4) months. Hence, you will note a major reduction in estimated Electric Revenues.

10. Lastly, it is important to remember that there is no line item for contingencies (i.e. emergencies) incorporated in budget for either the Water/Sewer or Electric operations. If the need arises for such monies in either of those two sectors, either the Contingency account in the General Fund will have to be used (and it is set at an amount \$18,000 less than that budgeted in the current fiscal year), or allocations reduced in other line items in the affected fund.

While this budget certainly does not address every want or desire, project or program, nor does it purport to do so, it will provide for the continuation of all basic municipal services currently provided, and continues addressing the goal of attending to some basic infrastructure needs and long-deferred maintenance items.

[8] FY96-97 Budget Message and Proposed Budget

The increase in some classes of boat permit fees and the nominal (15%) increase of \$0.04 in the Ad Valorem tax rate, coupled with cuts in operating budgets and the elimination or deferral of some capital projects, were all necessary to balance the proposed budget in a rational manner. Without such actions, the only alternative would have been to transfer even more of the Town's accumulated reserves. **If the General Fund is ever to be placed in the position of being self-supporting (or reasonably close to that objective), I must reiterate my belief that similar actions will have to be an integral part of the process of crafting future Town budgets.**

At this time I would not anticipate that the FY1997-98 Budget could be balanced by simply cutting such items of expenditure as postage, travel/training, and maintenance and repair of equipment. Another exercise in close scrutiny of operational expenditures and capital projects, incremental increases in taxes and user fees to ensure that cost centers are being supported by those who actually use or benefit from the service provided, and difficult decisions on the levels and types of services to be provided will all be necessary exercises again next year.

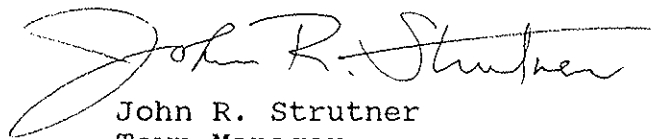
The general idea of possibly appointing a "blue ribbon" citizens committee to study Town finances, Town operations, tax rates, user charges, etc. was bandied about briefly during one of the budget workshops. I would submit to you that as the elected public representatives of the entire community, it is your responsibility to make the necessary decisions on those items. Council has several major duties to perform as the legislative body, among these are: (1) to define the kind and level of services to be provided, (2) to approve plans and programs for goal achievement, (3) to monitor the effectiveness and efficiency of services, and (4) to approve the budget.

In turn, it is my responsibility as Town Manager (which includes the duties of Budget Officer) to submit a balanced budget for your consideration accompanied by my budget message. In addition, the staff and I are obligated to assist you in the process of reviewing and approving the budget by performing the analyses and studies required; to collect, compile and present data; and to offer our views, observations and recommendations. Any "blue ribbon" citizens committee that might be appointed by the Town Council, in my considered opinion, would be best directed toward development of an "overarching" strategic plan focused on the Town's future. In short, its mission should be to develop a **vision** of Lake Lure's future. In a very real way such a committee would take up the community planning process at that point where the Land Use Plan (now being reviewed and updated by the Planning and Zoning Board) will effectively end.

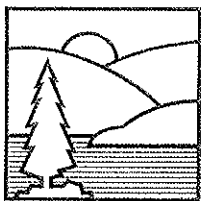
[9] FY96-97 Budget Message and Proposed Budget

The preparation of a document as detailed as this budget requires the input and cooperation of many persons. In that regard, I wish to acknowledge the efforts of Finance Director Sam Karr. Also due recognition are the other Town department heads and staff for their conscientious work in assisting in the preparation of the Town Budget for Fiscal Year 1996-1997, as well as for their dedicated and professional work throughout the year in providing services and operating in a manner which enables us to keep costs down. In addition, I appreciate the insightful and meaningful contributions to the budgetary process provided by you, the Town Council of Lake Lure. In the end, it is you, representing **all** the citizens of the Town of Lake Lure, who must approve and adopt the Town's budget, and thereby "set the course" for the Town of Lake Lure's proposed package of operational and capital improvement programs during the ensuing fiscal year.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "John R. Strutner". The signature is fluid and cursive, with a large, sweeping initial "J" and a long, horizontal flourish extending to the right.

John R. Strutner
Town Manager



Town of Lake Lure

P. O. Box 255 • Lake Lure, NC 28746-0255 • 704/625-9983 • FAX 704/625-8371

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TO: MAYOR AND COMMISSIONERS OF THE TOWN OF LAKE LURE

**RE: Town Manager's Budget Message and Proposed Budget
for Fiscal Year 1996-1997**

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[2] FY96-97 Budget Message and Proposed Budget

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I believe the budget now before you sets forth a reasonable program of services which, in fact, calls for a decrease of 0.58% in **total actual operational expenditures only** (not including capital expenditures) for all three funds, i.e. General, Water/Sewer, and Electric. The total estimate for **actual operating and capital expenditures** for Fiscal Year 1996-97 is \$2,892,552. The increase over the amount budgeted in the previous fiscal year for operating and capital items (\$2,886,923) results primarily from general inflationary trends in the costs of some goods and services required to deliver Town services, a modest and equitable 3% COLA increase for Town employees, and an ambitious and comprehensive capital expenditures program. **Total actual revenue** is forecast at \$2,123,155. This represents an increase of 4.6% over last fiscal year's estimate for total actual revenue (\$2,029,513).

Particularly noteworthy is the revenue side of the budget where the following changes in **real revenues** for FY95-96 vs. FY96-97 are:

- * General Fund + 14.8% (when factoring out Transfers in and Contributions for Capital)
- * Water/Sewer Fund + 17.2% (less appropriated fund balance)
- * Electric Fund..... - 44.4% " " " "
- * **TOTAL Revenues** + 4.6%

On the other side of the budgetary equation are these comparisons between FY95-96 and FY96-97 expenditures (less any Contributions to Capital and Transfers out), i.e. **real expenditures, excluding capital projects**.

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However, as favorable as this data may appear at first glance, the Town does face a serious problem - one that extends back a number of years - and that is: the need to transfer funds annually into the General Fund from that fund's balance, and/or from the balances

[3] FY96-97 Budget Message and Proposed Budget

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The major areas of revenue and expenditure for the fiscal year commencing July 1, 1996 and ending June 30, 1997 are as follows:

FISCAL YEAR 1996-97 BUDGET ESTIMATES

REVENUES

I. GENERAL FUND

Ad Valorem and Vehicle Taxes	\$731,275
State Shared Revenues	382,600
Miscellaneous Revenues	159,505
Land Use Fees	7,200
Golf Course	97,200
Lake	83,650
Beach	90,050
Marina	54,550
Transfer from Electric Fund	601,740
Transfer from Water/Sewer Fund	234,010

TOTAL GENERAL	\$2,441,780
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II. WATER/SEWER FUND

Water and Sewer	\$ 317,125
Appropriation - Fund Balance	193,780

TOTAL WATER/SEWER	\$ 510,905
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[4] FY96-97 Budget Message and Proposed Budget

III. ELECTRIC FUND

Electric	\$ 200,000
Appropriation - Fund Balance	575,617
TOTAL ELECTRIC	\$ 775,617
 GRAND TOTAL - ALL FUNDS	 \$3,728,302

EXPENDITURES

I. GENERAL FUND

Governing Board	\$ 29,210
Administration	396,925
Police	419,480
Fire Department	165,735
E.M.S.	3,420
Public Works	295,860
Sanitation	84,500
Golf Course	155,000
Lake	465,190
Beach	69,717
Community Center	1,960
Marina	52,600
Insurance/Bonds & Debt Service	232,183
Contingency Reserve	70,000
 TOTAL GENERAL	 \$2,441,780

II. WATER/SEWER FUND

Sewer	\$ 112,167
Water	164,728
Transfer to General Fund	234,010
TOTAL WATER/SEWER	\$ 510,905

III. ELECTRIC FUND

Electric	\$ 173,877
Transfer to General Fund	601,740
TOTAL ELECTRIC	\$ 775,617
GRAND TOTAL - ALL FUNDS	\$3,728,302

The Town's Auditor submitted a report on May 31, 1996 regarding the schedule of the Town's several fund balances. Those were reported to be as follows:

Fund Balances as of:	6-30-95 +	6-30-96 #
* General Fund	\$ 698,686.19	(See: Note)
* Water/Sewer Fund	\$1,012,792.08	\$1,193,339.61
* Electric Fund	\$1,105,594.48	1,136,284.66

+ = Actual balances from the Audit Report for FY94-95

= Estimated balances for 6-30-96 based upon Town financial records as of 5-29-96 (estimates developed by the Town Auditor)

NOTE: The General Fund will be affected by any excess amounts in the Capital Projects Fund and Capital Reserve Fund. This will be determined at the end of the fiscal year. Therefore, no estimate of this fund's balance is available at this time.

The Auditor also cautions that when the Town's financial records are adjusted and audited as of 6-30-96, the ending fund balances may be materially different from the amounts estimated above for 6-30-96.

The Lake Lure Town Council, Town Manager and Finance Director have held four joint workshops to study, discuss, consider and debate financial data, Town departmental and outside agency requests, and capital needs. There was ample opportunity for the general public to provide input during these workshops, and a significant amount of same was received in both oral and written formats. These meetings represent a significant number of hours devoted by Council and staff to crafting this budget.

As is often the case in most communities, there were many hard decisions associated with the formulation of this budget. The costs required to address the various needs, wants and desires of the Town were in excess of the current array of means to pay for same. The result was a lengthy process of establishing priorities among the many competing good and worthy projects in need of funding.

[6] FY96-97 Budget Message and Proposed Budget

For example, the Council faced many hard decisions and choices surrounding such needs as: (1) the expenditure of significant funds to remove silt from the lake; (2) funding to continue to maintain, upgrade and operate the Hydro-Electric Plant; (3) purchase replacements for Police vehicles with high mileage; (4) a desire to maintain a fair and competitive level of compensation for Town employees; (5) repair and repave streets; (6) identify, acquire and develop new sources of potable water; (7) financing for a Fire Boat and replacement of the Police Boat; (8) equipment replacements and additions in Public Works; (9) requests for development of a children's playground; (10) what level to continue to support the operation of the Golf Course; and (11) continuation of the process to upgrade and replace elements of water and sewer infrastructure.

This estimated Budget for FY1996-97 is based upon the following premises:

1. There is an implicit assumption that there will be no annexations or major growth in population served during the subject fiscal year.
2. The Ad Valorem tax rate on real property will be increased by \$0.04 from its current \$0.26 per \$100 valuation to \$0.30. (This will equal an increase of \$60 per year on a property valued at \$150,000). Total estimated valuation is \$245,500,000 according to Rutherford County's Assessor.
3. Capital expenditures totaling \$769,558 are allocated for seventeen (17) projects. Major projects include: silt removal (\$454,895), replace two police vehicles (\$45,700), replacement of 3,600+ ft. of waterline and appurtenances (\$36,183), and sandblasting/repainting and resealing the gates at the dam (\$94,000).
4. This budget includes a fair and modest 3.0% cost-of-living adjustment for Town employees. Despite the consistent dedication, loyalty and hard work demonstrated by our Town work force, we must recognize the need to maintain our competitive standing vis-a-vis the compensation offered by surrounding localities. Failure to be vigilant and equitable in this regard will make it difficult to continue to attract and retain the talented and dedicated cadre of employees we now have on staff.
5. The operations portion of the budget will permit us to continue to provide the **same** levels of effective and efficient public services as provided in last year's budget.

[7] FY96-97 Budget Message and Proposed Budget

6. No increase in Water or Sewer user charges or Land Use fees are proposed for next year. Admission fees at the Beach were increased by \$1 on June 1, 1996; Golf Course fees were adjusted by Town Council earlier this year. Annual Boat Permit Fees will be increased by \$20 (from \$30 to \$50) for Town residents with motorized water craft, while non-motorized permits will be increased by \$10 (from \$10 to \$20) for both residents and non-residents. These new rates are slated to take effect at the start of the 1997 permit year. (The non-resident motorized permit fee (\$400) and daily and weekly fees remain the same as in 1996.)
7. During my review of the budget and at subsequent Town Council budget workshops, the various estimates and requests were reviewed thoroughly. Capital and operating requests were cut by \$361,529.
8. In order to balance the budget, given the above, you found it necessary to make appropriations from the accumulated fund balances of the Water/Sewer and Electric funds, and then transfers of same to the General Fund. (The Auditor strongly advises against making appropriations and transfers using the General Fund balance as was done in the past, given its status on 6-30-95 vis-a-vis both the FY95-96 and estimated FY96-97 General Fund Expenditures. The Finance Director and I both concur with the Auditor's advice.)
9. The proposed silt removal project will require lowering the lake by 16+ ft. which necessitates taking the Town's Hydroelectric Plant "off line". In order to accomplish this project, and based upon past experience of staff, this plant will be non-productive for approximately four (4) months. Hence, you will note a major reduction in estimated Electric Revenues.
10. Lastly, it is important to remember that there is no line item for contingencies (i.e. emergencies) incorporated in budget for either the Water/Sewer or Electric operations. If the need arises for such monies in either of those two sectors, either the Contingency account in the General Fund will have to be used (and it is set at an amount \$18,000 less than that budgeted in the current fiscal year), or allocations reduced in other line items in the affected fund.

While this budget certainly does not address every want or desire, project or program, nor does it purport to do so, it will provide for the continuation of all basic municipal services currently provided, and continues addressing the goal of attending to some basic infrastructure needs and long-deferred maintenance items.

[8] FY96-97 Budget Message and Proposed Budget

The increase in some classes of boat permit fees and the nominal (15%) increase of \$0.04 in the Ad Valorem tax rate, coupled with cuts in operating budgets and the elimination or deferral of some capital projects, were all necessary to balance the proposed budget in a rational manner. Without such actions, the only alternative would have been to transfer even more of the Town's accumulated reserves. If the General Fund is ever to be placed in the position of being self-supporting (or reasonably close to that objective), I must reiterate my belief that similar actions will have to be an integral part of the process of crafting future Town budgets.

At this time I would not anticipate that the FY1997-98 Budget could be balanced by simply cutting such items of expenditure as postage, travel/training, and maintenance and repair of equipment. Another exercise in close scrutiny of operational expenditures and capital projects, incremental increases in taxes and user fees to ensure that cost centers are being supported by those who actually use or benefit from the service provided, and difficult decisions on the levels and types of services to be provided will all be necessary exercises again next year.

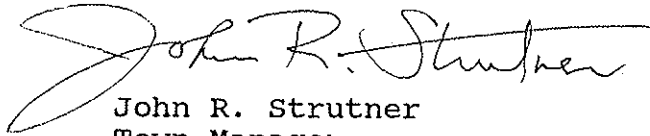
The general idea of possibly appointing a "blue ribbon" citizens committee to study Town finances, Town operations, tax rates, user charges, etc. was bandied about briefly during one of the budget workshops. I would submit to you that as the elected public representatives of the entire community, it is your responsibility to make the necessary decisions on those items. Council has several major duties to perform as the legislative body, among these are: (1) to define the kind and level of services to be provided, (2) to approve plans and programs for goal achievement, (3) to monitor the effectiveness and efficiency of services, and (4) to approve the budget.

In turn, it is my responsibility as Town Manager (which includes the duties of Budget Officer) to submit a balanced budget for your consideration accompanied by my budget message. In addition, the staff and I are obligated to assist you in the process of reviewing and approving the budget by performing the analyses and studies required; to collect, compile and present data; and to offer our views, observations and recommendations. Any "blue ribbon" citizens committee that might be appointed by the Town Council, in my considered opinion, would be best directed toward development of an "overarching" strategic plan focused on the Town's future. In short, its mission should be to develop a vision of Lake Lure's future. In a very real way such a committee would take up the community planning process at that point where the Land Use Plan (now being reviewed and updated by the Planning and Zoning Board) will effectively end.

[9] FY96-97 Budget Message and Proposed Budget

The preparation of a document as detailed as this budget requires the input and cooperation of many persons. In that regard, I wish to acknowledge the efforts of Finance Director Sam Karr. Also due recognition are the other Town department heads and staff for their conscientious work in assisting in the preparation of the Town Budget for Fiscal Year 1996-1997, as well as for their dedicated and professional work throughout the year in providing services and operating in a manner which enables us to keep costs down. In addition, I appreciate the insightful and meaningful contributions to the budgetary process provided by you, the Town Council of Lake Lure. In the end, it is you, representing all the citizens of the Town of Lake Lure, who must approve and adopt the Town's budget, and thereby "set the course" for the Town of Lake Lure's proposed package of operational and capital improvement programs during the ensuing fiscal year.

Respectfully submitted,



John R. Strutner
Town Manager

BUDGET ORDINANCE
1996-1997 FISCAL YEAR

In accordance with G.S. 159-13 (a), the Town Council of the Town of Lake Lure adopts the attached document entitled Town of Lake Lure 1996-1997 Budget. This ordinance includes revenues and expenditures in the General Fund as follows:

REVENUES

Taxes and Penalties	731,275.00
Miscellaneous	159,505.00
State Shared Revenues	382,600.00
Land Use Fees	7,200.00
Golf Course	97,200.00
Beach	90,050.00
Marina	54,550.00
Lake	83,650.00
Transfer Electric	601,740.00
Transfer W/S	<u>234,010.00</u>
TOTAL	2,441,780.00

EXPENDITURES

Governing Body	29,210.00
Administration	396,925.00
Police	419,480.00
Fire Dept.	165,735.00
E.M.S.	3,420.00
Public Works	295,860.00
Sanitation	84,500.00
Golf Course	155,000.00
Lake	465,190.00
Beach	69,717.00
Community Center	1,960.00
Marina	52,600.00
Insurance and Bonds	232,183.00
Contingency Reserve	<u>70,000.00</u>
TOTAL	2,441,780.00

This ordinance includes revenues and expenditures in the Water Fund as follows:

REVENUES

Water and Wastewater	317,125.00
Charges	
Appropriated Fund Balance	193,780.00
TOTAL	510,905.00

EXPENDITURES

Sewer	112,167.00
Water	164,728.00
Transfer to General	234,010.00
TOTAL	510,905.00

This ordinance includes revenues and expenditures in the Hydro-Electric Fund as follows:

REVENUES

Hydro-Electric Sales	200,000.00
Appropriated Fund Balance	575,617.00
TOTAL	775,617.00

EXPENDITURES

Hydro-Electric	173,877.00
Transfer to General	601,740.00
TOTAL	775,617.00

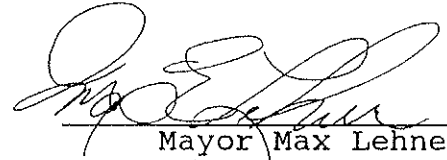
TOTALS FOR ALL FUNDS


GENERAL FUND	2,441,780.00
WATER FUND	510,905.00
HYDRO-ELECTRIC	775,617.00
TOTAL	3,728,302.00

To achieve this budget program, the Town Council of the Town of Lake Lure, in accordance with G.S. 159-13 (c), sets the ad valorem tax rate at .30 per \$100 of property valuation.

Adopted the 25th day of June, 1996.




Mayor Max Lehner


Mary Black, CMC/AAE
Town Clerk

SUMMARY OF REVENUES

CURRENT BUDGET 1995-1996

PROPOSED BUDGET 1996-1997

GENERAL FUND:

AD VALOREM TAXES	604,650		731,275
MISCELLANEOUS	131,310		159,505
STATE SHARED	358,675		382,600
LAND USE FEES	10,800		7,200
GOLF COURSE	96,500		97,200
LAKE	59,700		83,650
BEACH	88,775		90,050
MARINA	48,600		54,550
CONT. FOR CAPITAL	398,123	TRANSFERS ELECTRIC	601,740
TRANSFERS	459,290	TRANSFER FROM W/S	234,010
TOTAL	2,256,423		2,441,780

WATER FUND:

WATER & SEWER	270,500		317,125
		APPR. FUND BALANCE	193,780
TOTAL	270,500		510,905

ELECTRIC FUND:

ELECTRIC	360,000		200,000
		APPR. FUND BALANCE	575,617
TOTAL	360,000		775,617

GRAND TOTAL	2,886,923		3,728,302
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SUMMARY OF EXPENDITURES

	CURRENT BUDGET 1995-1996	PROPOSED BUDGET 1996-1997
GENERAL FUND:		
GOVERNING BODY	28,810	29,210
ADMINISTRATION	372,923	396,925
POLICE	359,920	419,480
FIRE DEPT.S	140,203	165,735
EMS	500	3,420
PUBLIC WORKS	254,750	295,860
SANITATION	69,800	84,500
GOLF COURSE	180,585	155,000
LAKE	11,695	465,190
BEACH	70,167	69,717
COMM. CENTER	4,000	1,960
MARINA	54,450	52,600
NON-GOV'T (INS, BONDS & DEBT SER.)	222,497	232,183
RESERVE FOR CONTINGENCY	88,000	70,000
CONTRIBUTION TO CAPITAL	398,123	
TOTAL	2,256,423	2,441,780
WATER FUND:		
SEWER	103,350	112,167
WATER	124,803	164,728
CONTRIBUTION TO CAPITAL	42,347	234,010
TOTAL	270,500	510,905
		TRANSFER TO GENERAL
ELECTRIC FUND:		
ELECTRIC	63,570	173,877
CONTRIBUTION TO CAPITAL	296,430	601,740
TOTAL	360,000	775,617
		TRANSFER TO GENERAL
GRAND TOTAL	2,886,923	3,728,302

It may concern,

It comes as no surprise that the Lake Cure Park is in desperate need of restoration. The children of Hickory Nut Gorge need to play together in a park that is safe and has an up to date playground equipment.

We are asking the town of Lake Cure to match the State and or Federal Grants already approved.

If you are a taxpayer, Parent, Grandparent, Aunt, Uncle of a child or just care about children, Please stand behind us. The children of the Gorge deserve it!

DATE

NAME

6/14/96

Sharon L. Skiss

Edna L. Rumers

Wanda Jackson

Blair Horst

Kim Hill

Roy Moss

Linda Zell

Judy B. Davis

Joan Dixon

Kay Robinson

Emily Trubert

Joy Trubert

Chloe Sears

Dixie Brown

Jayne Sisler

Anne Elizabeth Franklin

Audrey Elliston

Lee Ann Horst

Christine Comarty

(OVER) ✓ 19

Charlotte E. Gardner
Robert Knouff
Jan Padgett
Sagah Cooper
Rae Stephenson
M. L. Underhill
Helen J. Underhill
L. Michels Whitten
Jackie Lowmyer
Janie Lancaster
Beverly Crawford
Laura Dabbers
Magan Crawford

He

Dutch Beulama
Faye Bentley
L. Grette Rogers
Jacqueline Wagoner
John Wagoner
Carrie Elizabeth Sims
Barney Sims
Joyce Schum
Lloyd Carter
Georg Schmitt
Alfred Dert
Kent Abbott
Steve M. Carmack
Charley Carley
Joel Buck Truck
Angela Barney
Stephen M. Akke
Emily McIntosh
Roger McIntosh
Dorothy McIntosh
Marie Phillips
William R. Hobb
Anastasia R. Hobb
Amanda Cain
Jimmy Mose
Py + Gene Clon
Evelyn Sackett
Betty Casper Zuger
Kallie F. Zuger
Alfred F. Zuger
Seth Zuger
Bonnie Knox

W. R. Brown
Lan Deffner
Jackeline McCoy
Joe Carter
Linda Carter
Phillip Snyder
R. J. C. J.
Rhonda Boyd
Robert M. Ford
Verna Lee Jantz
Sandra L. Warren
Lee's Alumina / Ed & Ellen
Robert J. Messer
Ann Keenan
John Keenan
Jeffery J. Benson
Shawn Benson
Dakota Benson
Rita K. Thomas
H. Lee Thomas
Douglas Benson

This is a petition requesting the town of Lake Lure to build a nice playground with a super play structure for children using town money and state matching funds. The playground will be used by local children, visiting grandchildren / relatives and tourists.

Please sign this petition if you have children, grandchildren or just plain care about children.

<u>Name</u>	<u>where you live</u>
Candice Newman	Lake Lure
Brian Osterheft	Lake Lure
Robert Hurlerise	Lake Lure
Joseph H. Montgomery	Lake Lure
Julie Sanford	Lake Lure
C.T. Greenleaf	Parkersburg, WV
Michelle C. [unclear]	LAKE Lure NC
Rae [unclear]	Lake Lure
John [unclear]	" "
Ken [unclear]	" "
Kir [unclear]	" "
Green Eckert	" "
Herb Pahren	" "
(Also proceed with Parcours Course.)	
Mary K Pahren	Lake Lure
[unclear]	LAKE LURE
John Messer	Lake Lure

Name	where You Live
Dawn Forresto	Box 112 Island Creek RD
Richard Ellis	" " " "
Ciera Clarke	Lake Lure
Brittany Bond	PO Box 171 Lake Lure, NC
Anna Leigh Bond	" "
Katie Ingitt	
Jackie Dimmons	Rt. 1 Box, 392 Lake Lure n.c. 28746
Darryl Black	Lake Lure NC
Chick Logg	Lake Lure N.C.
M. K. Leary	Lake Lure, N.C.
S. J. Barrett	Lake Lure, N.C.
J. A. Speck	Rt 5 Box 382 B Rutherford NC 2839
Graciosa Shier	PO BOX 501 BOYS CAMP LAKE LURE.
Linda Fether	P.O. Box 1757 Rutherford NC
Elyse J. Jr.	105 O'Brien Rd Lake Lure
Reverend J. Lusk	105 O'Brien, Lake Lure, NC
Mel Dorman	Lake Lure
Rosetta P. Alexander	Lake Lure
Michelle Hogan	Lake Lure
Ray Logan	Lake Lure
Gracie Cook	Lake Lure 625-9691
Godie Bann	Lake Lure
Danielle Danning	Box Carl
Jennifer Danning	
Justin Heller	Chimney Rock
Adam Hensley	Mill Spring