



Town of Lake Lure

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Incorporated 1927

MINUTES OF THE SPECIAL BUDGET WORKSHOP MEETING OF THE LAKE LURE TOWN COUNCIL HELD FRIDAY, MAY 8, 1998, 9:30 A. M. AT THE LAKE LURE MUNICIPAL CENTER

PRESENT: Mayor Jack Powell
Commissioner Carolyn Cobb
Commissioner Beth Rose
Commissioner Gene Sheffield
Commissioner Jack Stanier

John R. Strutner, Town Manager
Sam A. Karr, Finance Director

ABSENT: N/A

CALL TO ORDER

Mayor Powell called the meeting to order at 9:30 a.m.

INVOCATION

Commissioner Cobb gave the invocation.

TOWN OF LAKE LURE COUNCIL FISCAL YEAR 1998-99 GOALS AND OBJECTIVES

Mayor Powell reviewed a memorandum of April 21, 1998 addressed to Town Council regarding goals and objectives to be considered for fiscal year 1998-99. (Copy of memorandum attached). After discussion, Commissioner Cobb moved, seconded by Commissioner Rose, to adopt the following goals and objectives for fiscal year 1998-99. The vote of approval was unanimous.

Town of Lake Lure Council Fiscal Year 1998-99 Goals and Objectives

Financial Policies

A. Revenue Policy

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1. As provided by the North Carolina Local Government Budget and Fiscal Control Act, estimated revenue from the Ad Valorem Tax levy will be budgeted as follows:
 - a. Assessed valuation shall be estimated based on historical trends and growth patterns in a conservative manner.
 - b. The estimated percentage rate of collection shall not exceed the percentage rate of the preceding year.
 - c. The tax rate shall be set each year based on the cost of providing general government services (Police, Fire, Sanitation, Public Works, and General Administration) and covering debt services.
2. The Town sets fees that will optimize user charges for identifiable services.
 - a. Continue studying the potential implementation of a solid waste fee, taking into account the needs of fixed income and seasonal residents.
 - b. To the extent possible, the rate and fee structure established for water and sewer customers will be sufficient to finance all operating, capital, and debt service costs for providing said services.
 - c. To the extent practical, any Town service which is of a higher level to or benefits specific recipients shall be supported by user fees designed to recover costs from those recipients. An example is code enforcement activities funded through permit fees.
 - d. When user fees are based on cost recovery, said costs shall be reviewed annually and fees adjusted as practical.
 - e. The Town will project revenues for five (5) years and will update the projections annually.

B. Operating Budget Policy

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1. When fund balance exceeds the forty percent (40%) financial goal, the additional funds, up to the equivalent of two (2) cents on the property tax rate, should be transferred to a Capital Reserve at the close of each fiscal year.
2. Current operating revenues will be sufficient to support current operating expenditures.
3. The Town will prepare a five (5) year operating budget projection that will include projections of annual growth plus allowances for operating costs of new capital facilities.
4. The Town will maintain an undesignated Capital Reserve to replace capital outlay items with a life of more than one year and a value of \$7,500 or more. Revenue equivalent up to one (1) cent on the tax rate will be appropriated annually to this fund. This is in addition to designated projects in the Capital Reserve.
5. It is the Town's policy that the operating budget must be prepared in accordance with Generally Accepted Accounting Principles for the modified accrual basis of accounting.
6. The Town will establish a Contingency line item in the expenditure budget to provide for emergencies, unanticipated expenditures of a nonrecurring nature, and to meet unexpected increases in service delivery costs. This reserve will be budgeted at five (5%) of the general fund revenues estimated for that fiscal year.

C. Capital Improvement Policy

1. The Town will update and readopt annually a five (5) year Capital Improvement Program which details each capital project, the estimated cost, description and alternative funding sources.
2. The Capital Improvement Program should be tied to any of the Town's plans for annexing to ensure that the capital items requested meet the future growth needs of the Town.

D. Accounting Policy

1. The Town will maintain the accounting systems in compliance with the North Carolina Local Government Budget and Fiscal Control Act.

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2. An annual audit will be performed by an independent certified public accounting firm which will issue an official opinion on the annual financial statements, with a management letter detailing areas that need improvements, if required.
3. Financial systems will be maintained to monitor revenues and expenditures on a monthly basis.

E. Debt Policy

1. Capital projects financed through the issuance of bonds or through an installment purchase contract (N.C.G.S. 160-A 20) shall be financed for a period not to exceed the anticipated useful life of the project.
2. In compliance with the North Carolina General Statutes, the general obligation debt of the Town will not exceed eight (8) percent of the assessed valuation of the taxable property of the Town.

F. Reserve Policy

1. The Town will maintain an undesignated General Fund balance of forty percent (40%) of General Fund annual expenditures. These funds will be used to avoid cash flow interruptions, generate investment income, eliminate need for short-term borrowing, and for unanticipated emergencies.

Approved this 8th day of May, 1998.

ATTEST:

Mary A. Flack, CMC/AAE
Town Clerk

Mayor Jack Powell

<p style="text-align: center;">DISCUSSION ON PRELIMINARY BUDGET ITEMS FOR FISCAL YEAR 1998-1999</p>
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Town Manager Strutner reported on the following regarding budget estimates:

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<u>FUNDS</u>	<u>REVENUES</u>	<u>EXPENDITURES</u>
General	\$1,698,415	\$1,815,957
Water/Sewer	\$385,000	(Actual Est. Expenses = \$313,782) *\$71,218 difference = Fund Equity
Hydro-Elec	\$275,000	(Actual Est. Expenses = \$58,094) *\$216,906 difference = Fund Equity

Facts:

1. The gap between the estimated revenues and expenditures in the General Fund equals \$117,542;
2. The sewer operations and revenues will generate an excess revenue (revenues equals \$253,000 versus expenditures equals \$117,960);
3. The water operations will not support itself, even after decreasing \$98,468 from the department head's original request. The total gap equals \$99,722;
4. The police department has been budgeted for a police chief and five police officers at this time;
5. A three percent (3%) COLA has been budgeted for all of the employees;
6. The fund balances in the three (3) funds as of the end of this fiscal year are not calculated into next year's data;
7. The budget estimates have been exceeded for Ad Valorem tax revenue this current fiscal year;
8. Next year's Ad Valorem tax collection rate is estimated at 95.6%; and
9. Based on the most recent valuation estimates (May 4) provided by the County Tax Administrator, each \$0.01 increase/decrease in the Town's Ad Valorem rate on real estate, personal property, and utilities equals \$25,257 at a 95.6% collection rate.

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Changes in major expenditure accounts for fiscal year 1997-98 budget versus proposed fiscal year 1998-99 budget:

1. General Fund:
 - a. The Governing Body budget decreased 6.14% (travel training reduction);
 - b. Administration's budget increased 0.62%;
 - c. Police department's budget decreased 41.18 % (three fewer officers and associated costs);
 - d. Fire department's budget decreased 5.39%;
 - e. EMS's budget decreased 9%;
 - f. Public Works department's budget decreased 4.12%;
 - g. Sanitation department's budget increased 5.79% (contract cost plus tipping fees);
 - h. Golf Course department's budget decreased 1.76%
- * The above listed figures included a three percent (3%) COLA for each employee.
2. The Lake budget decreased 28.6% (same as last year because of silt removal monies received).
3. The Beach budget increased 3.41% (hourly wage increases and due to a minimum wage increase).
4. The Community Center budget decreased 13.7%.
5. The Marina budget decreased 0.14%.
6. The insurance, bonds, and debt service decreased 0.62%.
7. The reserve for contingency increased 6.07%.

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Mr. Strutner stated that the totals for the General Fund had decreased 9.09%; Water Fund had decreased 13.10% in water operations; Sewer Fund had decreased 12.4%; and the Hydro Fund had decreased 15.06%.

Mr. Strutner also provided the following list of possible alternatives for discussion:

1. Reduce the Contingency in the General Fund to four percent (4%) of estimated expenditures.
2. Increase taxes;
3. Make further cuts (where and what services?);
4. Reduce COLA (3% costs \$19,924 in salary alone not including FICA, Retirement, and etc.). Do not recommend because of the impact on employees morale;
5. Excess revenues in the Hydro Fund are estimated at \$216,906 in the next fiscal year. Another review of the estimated fund balance should be made at the end the current fiscal year. After allocating \$100,000 next year for future capital projects on the lake or at the dam, \$116,000 will still be available from the current fiscal year revenues per estimates; and
6. Review revenues versus expenditures gap, capital outlay, and legal litigation with regards to the water system.

Mayor Powell recessed the budget workshop meeting for lunch at 12:00 p.m. and reconvened the meeting at 1:00 p.m.

Council members agreed to look into the possibility of leasing out the operation of the Town's Beach and Marina prior to the next fiscal year (1999-2000).

Mayor Powell said that he had already been approached by a local business owner expressing interest in operating the Town's Beach and Marina.

Commissioner Sheffield expressed his concern of budgeting the Fire Coordinator's position out of the Town's budget. He stated that some of the cost should be subsidized from local fire departments and other sources.

After discussion, Commissioner Cobb moved, seconded by Commissioner Stanier, to retain the Fire Coordinator's position as submitted in the proposed budget including a 3% COLA increase. Commissioners Cobb, Stanier, and Rose voted yes. commissioner Sheffield voted no. Therefore, the motion passed with a vote of three (3) to one (1).

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The Mayor, Commissioners and Town Manager expressed their support and appreciation to the Fire Coordinator, Ron Morgan, for doing a job well done.

Council members agreed to budget \$1,000 in order to develop a website for the Town of Lake Lure.

It was the consensus of Council to eliminate the newspaper subscriptions.

Town Manager Strutner announced that he had received today a letter of resignation from Sgt. Robert Wise.

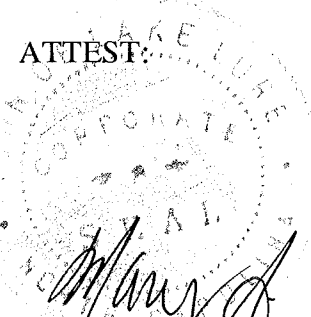
Council Members also discussed the Lake Lure Police Department policy regarding taking police vehicles to and from home.


Mayor Powell recommended that Council Members consider leaving the Lake Lure Police Department Policy (taking police vehicles to and from home) in effect for the present. Council Members agreed to leave the Lake Lure Police Department Policy (regarding police vehicles) in effect with the understanding that a further study of this policy will be made at a later date.

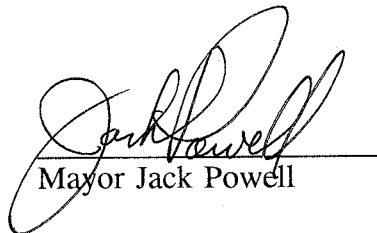
RECESS THE MEETING

With no further items of discussion, Commissioner Cobb moved, seconded by Commissioner Sheffield, to recess the meeting at 3:15 p.m. until Friday, May 15, 1998, 9:30 a.m., at the Lake Lure Municipal Center. The vote of approval was unanimous.

ATTEST:




Mary A. Flack, CMC/AAE
Town Clerk


Mayor Jack Powell