

THE FOUR HUNDRED AND SIXTIETH SESSION  
OF THE BOARD OF ALDERMAN  
VILLAGE OF ALAMANCE  
OCTOBER 26<sup>TH</sup>, 2016

Present: Mayor Tichy, Mayor Pro Tem Sharpe, Alderman Isley, Alderman Jones, Alderman Andrews, Mayor Pro Tem Sharpe, and Clerk York

Absent: Alderman Crouse and Attorney Koonts,

Mayor Pro Tem Sharpe opened the meeting with an invocation.

Alderman Tichy moved to approve the September 26 meeting minutes and Alderman Isley seconded. The motion passed unanimously.

### **OLD BUSINESS**

#### **Historic District Commission**

Tabled

#### **ORC Report**

Arnold Allred reported that the collection system for Burch station was running well and the Cabin station, or Syphon, was performing better after Tim Eaton worked on the control system. Electricity usage from the Syphon station has dropped to a normal rate. The NC 62 pump station has received a new transducer and will be getting a new P.L.C., as well. It is currently running off the emergency float system, which is in good working order. All of the current work is under warranty.

Mr. Allred reported there are no problems in the sewage lines that Mr. Farley was concerned about at September's meeting, nor did he find any water leaks after watching the master meter at 2am.

Mr. Allred showed the board members the new smart meters and explained how they will work. These meters will make it easier to detect leaks earlier and give a more accurate usage reading. While they install the new meters, photos will be taken from the road side of the meter and the house, with the address, so that the meters can be easily found in the future if any issues arise.

Mr. Allred stated that he would be away for 3 weeks in November, but hopes to begin installing the new meters soon after his return.

## NEW BUSINESS

### Audit and Financial Statement

Mayor Tichy asked Becky Loy to give the audit report.

Mrs. Loy reported that they audit under the governmental auditing standards, which requires them to look at the Town's policies and procedures and controls to make sure they are the correct ones in place and that they are operating the way a reasonable board would expect them to.

Based on the fact that there is one person on the financial staff they also look for ways to strengthen controls, which is why there is a financial officer who looks at bank reconciliations and signs checks and looks at backups. The firm also checks for any kind of fraud, suspected or out right, and did not find any.

Mrs. Loy directed the board to page 14 of the report, which states that the cash for the general fund is 1.3 million, almost 1.4. It is down by \$279,000 which is broken down like this; revenue over expense \$273,000, transfer of \$532,000 to the syphon account. Fund balance is 1.6 million, it went down by \$258,000 which accounts for the increase from revenue over expenditures minus the transfer. These are the only two things that had a significant difference between this year and last year. Streets/Powell bill almost \$200,000. There is an increase of \$9,500 over last year's revenue, which is earmarked to be spent on the streets. Tax revenue is flat, no increase this year. Local option sales tax is an increase of \$21,000, franchise tax decreased by \$3600, Powell bill \$28,000.

Total revenue is over half a million, last year it was \$536,000 this year it is \$525,000. The reason for the decrease is that last year there was \$27,000 worth of insurance in the revenue for repairing the building that you don't have this year. Overall your normal revenue was increased. The village tax value is \$94 million, a million-dollar increase, which is about 1%. Tax collection rate is strong, with one cent on tax rate bringing in almost \$9,000.

Expenditures were almost \$1,000 more than last year, so it is very consistent with prior years.

The budget for this year was \$283,000 and spent \$251,000.

Excess was \$273,000, take out the half million for the syphon project and that give you the decrease of \$258,000. There is an 8% minimum that has to be kept in fund balance, which would be \$63,000. The town is in excess of that minimum.

Transfers over to the water and sewer fund, as a one-time thing for a project, the local government commission does not see that as a negative, however if operations were being funded that would be a problem.

Water and sewer fund; Cash \$334,000, which is a decrease from last year of \$357,000.

Capitol access net \$4,500,000, an increase of \$829,000

Fund balance is 4.6 million. That is made up of 4,300,000 in fixed assets, such as water and sewer, all the projects, the pump station, and the Syphon. The unrestricted is \$360,000.

The unrestricted number is the one to watch, make sure the operations and water fund are always covered so that it never has to come out of the general fund, if possible.

Operating results; revenue is \$313,000 which is an \$8,000 increase over last year. Charges are up \$28,000 due to a rate increase and more customers. Water and sewer taps and impact fees went down by \$20,000. Revenue is still positive and charges will be a continual income which leads to a good increase.

Operating expenses; \$415,000, there was \$37,000 in additional maintenance cost over last year.

Clerk York stated that the bulk of that cost was due to sewer maintenance last year. Clerk York

also stated that they had budgeted about \$24,000 for that line item and the actual expense was almost \$60,000. Mrs. Loy stated that depreciation was another factor, as the assets build there will be a higher depreciation expense. The depreciation rate is based on the cost divided by the number of years in use.

Operating income loss; \$102,000, if you took out the depreciation it would leave a positive number.

Capital contributions; \$76,000

The overall finances for the town are strong, the tax revenue is strong. Water and sewer revenue should continue to increase with new homes being built and there should be a decrease in the expenses on the water and sewer fund. Expenses on the general fund have been consistent for many years.

The management letter discusses the fact that the Board has a higher risk involved with a small accounting staff. It offers ways to reduce that risk. It is the same standard letter you receive each year. It is often too difficult to implement some of the suggested preventative measures but it is important to find some ways to implement a safe guard.

### **Water/Sewer Capital Reserves**

Alderman Tichy asked Mrs. Loy about starting a capitol reserve fund and having restrictions on it. Mrs. Loy stated that Clerk York could put aside any percentage the board agreed on per month and ear mark it for the fund balance. The board can change the percentage amount any time they feel it necessary. Mrs. Loy informed the board that they can also put any increase in revenue in a capitol reserve fund instead of earmarking a certain percentage to it. Mrs. Loy advised that the board discuss the options and make a decision. There was some discussion about the amount of money to put into a reserve and whether to do a set amount of cash or a certain percentage of revenue.

### **Village Website**

Clerk York reported that the old site is completely out of service and Alderman Jones stated that he had been trying to recover the old files from the site with no luck at this time. It may not be possible to restore it the way it was set up. Alderman Jones feels it is in the best interest of the town to have a web site, to keep residents up to date on schedules for trash pickup and access to minutes from board meetings. Clerk York and Alderman Jones are working together to resolve the issue of getting a website up and running. There was some discussion about collecting email addresses from residents to get alerts or trash information out to them.

### **Finance Report**

Clerk York reported that the CD fund was at \$443,000 which is down from \$1.6 million due to taking out funds for the Syphon project.

There is a budget amendment, due to an error on Clerk York's part, of \$175.00 for the state permits.

Total interest for CD's is about \$12,000 for the year, which will decrease in the future due to taking out funds for the Syphon project. Clerk York deposited both September 18th and 19<sup>th</sup> CD's at Wells Fargo and He also has the information to deposit at Carolina Bank. The total cash on hand is about \$2.1 million, which is where the funds were in 2013 when the Syphon project was being discussed. Alderman Tichy moved to approve the budget amendment and Alderman Andrews seconded. The motion passed unanimously.

### **OTHER BUSINESS**

Alderman Jones asked if there were any updates on the infrastructure for Heritage Glenn. Mr. Reich reported that it was almost completed except for the final asphalt, and the bond for 5B has been posted.

Alderman Tichy reported that the trash had not been completely removed from the Heritage Glenn subdivision, Clerk York stated he would call the company in regards to the matter. Clerk York reported that the electrician had fixed the lights in the Village sign on October 6<sup>th</sup>. Alderman Tichy stated he had not seen lights on in the evenings. There was some discussion that it is set to sensitive and needs to be adjusted.

### **PUBLIC COMMENT**

There was a question from the audience regarding parking on the streets in Heritage Glenn. It is not known at this time if there are any rules against it. Mr. Reich suggested that an ordinance could be passed for no parking allowed on one or both sides of the street. Clerk York stated he would be out of the office November 7-9 but Mrs. Folwell would here those days from 9-4.

Alderman Tichy motioned to adjourn and Alderman Andrews seconded. The motion passed unanimously.

\_\_\_\_\_ Don Tichy, Mayor

\_\_\_\_\_ Ben York, Village Clerk