



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 BUDGET WORKSHOP MEETING OF THE LAKE LURE TOWN COUNCIL HELD TUESDAY, MAY 20, 1997, 9:00 A.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

**ABSENT:** N/A

### CALL TO ORDER

Mayor Lehner called the meeting to order at approximately 9:00 a.m.

### INVOCATION

Mayor Lehner gave the invocation.

### NEW BUSINESS

#### Discuss Preliminary Budget Items for Fiscal Year 1997-1998

Finance Director Karr presented Councilmembers with revised budget sheets reflecting the changes recommended by Council at the May 16, 1997 Budget Workshop meeting.

Town Manager Strutner stated that he had been informed by Glenn Rhodes with the Isothermal Planning Development Commission, that the Town was not included in the Number One (1) category for Park Grant funding submitted earlier by the Town to the State of North Carolina. Mr. Strutner suggested that Council contact our local state legislature members to request their support in trying to get money from a secondary source of money. Mr. Strutner also recommended that Council leave the \$5,000 in the budget to match any funds that might be received during the next fiscal year.

## **Page 2 - Minutes of the May 20, 1997 Budget Workshop Meeting**

Commissioner Cobb requested that Mr. Strutner contact Mr. Rhodes to find out who the recipients were selected for the grant money and report back to Council.

Finance Director Karr reported that he had made the following adjustments and changes to the budget for FY 1997-1998 as previously approved by Town Council:

1. **\$50,0000 under line item #104200.0400 Professional Services (attorney fees) - Deleted.**
2. **\$50,000 for Professional Services under line item #308300.0400 (attorney fees) -Approved.**
3. **\$3,000 under line item #308200.4500 Waste Water Treatment Plant Contractual Services - Deleted.**
4. **Increased Hydro Electric revenue from \$300,000 to \$360,000, to include \$291,607 in transfers back to General Fund - Approved.**
5. **\$5,421 excess of revenues over expenditures were put into reserve for Contingency for a new total of \$75,421 - Approved.**
6. **\$7,000 water increase of revenue and \$33,632 sewer increase of revenue without transfers into the General Fund - Approved.**
7. **\$5,000 for Fire Coordinator Budget/Maintenance and Repairs (#105300.1700) - Approved.**

Town Manager Strutner asked Councilmembers to explain the justifications of the \$7,000 water increase of revenue and the \$33,632 sewer increase of revenue. Mr. Strutner said that he had contacted Dennie Martin with McGill Associates to help assist with formulating a water/sewer rate increase schedule to justify the increases.

Councilmembers identified several reasons for a water/sewer rate increase, including future improvements and expansion, cost of living increases, mandates of testing, legal fees, and etc.

Councilmembers expressed the need for a separate fund for future sedimentation removal from the lake.

Councilmembers also expressed the need for a study as soon as possible by the Lake Advisory Committee identifying areas that are in need of sedimentation removal and

### Page 3 - Minutes of the May 20, 1997 Budget Workshop Meeting

recommendations regarding controlling commercial activities on the lake. Several Councilmembers stated that these matters had been under study by the Lake Advisory Committee for some time. Mr. Strutner advised that he had reminded the Chairman of the Lake Advisory Committee about these pending matters several weeks ago.

Mr. Strutner told Council members that he had received a letter from the Local Government Commission regarding the desire of the Town to do away with the Town's Electric Fund and to record the transactions of the Town's Electric Fund in the General Fund. The LGC advised that under state law it has the authority to issue rules and regulations for local governments and in exercising same it provides the chart of accounts which are to be used by local governments. That chart of accounts for the General Fund does not provide for the reporting of transactions of electric operations. In addition, if the transactions of the Electric Fund were combined into the General Fund it would make the General Fund inconsistent with the General Fund of other units because no other units report such transactions within the General Fund. Lastly, the LGC stated that state law mandates that all local governments shall maintain a fund for each utility or enterprise owned or operated by the local government. The Institute of Government and the Town's auditor both concurred with the LGC's view that the transactions of the Town's Electric Fund should continue to be reported in a separate enterprise fund.

After discussion, and pending approval of Local Government Commission (LGC), Commissioner Bush moved, seconded by Commissioner Schichtel, to instruct the Town Manager and Finance Director to establish a "Sinking Fund" or "Capital Reserve Fund" to be used exclusively for sedimentation removal in the amount of \$100,000 to be transferred from the Hydro Electric Fund equity. A similar transfer will be reviewed and refurbished annually. The vote of approval was unanimous.

#### COUNCIL COMMENTS


It was the consensus of Council to schedule a Special Town Budget Hearing for the purpose of receiving public comments regarding the proposed Fiscal Year 1997-1998 Budget on Tuesday, June 17, 1997, 7:30 p.m., at the Lake Lure Municipal Center.

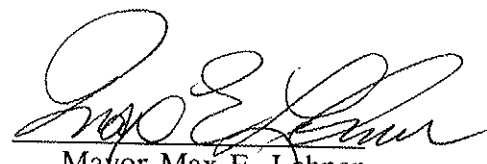
#### ADJOURNMENT

With no further items of discussion, Commissioner Rose moved, seconded by Commissioner Cobb, to adjourn the meeting at approximately 10:30 a.m. The vote of approval was unanimous.

Page 4 - Minutes of the May 20, 1997 Budget Workshop Meeting



  
\_\_\_\_\_  
Mary A. Flack, CMC/AAE  
Town Clerk

  
\_\_\_\_\_  
Mayor Max E. Lehner